

# **VOTE** *Work and Income*

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## Terms and Definitions Used

<b>DWI</b>	Department of Work and Income
<b>HNZC</b>	Housing New Zealand Corporation
<b>MSP</b>	Ministry of Social Policy
<b>UN</b>	United Nations

## Work and Income

VOTE MINISTER: Minister of Social Services and Employment

ADMINISTERING DEPARTMENT: Department of Work and Income until 30 September 2001. Ministry of Social Development from 1 October 2001.

The Minister of Social Services and Employment was the Responsible Minister for the Department of Work and Income and is the Responsible Minister for the Ministry of Social Development

### Part B - Statement of Appropriations

#### Summary of Appropriations

Types of Appropriation	Appropriations to be Used				Total Appropriations \$000
	By the Department Administering the Vote		For Non-Departmental Transactions		
	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Operating Flows</b>					
Classes of Outputs to be Supplied	607,374	-	60,802	-	668,176
Benefits and Other Unrequited Expenses	-	-	11,627,028	-	11,627,028
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	93,816	-	93,816
<b>Capital Flows</b>					
Capital Contributions	38,101	-	1,053,911	-	1,092,012
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	-	-
<b>Total Appropriations for 2001/02</b>	<b>645,475</b>	<b>-</b>	<b>12,835,557</b>	<b>-</b>	<b>13,481,032</b>
<b>Total 2001/02 Main Estimates Appropriations</b>	<b>594,336</b>	<b>-</b>	<b>13,054,150</b>	<b>-</b>	<b>13,648,486</b>

## Part B - Statement of Appropriations

### Part B1 - Details of Appropriations

Appropriations	2001/02						Purpose of and Reasons for Change in 2001/02 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Departmental Output Classes (Mode B Gross)</b>							
D1 Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	210,470	-	<b>32,714</b>	-	243,184	-	- Services to manage the delivery of income support payments, including the assessment and payment of primary and supplementary benefits to working age beneficiaries. The Supplementary Estimates adjustments largely provide for a transfer of funding from output classes D2, D3 and D7 to reflect a greater percentage of frontline staff time being directed to income maintenance work in the current year compared to 2000/01 (\$28.688 million) and reallocation of overheads as a result of the merger of DWI and MSP (\$3.329 million).
D2 Services to Minimise the Duration of Unemployment and Move People into Work	249,797	-	<b>(22,445)</b>	-	227,352	-	- Strategies and services designed to: reduce the duration of unemployment and maximise participation in skills, training and employment activities; assist disadvantaged communities and groups to develop local employment opportunities; and administer and monitor employment assistance services and work experience programmes to promote the employment of disadvantaged job seekers. The Supplementary Estimates adjustments largely provide for a transfer of funding to output class D1 to reflect a reduced percentage of frontline staff time being directed to employment work in the current year compared to 2000/01 (-\$22.500 million), an underspend due to Skill New Zealand meeting placement targets at a reduced cost (-\$2.761 million) and reallocation of overheads as a result of the merger of DWI and MSP (\$1.022 million).

