

Information Supporting the Supplementary Estimates

Vote Social Development

MINISTER(S) RESPONSIBLE FOR APPROPRIATIONS: Minister for Social Development and Employment (M63)

ADMINISTERING DEPARTMENT: Ministry of Social Development

MINISTER RESPONSIBLE FOR MINISTRY OF SOCIAL DEVELOPMENT: Minister for Social Development and Employment

Part 1 - Summary of the Vote

Part 1.3 - Trends in the Vote

Summary of Financial Activity

	2008/09				
	Estimates \$000	Supplementary Estimates			Total \$000
		Departmental Transactions \$000	Non- Departmental Transactions \$000	Total Transactions \$000	
Appropriations					
Output Expenses	1,444,327	9,379	1,128	10,507	1,454,834
Benefits and Other Unrequited Expenses	13,921,179	N/A	435,151	435,151	14,356,330
Borrowing Expenses	-	-	-	-	-
Other Expenses	773,400	-	(10,183)	(10,183)	763,217
Capital Expenditure	1,537,528	(42,426)	149,860	107,434	1,644,962
Intelligence and Security Department Expenses and Capital Expenditure	-	-	N/A	-	-
Total Appropriations	17,676,434	(33,047)	575,956	542,909	18,219,343
Crown Revenue and Capital Receipts					
Tax Revenue	-	N/A	-	-	-
Non-Tax Revenue	95,564	N/A	(20,568)	(20,568)	74,996
Capital Receipts	519,576	N/A	9,703	9,703	529,279
Total Crown Revenue and Capital Receipts	615,140	N/A	(10,865)	(10,865)	604,275

Part 2 - Details and Expected Performance for Output Expenses

Part 2.1 - Departmental Output Expenses

Adoption Services (M63)

Scope of Appropriation

The management of services, incorporating education, assessment, reporting, counselling, and mediation, to all people who are party to adoption-related matters, past or present.

Reasons for Change in Appropriation

This appropriation will decrease by \$600,000 to \$8.090 million for 2008/09. The decrease relates to a fiscally neutral reallocation of overheads to reflect current staff numbers.

Care and Protection Services (M63)

Scope of Appropriation

Social work services, both statutory and informal, that protect and assist children and young people who are in need of care and protection.

Reasons for Change in Appropriation

This appropriation will increase by \$16.376 million to \$317.008 million for 2008/09. The increase relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$13.100 million)
- a fiscally neutral adjustment to funding for Pathway to Partnership (\$3.025 million)
- funding to maintain the Kauri centre (\$251,000).

Collection of Balances Owed by Former Clients and Non-beneficiaries (M63)

Scope of Appropriation

Services to manage the collection of overpayments and recoverable assistance loans from former clients and other balances owed comprising of Student Allowance overpayments, Liable Parent Contributions, and court ordered Maintenance.

Reasons for Change in Appropriation

This appropriation will decrease by \$3.767 million to \$16.224 million for 2008/09. The decrease relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$3.100 million)
- a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting the Rugby World Cup 2011 (\$500,000)
- an expense transfer to fund the replacement of Ministry of Social Development's (MSD) key business systems (\$167,000).

Family and Community Services (M63)

Scope of Appropriation

Provision of leadership and co-ordination services to support and strengthen families and whānau; including providing information and advice that assists families, young people and communities and managing preventative social services programmes.

Reasons for Change in Appropriation

This appropriation will increase by \$2.713 million to \$34.230 million for 2008/09. The increase relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$1.800 million)
- a fiscally neutral adjustment to funding for Pathway to Partnership (\$913,000).

Income Support and Assistance to Seniors (M63)

Scope of Appropriation

This appropriation is limited to paying New Zealand Superannuation and social security entitlements (including administering related international social security agreements) and providing advice and brokering services to help older people maintain independence and social participation; and administering international social security agreements relating to non-superannuitants.

Reasons for Change in Appropriation

This appropriation will decrease by \$3.620 million to \$35.623 million for 2008/09. The decrease relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$2.450 million)
- an expense transfer to fund the replacement of MSD's key business systems (\$670,000)
- a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting the Rugby World Cup 2011 (\$500,000).

Management of Student Support (M63)

Scope of Appropriation

This appropriation is limited to managing financial support to students involving assessing and paying student allowances to eligible secondary and tertiary students, student loans to tertiary students, and Government scholarships and awards for tertiary students, and, as part of managing this support, providing related guidance to students making financial and study decisions.

