

VOTE *Social Development*

Terms and Definitions Used

CYP&F Act	The Children, Young Persons and Their Families Act 1989
IT	Information Technology
OSCAR	Out of School Care and Recreation

Social Development

VOTE MINISTER: Minister of Social Services and Employment

ADMINISTERING DEPARTMENT: Ministry of Social Development

The Minister of Social Services and Employment 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	
Operating Flows					
Classes of Outputs to be Supplied	651,854	-	69,219	-	721,073
Benefits and Other Unrequited Expenses	-	-	11,784,858	-	11,784,858
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	110,682	-	110,682
Capital Flows					
Capital Contributions	-	-	1,051,915	-	1,051,915
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	-	-
Total Appropriations for 2002/03	651,854	-	13,016,674	-	13,668,528
Total 2002/03 Main Estimates Appropriations	667,302	-	13,237,585	-	13,904,887

Part B1 - Details of Appropriations

Appropriations	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	225,150	-	38,621	-	263,771	-	Services to manage the delivery of income support payments, including the assessment and payment of primary and supplementary benefits to working age beneficiaries. The increase in appropriation is due to a transfer of funding from output classes D2, D3 and D7 to reflect a greater percentage of frontline staff time spent working on benefit issues than was expected at the start of 2002/03.
D2 Services to Minimise the Duration of Unemployment and Move People into Work	252,692	-	(32,625)	-	220,067	-	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 decrease in appropriation is due to a transfer of funding to output class D1 to reflect a greater percentage of frontline staff time spent on benefit issues than was expected at the start of 2002/03 and a consequential reduced percentage of frontline staff time spent on employment services.
D3 Services to Seniors	40,973	-	(5,738)	-	35,235	-	Services to manage the delivery of New Zealand Superannuation and Transitional Retirement Benefit. The decrease in appropriation is due to an expense transfer of \$4.163 million to 2003/04 of funding for Australian Social Security implementation work. Funding was also transferred to output class D1 to reflect a greater percentage of frontline staff time spent on benefit issues than was expected at the start of 2002/03 and a consequential reduced percentage of frontline staff time spent on services to seniors.

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross) - cont'd							
D4 Services to Protect the Integrity of the Benefit System	28,089	-	(4,584)	-	23,505	-	Services to protect the integrity of the benefit system by controlling benefit abuse. The decrease in appropriation is due to an expense transfer of \$4.584 million to 2003/04 for administration costs of benefit review applications as a result of the Joychild report that cannot be finalised in 2002/03.
D5 Debt Management - Former Beneficiaries	22,987	-	(1,009)	-	21,978	-	Services related to the management of debt from those individuals not currently in receipt of income support. The decrease in appropriation is due to a transfer of funding to output class D9 to fund the Office for Disability Issues.
D6 Community Services Card	7,816	-	338	-	8,154	-	Services to manage the assessment and issuing of applications and reapplications for the Community Services Card. The increase in appropriation is due to funding for an 0800 number for General Practitioners and pharmacists.
D7 Services to Students	36,997	-	(4,894)	-	32,103	-	Services to manage the assessment and payment of Student Allowances and Student Loans. The decrease in appropriation is due to a transfer of funding to output class D1 to reflect a greater percentage of frontline staff time spent on benefit issues than was expected at the start of 2002/03 and a consequential reduced percentage of frontline staff time spent on services to students.
D8 Strategic Social Policy Advice	6,850	-	-	-	6,850	-	Provision of strategic social policy advice; including the provision of cross sectoral advice and supporting local coordination through the Heartlands strategy.

D9 Policy and Purchase Advice	26,951	-	(823)	-	26,128	-	Provision of policy advice, knowledge management, ministerial services and purchase and monitoring advice in regard to social service sector delivery agencies. The net decrease in this appropriation is largely due to a number of expense transfers to 2003/04 for research and evaluation projects which were not completed in 2002/03 which more than offset the transfer of funding from output class D5 to fund the Office for Disability Issues.
D10 Information Technology Services to Other Departments	18,797	-	(4,734)	-	14,063	-	Provision of an IT infrastructure for the Department of Child, Youth and Family Services. This decrease in appropriation is largely due to a reduction in telephony costs.
Total Appropriations for Departmental Output Classes (Mode B Gross)	667,302	-	(15,448)	-	651,854	-	
Non-Departmental Output Classes							
O1 Vocational Services for People with Disabilities	60,609	-	527	-	61,136	-	Provision of individualised funding for support services leading to employment opportunities for people with disabilities. The increase in appropriation is for 62 additional eligible students.
O2 Student Placement Services	2,885	-	-	-	2,885	-	Provision of placement services for students for vacation and term employment.
O3 Youth Academy Services	594	-	-	-	594	-	Provision of services of the Ngāti Awa Service Academy to reduce offending and increase employment outcomes for Māori youth, as well as providing low cost housing to hapū and improving health outcomes.
O4 Commissioner for Children	1,752	-	-	-	1,752	-	Provision of services from the Commissioner for Children including the discharge of the Commissioner's duties under the CYP&F Act, identification of aspects of law, policy and practice that might adversely affect children and the development and proposal of remedies.
O5 Retirement Commissioner	2,658	-	-	-	2,658	-	Provision of services from the Retirement Commissioner to develop and promote methods of improving the effectiveness of retirement income policies. This is achieved through evaluation, the publishing of information and the delivery of a comprehensive public education programme on retirement savings issues.