D3 Services to Seniors	29,316	-	<b>9,356</b>	-	38,672	- Services to manage the delivery of New Zealand Superannuation and Transitional Retirement Benefit. The Supplementary Estimates adjustments largely provide for increased funding for implementation of the revised Australian Social Security agreement (\$13.187 million), a transfer of funding to output class D1 to reflect a reduced percentage of frontline staff time being directed to seniors work in the current year compared to 2000/01 (-\$2.813 million) and a transfer of funding to output class D4 to meet the cost of implementing recommendations of the Joychild report regarding beneficiary debt and entitlement reviews from previous years (-\$1.350 million).
D4 Services to Protect the Integrity of the Benefit System	27,845	-	<b>5,886</b>	-	33,731	- Services to protect the integrity of the benefit system by controlling benefit abuse. The Supplementary Estimates adjustments largely provide for a transfer of funding from output classes D3, D5 D6 and D7 to meet the cost of implementing recommendations of the Joychild report regarding beneficiary debt and entitlement reviews from previous years (\$5.569 million).
D5 Debt Management - Former Beneficiaries	21,969	-	<b>(1,964)</b>	-	20,005	- Services related to the management of debt from those individuals not currently in receipt of income support. The Supplementary Estimates adjustments largely provide for a transfer of funding to output class D4 to meet the cost of implementing recommendations of the Joychild report regarding beneficiary debt and entitlement reviews from previous years (-\$1.575 million), and a transfer of funding to output class D7 as a result of the Student Services Output price review (-\$0.625 million).
D6 Community Services Card	7,759	-	<b>(560)</b>	-	7,199	- Services to manage the assessment and issuing of applications and reapplications for the Community Services Card. The Supplementary Estimates adjustments largely provide for a transfer of funding to output class D4 to meet the cost of implementing recommendations of the Joychild report regarding beneficiary debt and entitlement reviews from previous years (-\$1.125 million), and funding to publicise changes in Community Services Card thresholds (\$0.490 million).

## Part B1 - Details of Appropriations (continued)

	2001/02						Purpose of and Reasons for Change in 2001/02 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Appropriations</b>							
<b>Departmental Output Classes (Mode B Gross) – cont'd</b>							
D7 Services to Students	35,579	-	(2,949)	-	32,630	-	Services to manage the assessment and payment of Student Allowances and Student Loans. The Supplementary Estimates adjustments largely provide for a transfer of funding to output class D1 to reflect a reduced percentage of frontline staff time being directed to students in the current year compared to 2000/01 (-\$3.375 million), a transfer of funding to output class D4 to meet the cost of implementing recommendations of the Joychild report regarding beneficiary debt and entitlement reviews from previous years (-\$0.563 million) and a transfer of funding from output class D5 as a result of the Student Services Output price review (\$0.625 million).
D8 Policy Advice	4,601	-	-	-	4,601	-	Services to provide policy advice and information including draft ministerial correspondence, parliamentary questions and replies required by legislation.
<b>Total Appropriations for Departmental Output Classes (Mode B Gross)</b>	587,336	-	20,038	-	607,374	-	
<b>Non-Departmental Output Classes</b>							
O1 Employment Support for People with Disabilities	60,018	-	(2,200)	-	57,818	-	Through this output class, the Government purchases the provision of individualised funding for support services leading to employment opportunities for people with disabilities. The Supplementary Estimates adjustment provides for a transfer of funding to 2002/03 to support capacity building in the disability sector (-\$2.200 million).

O2 Student Placement Services	2,401	-	-	-	2,401	-	Through this output class the Government purchases placement services for students for vacation and term employment.
O3 Youth Academy Services	583	-	-	-	583	-	Through this output class the Government purchases the services of the Ngati Awa Service Academy to reduce offending and increase employment outcomes for Maori youth, as well as providing low cost housing to hapu and improving health outcomes.
<b>Total Appropriations for Non-Departmental Output Classes</b>	63,002	-	(2,200)	-	60,802	-	
<b>Benefits and Other Unrequited Expenses</b>							
Accommodation Supplement	767,722	-	(44,767)	-	722,955	-	Provision of means-tested assistance to enable people to meet their accommodation costs. The level of assistance is dependent upon where the person lives and their family circumstances. The decrease in appropriation is due to fewer Accommodation Supplement recipients than forecast.
Assistance for People Requiring Care	5,405	-	(227)	-	5,178	-	Provision to pay an annual clothing allowance to residents of long-term residential care facilities who receive residential care subsidies; means-tested financial assistance for home help to people who are facing a domestic crisis, or non-means-tested financial assistance for home help for parents in the instance of a multiple birth; and financial assistance for amputees and sometimes an attendant to meet travel, accommodation and wage costs associated with the fitting of an artificial limb. The decrease in appropriation is due to lower than expected expenditure on home help, and a fall in the number of residential care subsidy recipients.
Benefits Paid in Australia	159,036	-	1,928	-	160,964	-	Provision under the reciprocity agreement with Australia for the Australian authorities to provide income support to New Zealanders who are resident in Australia, but excluded from participating in the labour force, and to subsequently reimburse the Australian Government for assistance provided. The increase in appropriation is due to a lower than expected \$A/\$NZ exchange rate.