Reasons for Change in Appropriation

This appropriation will increase by \$1.377 million to \$37.669 million for 2008/09. The increase relates to:

- an expense transfer from 2007/08 to fund Student Loan Volume pressures (\$2.912 million)
- offset by a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting Rugby World Cup 2011 (\$1.200 million), and
- an expense transfer to fund the replacement of MSD's key business systems (\$335,000).

Policy Advice and Support to Ministers MCOA (M63)

Scope of Appropriation

Crown Entity Monitoring

This output class is limited to the purchase, appointment and monitoring advice for social development and employment Crown entities, and appointment advice for social development and employment statutory tribunals.

Social Policy Advice

This output class is limited to policy advice and servicing support comprising advice on cross-sectoral and long term social policy matters; advice on the design and operation of social development programmes and initiatives; the provision of information to, and discussion fora for, the public and other agencies on social policy issues; and ministerial servicing.

Explanation for Use of Multi-Class Output Expense Appropriation

The two output classes under the MCOA both relate to the same broad service of providing advisory support to Ministers.

Reasons for Change in Appropriation

Crown Entity Monitoring Output Class

This appropriation will decrease by \$1.600 million to \$300,000 for 2008/09. The decrease relates to a fiscally neutral reallocation of overheads to reflect current staff numbers.

Social Policy Advice Output Class

This appropriation will decrease by \$1.340 million to \$48.527 million for 2008/09. The decrease relates to:

- a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting the Rugby World Cup 2011 (\$1.400 million)
- offset by a fiscally neutral adjustment to funding Pathway to Partnership (\$60,000).

Prevention Services (M63)

Scope of Appropriation

Education and advice services for the prevention of child abuse and neglect, and the promotion of the wellbeing of children, young people and their families

Reasons for Change in Appropriation

This appropriation will decrease by \$1.400 million to \$3.704 million for 2008/09. the decrease relates to a fiscally neutral reallocation of overheads to reflect current staff numbers.

Services to Protect the Integrity of the Benefit System (M63)

Scope of Appropriation

Services to minimise errors, fraud and abuse of the benefit system.

Reasons for Change in Appropriation

This appropriation will increase by \$1.533 million to \$37.492 million for 2008/09. The increase relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$1.900 million)
- offset by a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting the Rugby World Cup 2011 (\$200,000), and
- an expense transfer to fund the replacement of MSD's key business systems (\$167,000).

Tailored Sets of Services to Help People into Work or Achieve Independence (M63)

Scope of Appropriation

This appropriation is limited to delivering tailored sets of services to individuals to help them into sustainable employment, participate more fully in their community or achieve a greater level of social independence; and the management of related non-departmental output contracts. The composition of each set of services is determined by the individual's needs and selected from a mix of employment readiness training and support, employment placement, social support services, payment of income support and training support benefits, and referrals to other employment or social support providers.

Reasons for Change in Appropriation

This appropriation will decrease by \$11.837 million to \$415.526 million for 2008/09. The decrease mainly relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$12.150 million)
- an expense transfer to fund the replacement of MSD's key business systems (\$6.271 million)
- offset by the drawdown of funds from the Working New Zealand Health and Disability Innovation Fund (\$6.627 million).

Vocational Skills Training (M63)

Scope of Appropriation

This appropriation is limited to vocationally based skills training for working-age people through the Training Opportunities Programme.

Reasons for Change in Appropriation

This appropriation will increase by \$4.216 million to \$89.851 million for 2008/09. The increase relates to:

- an expense transfer from 2007/08 (\$2 million)
- a fiscally neutral adjustment from Employment Assistance to maintain funding for Vocational Skills Training (\$1.700 million)
- a fiscally neutral adjustment from Tailored Sets of Services to Help People into Work or Achieve Independence to maintain funding for Vocational Skills Training (\$516,000).

Youth Justice Services (M63)

Scope of Appropriation

Social work and other services to manage and resolve offending behaviour by children and young people, by providing assessment, support, programmes, containment and care of young offenders.

Reasons for Change in Appropriation

This appropriation will increase by \$7.128 million to \$104.925 million for 2008/09. The increase relates to:

- a fiscally neutral reallocation of overheads to reflect current staff numbers (\$4.300 million)
- an expense transfer from 2007/08 to continue the Reducing Youth Offending Programme (\$1.400 million)
- an expense transfer from 2007/08 to continue the Supported Bail Programme (\$1.370 million)
- a fiscally neutral adjustment to funding for Pathway to Partnership (\$858,000)
- offset by a transfer to Vote Economic Development to build the capacity and capability of volunteers to maximise the benefit of hosting the Rugby World Cup 2011 (\$800,000).