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Non-Departmental Output Classes - cont'd							
O6 Capacity Building Initiatives	-	-	194	-	194	-	Provision of resources to disadvantaged communities/individuals to enhance the skills, knowledge and services available within themselves, to better achieve their and Government's aims for social development and employment. This is a new appropriation in 2002/03. It funds the delivery of Talking Books for the Blind.
Total Appropriations for Non-Departmental Output Classes	68,498	-	721	-	69,219	-	
Benefits and Other Unrequited Expenses							
Accommodation Supplement	743,745	-	(35,604)	-	708,141	-	Provision of means-tested assistance to enable people to meet their accommodation costs. The level of assistance depends on where the person lives and on family size. The decrease in expenditure is due to decreases in both the number in force (mainly due to fewer Unemployment Benefit recipients) and the average payment rate.
Assistance for People Requiring Care	5,333	-	(384)	-	4,949	-	Provision to pay an annual clothing allowance to recipients of a residential care subsidy; 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' costs associated with the fitting of an artificial limb. The downward revision reflects out-turns to date that show a fall in each Home Help category.

Benefits Paid in Australia	126,093	-	(4,771)	-	121,322	-	Reimbursement to the Australian Government for income support assistance provided to New Zealanders eligible under the 1994 Reciprocal Agreement, which was terminated for new entrants on 1 July 2002. From 1 July 2002 payments reflect pre-agreed amounts in Australian currency. The reduction mainly reflects exchange rate differences between the initial forecast for the 2002/03 Estimates and the forward contracts subsequently purchased.
Childcare Assistance	56,671	-	(1,508)	-	55,163	-	Provision of income-tested assistance to low income parents who are in employment, training or participating in an organized activity to allow their children access to approved early childhood services or out of school care and school holiday programmes. The decrease in expenditure is due to a decrease in the number of recipients that is partly offset by an increase in the average payment rate.
Child Disability Allowance	46,483	-	1,436	-	47,919	-	Provision of income support for parents or caregivers who provide constant care and attention for a child with a serious disability that is likely to exceed a period of twelve months. The increase in expenditure is mainly due to increases in the number accessing this allowance and to a lesser extent in the average payment rate.
Defence Force Allowance	8,628	-	4,797	-	13,425	-	Provision of income assistance to personnel in the New Zealand Defence Force (NZDF) and civilians employed by NZDF engaged outside New Zealand. The increase is due to an extension of deployments in Afghanistan and the Gulf.
Disability Allowance	234,808	-	5,527	-	240,335	-	Provision of income-tested assistance for people that have ongoing, additional costs from their disability, where the disability is likely to last at least six months. The increase in expenditure is mainly due to increases in the average payment rate and to a lesser extent in the number of people accessing this allowance.
Disability Allowance Telephone Support	10,210	-	(101)	-	10,109	-	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 decrease in expenditure is due to a sharper than expected decrease in the average payment rate. This is partly offset by an upward revision to the number of people in receipt of this payment.