## Part B1 - Details of Appropriations (continued)

	2001/02						Purpose of and Reasons for Change in 2001/02 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Appropriations</b>							
<b>Benefits and Other Unrequited Expenses – cont'd</b>							
Childcare Subsidy	57,880	-	(2,973)	-	54,907	-	Provision of income-tested assistance to enable children under the age of five to go to an early childhood service while their primary caregiver undertakes employment or training. Subsidised childcare of up to nine hours per week is available for low-income caregivers. Also provides income-tested assistance to low income parents, who are in employment or participating in an organised activity, and who have school aged children, to access approved out of school care and school holiday programmes. The decrease in appropriation is due to fewer Childcare Subsidy recipients than forecast.
Child Disability Allowance	42,640	-	(802)	-	41,838	-	Provision of income support for parents or caregivers who have to provide constant care and attention for a child with a serious disability which is likely to exceed a period of twelve months. The decrease in appropriation is due to fewer Child Disability Allowance recipients than forecast.
Defence Force Allowance	18,449	-	4,518	-	22,967	-	Provision of income assistance for New Zealand Defence Force personnel deployed in association with activities in East Timor, and in other non-UN mandated peacekeeping activities. The increase in appropriation is due to the extension of deployments in East Timor and Bougainville. This also includes a new troop deployment in Afghanistan.
Disability Allowance	221,735	-	1,185	-	222,920	-	Provision of income-tested assistance for people that have ongoing additional costs from their disability. The disability is likely to last at least six months. The increase in appropriation is due to a higher average rate of payment than forecast.



Disability Allowance Telephone Support	9,890	-	<b>1,279</b>	-	11,169	-	Provision of telephone costs paid through Disability Allowance to those people that would have otherwise lost entitlement to telephone rental costs under April 1999 changes. The increase in appropriation is due to more Disability Allowance Telephone Support recipients than forecast.
Domestic Purposes Benefit	1,488,640	-	<b>(2,491)</b>	-	1,486,149	-	Provision of income support for sole parents or caregivers, whose domestic circumstances exclude them from fully participating in the labour force. The decrease in appropriation is due to fewer Domestic Purpose Benefit recipients than forecast, more than offsetting a lower than forecast debt establishment.
Independent Youth Benefit	32,494	-	<b>(2,566)</b>	-	29,928	-	Provision of income support for people aged 16 or 17 years who are currently unemployed but actively seeking work, training for work, or at school, where it is inappropriate for them to obtain financial support from their parents. The decrease in appropriation is due to fewer Independent Youth Benefit recipients than forecast.
Invalid's Benefit	828,137	-	<b>6,802</b>	-	834,939	-	Provision of means-tested income support for people who are totally blind, or are both permanently and severely restricted in their capacity to work due to sickness, injury or disability from accident or congenital defect. The increase in appropriation is due to a higher number of Invalids Benefit recipients than forecast, together with lower than forecast debt establishment.
New Zealand Superannuation	5,472,345	-	<b>(15,659)</b>	-	5,456,686	-	Provision of a retirement income for people who have reached the qualifying age and fulfil the residency requirements. The decrease in appropriation is mainly due to fewer New Zealand Superannuation recipients than forecast.
Orphan's/Unsupported Child's Benefit	42,133	-	<b>(329)</b>	-	41,804	-	Provision of income support for people charged with the responsibility for the care of a child whose parents are either dead or cannot be located, or where there has been an irrevocable breakdown in the child's family. The decrease in appropriation is due to fewer Orphan's/Unsupported Child Benefit recipients than forecast.
Relocation Assistance	-	-	<b>11</b>	-	11	-	Provision of assistance to victims of domestic violence and witness protection cases relocated on the recommendation of the New Zealand Police. This is a new appropriation in 2001/02.
Sickness Benefit	369,582	-	<b>12,847</b>	-	382,429	-	Provision of means-tested assistance for people who are unable to work or who have had a drop in income due to sickness, injury or because they are pregnant. The increase in appropriation is due to more Sickness Benefit recipients than forecast, together with a lower than forecast debt establishment.