Part 2.2 - Non-Departmental Output Expenses

Connected Communities (M63)

Scope of Appropriation

Funding of services that strengthen and support communities and community functioning, and which assist communities to support families in improving their family circumstances.

Reasons for Change in Appropriation

This appropriation will increase by \$2.067 million to \$4.644 million for 2008/09. The increase relates to a fiscally neutral adjustment to funding for Pathway to Partnership.

Counselling and Rehabilitation Services (M63)

Scope of Appropriation

Purchase of services, including family counselling and other post-crisis interventions that restore the wellbeing of children, young people and families who have suffered harm and abuse or other forms of family breakdown or youth justice issues.

Reasons for Change in Appropriation

This appropriation will increase by \$6.063 million to \$17.026 million for 2008/09. The increase relates to a fiscally neutral adjustment to funding for Pathway to Partnership.

Education and Prevention Services (M63)

Scope of Appropriation

Purchase of education and prevention programmes and initiatives that aim to provide skills to children, young people and families who are at risk of harm or abuse, which will help them reduce the risk of that abuse or harm.

Reasons for Change in Appropriation

This appropriation will increase by \$2.995 million to \$8.766 million for 2008/09. The increase relates to a fiscally neutral adjustment to funding for Pathway to Partnership.

Family Wellbeing Services (M63)

Scope of Appropriation

Purchase of services that aim to improve the life outcomes for children, young people and families through support and development programmes, and programmes that will prevent any future harm or abuse.

Reasons for Change in Appropriation

This appropriation will increase by \$7.025 million to \$52.662 million for 2008/09. The increase relates to a fiscally neutral adjustment to funding for Pathway to Partnership.

Strengthening Providers and Communities (M63)

Scope of Appropriation

Purchase of services that contribute to strengthening the capacity and capability of providers to deliver strong and effective social services.

Reasons for Change in Appropriation

This appropriation will increase by \$917,000 to \$5.803 million for 2008/09. The increase relates to a fiscally neutral adjustment to funding for Pathway to Partnership.

Strong Families (M63)

Scope of Appropriation

Purchase of services to improve outcomes for families and their members. These services aim to support vulnerable families with a focus on prevention and early intervention.

Reasons for Change in Appropriation

This appropriation will decrease by \$17.939 million to \$91.539 million for 2008/09. The decrease relates to:

- a fiscally neutral adjustment to funding for Pathway to Partnership (\$18.439 million)
- offset by funding from Vote Immigration for Refugee Services (\$500,000).

Part 3 - Details for Benefits and Other Unrequited Expenses

Part 3.2 - Non-Departmental Benefits and Other Unrequited Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome for Working Age People	Redundancy Assistance, Transitional Assistance

Accommodation Assistance (M63)

Scope of Appropriation

This appropriation is limited to the Accommodation Supplement, Special Transfer Allowance, and Away From Home Allowance to persons to cover accommodation costs, paid in accordance with the criteria set out in the Social Security Act 1964 and delegated legislation issued under that Act.

Reasons for Change in Appropriation

This appropriation will increase by \$85.052 million to \$996.119 million for 2008/09 largely because of higher than expected number of recipients.

Benefits Paid in Australia (M63)

Scope of Appropriation

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 the Social Welfare (Reciprocity with Australia) Order 2002 came into force, with payments now reflecting pre-agreed amounts in Australian currency before adjusting for annual inflation.

Reasons for Change in Appropriation

This appropriation will increase by \$820,000 to \$51.861 million for 2008/09. The Australian inflation rate in the year to June 2008 was higher than forecast.

Childcare Assistance (M63)

Scope of Appropriation

Provision of assistance for the costs of childcare that meets specific quality guidelines, where parents meet activity and income criteria set out in the Social Security Act 1964 and delegated legislation issued under that Act.

Reasons for Change in Appropriation

This appropriation will decrease by \$3.848 million to \$163.809 million for 2008/09. The decrease is because of a lower than expected average subsidy per child partly offset by a higher than expected number of children.

Disability Assistance (M63)

Scope of Appropriation

This appropriation is limited to the Disability Allowance to persons with disability costs and the Child Disability Allowance to the caregivers of children with a serious disability, paid in accordance with the criteria set out in the Social Security Act 1964 and delegated legislation issued under that Act.

Reasons for Change in Appropriation

This appropriation will increase by \$3.670 million to \$391.060 million for 2008/09. The increase is mainly because of higher than expected numbers of Disability Allowance and Child Disability Allowance recipients.