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Benefits and Other Unrequited Expenses - cont'd							
Domestic Purposes Benefit	1,521,094	-	(2,282)	-	1,518,812	-	Provision of income support for sole parents, caregivers or women alone, whose domestic circumstances exclude them from fully participating in the labour force. The decrease in expenditure is driven by a downward revision in both the number of recipients and average non indexed payment rates. Partially offsetting this is a reduction in debt establishments (causing an increase in expenditure).
Independent Youth Benefit	27,241	-	(1,858)	-	25,383	-	Provision of income support for people aged 16 or 17 years who are currently unemployed but actively seeking work, training for work, at school, or sick, injured or disabled, where it is inappropriate for them to obtain financial support from their parents. The decrease in expenditure is due to a downward revision to the number of recipients.
Invalid's Benefit	911,783	-	3,572	-	915,355	-	Provision of means-tested income support for people who are totally blind, or are both permanently and severely restricted in their capacity for work due to sickness, injury or disability from accident or congenital defect. The increase in expenditure is due to a greater than expected rise in the number of Invalid's Benefit recipients and a decrease in deductions for debt establishments.
New Zealand Superannuation	5,645,200	-	(3,482)	-	5,641,718	-	Provision of an income for people who have reached the qualifying age of 65 years and fulfill the residency requirements. The decrease in expenditure is due to both a lower than expected rise in the number of New Zealand Superannuation recipients and an increase in overseas pension recoveries (which reduces expenditure). This is partly offset by an upward revision in both the average non-indexed payment rate and the cost of living adjustment.

Orphan's/Unsupported Child's Benefit	45,293	-	1,004	-	46,297	-	Provision of income support for people charged with the responsibility for the care of a child whose parents either are dead or cannot be located, or where there has been an irrevocable breakdown in the child's family. The increase is mainly due to a higher than expected number of recipients.
Relocation Assistance	244	-	(136)	-	108	-	Assistance to victims of domestic violence and witness protection cases relocated on the recommendation of the NZ Police. Actual expenditure has been below forecast.
Sickness Benefit	408,843	-	11,624	-	420,467	-	Provision of means-tested assistance for people who are unable to work or are working at a reduced level due to sickness, injury, disability or last weeks of pregnancy. The increase in expenditure is due to an increase in the number of recipients.
Special Annuities	97	-	3	-	100	-	Provision to pay annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society. The increase is due to a rise in the average rate of payment. This is largely offset by a decrease in the number of recipients.
Special Benefit	58,652	-	24,331	-	82,983	-	Provision of means-tested discretionary assistance to clients whose particular circumstances are causing hardship. This non-taxable payment is not intended as a long-term solution to a client's shortfall unless circumstances justify this. It is paid to help meet essential living costs while efforts are made to reduce commitments and live within usual income. The increase in expenditure is due to an increase in the number of recipients as a result of more people being assessed as eligible for this benefit.
Special Needs Grants	50,758	-	258	-	51,016	-	Provision of means-tested non-recoverable assistance for people on 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 funeral costs. Grants to non-beneficiaries increased by more than expected. This is partly offset by reduced numbers receiving main benefits.
Student Allowances	440,982	-	(35,939)	-	405,043	-	Provision of means-tested allowances for students who are on an approved study programme at a school or recognised tertiary institute. The decrease in expenditure is due to a decrease in both the number of recipients and the average payment rate (before indexation).

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Appropriations							
Benefits and Other Unrequited Expenses - cont'd							
Tenure Protection Allowance	272	-	24	-	296	-	Provision of assistance with accommodation costs to recipients of the special transfer allowance prior to November 2000 and to former tenure protection allowance recipients that have had their present house sold to a private landlord by HNZN. The increase is due to an upward revision to the forecast number of recipients.
Training Incentive Allowance	43,111	-	5,000	-	48,111	-	Provision of assistance to enable Domestic Purposes Benefit, Widow's Benefit and Invalid's Benefit recipients to undertake training that will lead to employment or that meets employment goals set out in Personal Development and Employment Plans (for DPB and WB). The increase is due to a funding transfer of the 2001/02 under-spend into 2002/03.
Transition to Work	7,272	-	(4,894)	-	2,378	-	Provision for payment to beneficiaries and ex-beneficiaries, meeting certain criteria, to assist in the transition from benefit to employment and the continuation of employment. The decrease in expenditure is largely due to lower than expected take-up of the pathways payment. The pathways payment is a one off lump sum payment available to clients with dependent children who cancel their benefit to start paid employment.
Transitional Retirement Benefit	49,633	-	(3,295)	-	46,338	-	Provision of means-tested income support for people who have not reached the qualifying age for New Zealand Superannuation. This benefit was introduced to assist those people affected by the increase in the qualifying age for New Zealand Superannuation from 60 to 65 years. The decrease is due to the number of people accessing this benefit reducing by more than forecast.