## Part B1 - Details of Appropriations (continued)

	2001/02						Purpose of and Reasons for Change in 2001/02 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Appropriations</b>							
<b>Benefits and Other Unrequited Expenses – cont'd</b>							
Special Annuities	89	-	7	-	96	-	Provision to pay annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society. The increase in appropriation is due to more Special Annuities recipients than forecast.
Special Benefit	61,776	-	(12,054)	-	49,722	-	Provision of means-tested assistance to help people on income support or low incomes meet their essential living costs while making efforts to reduce their commitments and live within their usual income. This includes a facility to access a means-tested lump sum to assist in reducing on-going essential costs. Special Benefit was expected to increase sharply in 2001/02 over 2000/01 as a result of publicity surrounding this form of assistance. While expenditure grew significantly it was slower than forecast. This is largely due to a reduction in take up of core benefits.
Special Needs Grant	53,623	-	(3,002)	-	50,621	-	Provision of means-tested but non-recoverable assistance for people in receipt of a low income who have an immediate need because they face emergency or essential costs, or require payment for specific circumstances. There is also provision to access a means-tested grant to assist a person with the funeral costs for a family member, or a friend with no family. The reduction is partly due to decreases in numbers on core benefits.
Student Allowances	427,904	-	(17,131)	-	410,773	-	Provision of means-tested allowances for students who are on an approved study programme at a recognised institute. The decrease is due to fewer Student Allowances recipients than forecast.

Tenure Protection Allowance	357	-	(22)	-	335	-	Provision of assistance with accommodation costs for ex HNZC tenants under special conditions. The decrease in appropriation is due to fewer Tenure Protection Allowance recipients than forecast.
Training Incentive Allowance	40,611	-	4,610	-	45,221	-	Provision of assistance to enable Domestic Purposes Benefit, Widows Benefit and Invalids Benefit recipients to undertake training that will lead to employment. The increase in appropriation is due to a transfer of \$4.61 million from the 2000/01 fiscal year to the 2001/02 fiscal year.
Transitional Retirement Benefit	103,822	-	(6,498)	-	97,324	-	Provision of means-tested income support for people who have not reached the qualifying age for New Zealand Superannuation. Introduced to assist those people affected by the increasing qualifying age for New Zealand Superannuation. The decrease in appropriation is due to fewer Transitional Retirement Benefit recipients than forecast.
Unemployment Benefit	1,526,873	-	(121,254)	-	1,405,619	-	Provision of means-tested assistance for people who are available for and seeking full time employment, or engaged in approved employment activities or other recognised activities. The decrease in appropriation is due to fewer Unemployment Benefit recipients than forecast, partially offset by a lower than forecast debt establishment.
Widow's Benefit	92,013	-	460	-	92,473	-	Provision of income support for women whose de jure or de facto husbands have died, and who do not yet qualify for New Zealand Superannuation or Transitional Retirement Benefit, but fulfil the New Zealand citizenship and residency requirements. The increase in appropriation is mainly due to a lower than forecast debt establishment.
<b>Total Appropriations for Benefits and Other Unrequited Expenses</b>	11,823,156	-	(196,128)	-	11,627,028	-	
<b>Other Expenses to be Incurred by the Crown</b>							
Subsidised Work	112,526	-	(18,790)	-	93,736	-	This appropriation provides subsidies to employers and job seekers to assist those disadvantaged into full time employment. The Supplementary Estimates adjustments are largely due to employment targets being met without the need to use the entire appropriation (-\$19.000 million).
Suspensory Loan Abatement	300	-	(220)	-	80	-	This appropriation provides for provision for the abatement of suspensory loans.