Domestic Purposes Benefit (M63)

Scope of Appropriation

Provision of income support for sole parents, caregivers of sick or infirm people or women alone, whose domestic circumstances exclude them from fully participating in the labour force. Paid in accordance with criteria set out in the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation will increase by \$21.541 million to \$1,534.295 million for 2008/09. The increase is mainly because of a higher than expected increase in the number of recipients. The income tax change on 1 October 2008 reduced the gross benefit paid and partly offset the increase in the number of recipients.

Employment Related Training Assistance (M63)

Scope of Appropriation

Provision of assistance with costs of undertaking approved employment related training, which are paid in accordance with the criteria set out in delegated legislation under the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation will increase by \$4.638 million to \$30.385 million for 2008/09. The increase is mainly caused by a one-off increase to the appropriation to allow for a higher than expected demand for Training Incentive Allowance.

Family Start/NGO Awards (M63)*Scope of Appropriation*

Payment of course fees for Family Start family/ whānau and NGO workers pursuing social work qualifications.

Reasons for Change in Appropriation

This appropriation will decrease by \$110,000 to \$550,000 for 2008/09. Uptake of family start awards has been less than expected.

Hardship Assistance (M63)*Scope of Appropriation*

This appropriation is limited to the Funeral Grants, Live Organ Donors Assistance, Special Benefit, Special Needs Grants and Temporary Additional Support to provide means-tested temporary financial assistance to persons with emergency or essential costs, paid in accordance with the criteria set out in the Social Security Act 1964 and delegated legislation issued under that Act.

Reasons for Change in Appropriation

This appropriation will increase by \$61.987 million to \$232.369 million for 2008/09. The increase is mainly caused by a higher than expected number of Temporary Additional Support recipients. The annual limit for food related grants under Special Needs Grants was effectively doubled during the year by reducing the period to which the maximum limits apply from 52 weeks to 26 weeks, and has also contributed to the appropriation increase.

Independent Youth Benefit (M63)*Scope of Appropriation*

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. Paid in accordance with criteria set out in the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation will increase by \$2.321 million to \$15.878 million for 2008/09. The increase is mainly caused by a higher than expected number of recipients.

Invalid's Benefit (M63)

Scope of Appropriation

Provision of means-tested income support for people who are totally blind, or permanently and severely restricted in their capacity for work due to sickness, injury or disability. Paid in accordance with the criteria set out in the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation will decrease by \$53.289 million to \$1,261.614 million for 2008/09. The decrease is almost entirely caused by the 1 October 2008 income tax change that reduced the gross amount payable for Invalid's Benefit. Growth in the number of Invalid's Benefit recipients was also slightly lower than expected.

New Zealand Superannuation (M63)

Scope of Appropriation

Provision of an income for people who have reached the qualifying age of 65 years and fulfil the residency requirements, as provided for in the New Zealand Superannuation and Retirement Income Act 2001.

Reasons for Change in Appropriation

This appropriation will increase by \$22.248 million to \$7,761.569 million for 2008/09. The increase is caused by the combined effects of higher than expected number of New Zealand Superannuation recipients and the consequences of the 1 October 2008 income tax change. The income tax change on 1 October 2008 raised the net married payment rate higher, so that for the 1 April 2009 cost of living adjustment, the payment rate being adjusted was on a higher base.

Orphan's/Unsupported Child's Benefit (M63)

Scope of Appropriation

Provision of income support for people charged with the responsibility for the care of a child whose parents are dead or cannot be located, or suffer a serious long-term disablement which renders them unable to care for the child, or where there has been a breakdown in the child's family. Paid in accordance with criteria set out in the Social Security Act 1964. It also provides for payments to former foster parents receiving Orphan's Benefit or Unsupported Child's Benefit for a child previously in the care of Child, Youth and Family in accordance with criteria set out in delegated legislation under the Act.

Reasons for Change in Appropriation

This appropriation increases by \$173,000 to \$87.739 million for 2008/09. The average payment rate was a little less than expected when first appropriated but the increase made to the appropriation to reduce the likelihood of an overspend more than offsets this to produce a small increase.

Redundancy Assistance (M63)

Scope of Appropriation

This appropriation is limited to paying assistance for a limited period to people made redundant, pursuant to the conditions and criteria set out in ReStart Transitional Relief Ministerial Welfare Programme 2008 and the Social Security Act 1964

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,957	3,957

Reasons for Change in Appropriation

This is a new appropriation that was implemented on 1 January 2009.