Unemployment Benefit	1,364,409	-	(78,680)	-	1,285,729	-	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 expenditure is due to a lower than forecast number of recipients.
Widow's Benefit	91,985	-	1,376	-	93,361	-	Provision of income support for women whose legal or de facto husbands have died and who do not yet qualify for New Zealand Superannuation or Transitional Retirement Benefit, but fulfill the New Zealand citizenship, residency and other requirements. The increase in expenditure is due to a higher than forecast average payment rate before indexation.
Total Appropriations for Benefits and Other Unrequited Expenses	11,898,840	-	(113,982)	-	11,784,858	-	
Other Expenses to be Incurred by the Crown							
Out of School Care Programmes	6,380	-	(1,000)	-	5,380	-	Provision of funding to assist in the establishment, sustainability and quality of out of school care and recreation (OSCAR) programmes. The decrease in this appropriation is due to funding being reprioritised due to a slower than expected uptake of the OSCAR provider assistance funding.
Subsidised Work	111,719	-	(6,465)	-	105,254	-	Provision of subsidies to employers and job seekers to assist those disadvantaged into full time employment. The decrease in this appropriation is due to lower than forecast participation by jobseekers.
Suspensory Loan Abatement	50	-	(2)	-	48	-	Provision for the abatement of suspensory loans.
Total Appropriations for Other Expenses to be Incurred by the Crown	118,149	-	(7,467)	-	110,682	-	
Capital Contributions to Other Persons or Organisations							
Community Services Card Reimbursements	480	-	(120)	-	360	-	Provision to reimburse low-income earners who are eligible for, but are yet to receive, a Community Services Card. The 2002/03 Estimates included additional funding in expectation of higher demand. Improvements to the timeliness of card issuance resulted in fewer reimbursements.

Part B1 - Details of Appropriations (continued)

	2002/03						Purpose of and Reasons for Change in 2002/03 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Capital Contributions to Other Persons or Organisations - cont'd							
Recoverable Assistance	99,569	-	146	-	99,715	-	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 is due to increased assistance to non-beneficiaries which is partly offset by lower numbers receiving main benefits.
Student Loans	1,052,049	-	(100,209)	-	951,840	-	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. The downwards revision reflects a decrease in the number of students accessing student loans and a decrease in their average borrowing levels.
Total Appropriations for Capital Contributions to Other Persons or Organisations	1,152,098	-	(100,183)	-	1,051,915	-	
Total Appropriations	13,904,887	-	(236,359)	-	13,668,528	-	

Part F - Crown Revenue and Receipts

F1 - Current Capital Revenue and Receipts

	2002/03			Explanation of 2002/03 Crown Revenue
	Main Estimates	Supplementary Estimates	Total Budgeted	
	\$000	\$000	\$000	
Current Revenue				
Non-Tax Revenue				
Family Benefit Capitalisation	1,260	-	1,260	Recovery of the Family Benefit Advance paid to assist the purchase of a family home. The advance becomes repayable and a debt is established when the recipient's circumstances change.
Interest Revenue	42,322	5,149	47,471	Provision to record the repayment of interest on Major Repair and Advances.
Maintenance Capitalisation	(2,004)	(27,015)	(29,019)	Provision to record the establishment of maintenance owing to the Crown. The negative revenue is the result of maintenance debt being suspended rather than collection pursued, due to court order or payee request.
Programme Recoveries	14,004	(1,004)	13,000	Provision to record the repayment of Residential Care Loans.
Student Loan - Administration Fee	8,214	(350)	7,864	Provision to record the administration fee charged when a Student Loan facility is first drawn down.
Total Non-Tax Revenue	63,796	(23,220)	40,576	
Total Current Revenue	63,796	(23,220)	40,576	
Capital Receipts				
Benefit Recoveries - Current Debt	197,340	30	197,370	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that a current beneficiary was not entitled to receive.
Benefit Recoveries - Liable Parent Contributions	5,004	196	5,200	The recovery of liable parent contribution arrears from non-custodial parents.

F1 - Current Capital Revenue and Receipts (continued)

	2002/03			Explanation of 2002/03 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Capital Receipts - cont'd				
Benefit Recoveries - Non-Current Debt	94,368	(918)	93,450	The recovery of any advance or loan or the recovery of any benefit, pension or other assistance that a former beneficiary was not entitled to receive.
Community Services Card Recoveries	480	(120)	360	The recovery of medical expenses from Vote Health.
Recoveries from United Kingdom Pensions	106,126	9,241	115,367	Reimbursement from the United Kingdom, Australia, the Netherlands and Ireland via the Special Banking Option for payments made under the reciprocal agreements.
Student Loans - Repayment of Principal	47,700	773	48,473	Repayment of Student Loans made prior to the loans being transferred to the Inland Revenue Department.
Total Capital Receipts	451,018	9,202	460,220	
Total Crown Revenue and Receipts	514,814	(14,018)	500,796	