## Part B1 - Details of Appropriations (continued)

	2001/02						Purpose of and Reasons for Change in 2001/02 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
<b>Total Appropriations for Other Expenses to be Incurred by the Crown</b>	112,826	-	(19,010)	-	93,816	-	
<b>Capital Contributions to the Department</b>							
Capital Investment	7,000	-	<b>31,101</b>	-	38,101	-	This appropriation funds departmental capability and includes provision for working capital agreed at the time of the establishment of the Department. The Supplementary Estimates adjustments provide for the transfer of the net assets of the Ministry of Social Policy to the Ministry of Social Development on 1 October 2001 (\$38.101 million) and a capital contribution that was not drawn down (-\$7.000 million).
<b>Total Appropriations for Capital Contributions to the Department</b>	7,000	-	31,101	-	38,101	-	
<b>Capital Contributions to Other Persons or Organisations</b>							
Community Services Card Reimbursements	400	-	-	-	400	-	Provision to reimburse low-income earners who are eligible for, but are yet to receive, a Community Services Card.
Recoverable Assistance	92,014	-	<b>1,937</b>	-	93,951	-	Facility for low-income earners and beneficiaries to access a means-tested loan to enable them to meet essential and immediate needs or costs related to specific circumstances. The increase in appropriation is due to a higher than forecast number of Recoverable Assistance grants as well as an increase in the average amount per grant.

Student Loans	962,752	-	(3,192)	-	959,560	-	Provision for the payment of loans to students undertaking studies at approved tertiary institutions to assist with fees, course-related expenses and living costs. These loans are repayable at a set rate on income earned over a set threshold.
<b>Total Appropriations for Capital Contributions to Other Persons or Organisations</b>	1,055,166	-	(1,255)	-	1,053,911	-	
<b>Total Appropriations</b>	13,648,486	-	(167,454)	-	13,481,032	-	

## Part F - Crown Revenue and Receipts

### F1 - Current and Capital Revenue and Receipts

	2001/02			Explanation of 2001/02 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
<b>Current Revenue</b>				
Non-Tax Revenue				
Family Benefit Capitalisation	1,260	-	1,260	Provision to record the establishment of the Family Benefit Advance paid to assist the purchase of a family home. It only becomes repayable and debt established when the recipient's circumstances change.
Interest Revenue	40,693	1,669	42,362	Provision to record the repayment of interest on Major Repair and Advances.
Maintenance Capitalisation	(1,404)	(846)	(2,250)	Provision to record the establishment of maintenance owing to the Crown. The increased expense (negative number) is the result of maintenance debt being suspended rather than collection pursued, due to court order or payee request.
Programme Recoveries	13,368	632	14,000	Provision to record the repayment of Residential Care Loans.
Student Loan - Administration Fee	8,148	(295)	7,853	Provision to record the administration fee charged when a Student Loan facility is first drawn down.
Total Non-Tax Revenue	62,065	1,160	63,225	
<b>Total Current Revenue</b>	62,065	1,160	63,225	
<b>Capital Receipts</b>				
Benefit Recoveries - Current Debt	189,948	3,612	193,560	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that the current beneficiary was not entitled to receive.
Benefit Recoveries - Liable Parent Contributions	6,996	(596)	6,400	The recovery of liable parent contribution arrears from non-custodial parents.

Benefit Recoveries - Non-Current Debt	83,364	8,199	91,563	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that the non-beneficiary (previously received benefits) was not entitled to receive.
Community Services Card Recoveries	400	-	400	The recovery of medical expenses from Vote Health.
Recoveries from United Kingdom Pensions	100,193	5,674	105,867	Reimbursement from the United Kingdom for payments made under the reciprocal agreement.
Student Loans - Repayment of Principal	41,767	1,997	43,764	Repayment of Student Loans made prior to the loans being transferred to the Inland Revenue Department.
<b>Total Capital Receipts</b>	<b>422,668</b>	<b>18,886</b>	<b>441,554</b>	
<b>Total Crown Revenue and Receipts</b>	<b>484,733</b>	<b>20,046</b>	<b>504,779</b>	