Conditions on Use of Appropriation

Reference	Conditions
ReStart assistance is paid under the ReStart Transitional Relief Ministerial Welfare Programme.	<p>ReStart provides short-term support to low to moderate income families with children and low to middle income people with high housing costs, who have been made redundant from full-time work or have ceased full time self employment. ReStart is available to people who have been in employment for the previous six months and are looking for full time work. ReStart can be paid for up to 16 weeks or until a person returns to work, whichever is earlier.</p> <p>ReStart payments can be suspended in specified circumstances.</p> <p>ReStart is made up of:</p> <ul style="list-style-type: none"> • ReCover - a payment for people with dependent children and who are no longer entitled to an in-work tax credit • RePlace - an extra payment to help people with their accommodation costs if they are already entitled to the maximum Accommodation Supplement, and • ReConnect - services to help with finding a job. <p>Applications are to be made within 20 working days after the date of redundancy and up until 31 December 2010. The Programme expires with the end of the last grant to be made in respect of any application granted prior to 1 January 2011.</p>

Sickness Benefit (M63)

Scope of Appropriation

Provision of means-tested income support for people who are not in full-time employment and are limited in their capacity for work, or who are in employment but working at a reduced level, because of sickness, injury, disability or pregnancy. Paid in accordance with the criteria set out in the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation will increase by \$45.171 million to \$612.826 million for 2008/09. The increase is caused by a greater than expected number of recipients. This was partly offset by the 1 October 2008 income tax change that reduced the gross benefit paid and a lower than expected average payment per recipient (before indexation).

Special Circumstance Assistance (M63)

Scope of Appropriation

This appropriation is limited to financial assistance to people in special circumstances and comprises the Clothing Allowance, and providing assistance for community costs, domestic violence and witness protection relocation, home help, social rehabilitation assistance, telephone costs, and civil defence payments paid in accordance with criteria set out in the Social Security Act 1964, and delegated legislation under that Act; and Civilian Amputees Assistance, paid in accordance with criteria set out in the Disabled Persons Community Welfare Act 1975.

Reasons for Change in Appropriation

This appropriation will increase by \$1.154 million to \$14.826 million for 2008/09. The increase mostly reflects the increase to the appropriation to reduce the likelihood of an overspend.

Student Allowances (M63)

Scope of Appropriation

This appropriation is limited to means-tested allowances for students on an approved study programme in accordance with the criteria established by the Student Allowance Regulations 1998; and payment of Student Allowance Transfer Grants to students with dependents in accordance with the criteria established by delegated legislation issued under the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation increases by \$27.867 million to \$439.245 million for 2008/09. The increase is mainly caused by a higher than expected number of recipients and an increase to the appropriation to reduce the likelihood of an overspend. These effects more than offset the decrease from the 1 October 2008 income tax change, which reduced the gross payment rate.

Transition to Work (M63)

Scope of Appropriation

Provision of payments to beneficiaries, low income earners, students and ex beneficiaries, who meet certain criteria, to assist in the transition from benefit to employment and the continuation of employment. These provisions are paid in accordance with the criteria set out in the Seasonal Work Assistance Programme and the Transition to Work Grant Programme pursuant to the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation increases by \$360,000 to \$17.254 million for 2008/09. The increase is caused by an increase in the appropriation to reduce the likelihood of an overspend more than offsetting the lower than expected demand for Transition to Work payments.

Transitional Assistance (M63)

Scope of Appropriation

This appropriation is limited to supplementary financial assistance to people who are adversely affected by changes in policy or legislation, so they will not be financially worse off at the point of change. This assistance is paid in accordance with criteria set out in the Social Security Act 1964 and delegated legislation under that Act.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,650	3,650

Reasons for Change in Appropriation

This appropriation came into effect from 1 October 2008 and ceases 1 April 2009 with \$3.650 million budgeted in 2008/09.

Conditions on Use of Appropriation

Reference	Conditions
Transitional Assistance is paid under the Income Tax (Transitional Provisions) Ministerial Welfare Programme.	The Transitional Assistance programme provides a transitional period for people in receipt of certain benefits under the Social Security Act 1964, so that any reduction in those benefits that would otherwise occur as a result of the income tax changes and family tax credit increases would take place in the context of the next review of the client's circumstances. The Transitional Assistance programme came into effect on 1 October 2008 and will cease on 1 April 2009 or at the time a person's assistance is reviewed in this period, whichever is earlier.

Transitional Supplement (M63)

Scope of Appropriation

Provision of supplementary financial assistance to ensure that beneficiaries and non-beneficiaries who may be otherwise unintentionally financially disadvantaged by changes to legislation will be no worse off financially at the point of change. Paid in accordance with criteria set out in the Social Security (Transitional Protection Supplement) Regulations 2007 made under the Social Security Amendment Act 2007.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	10	10

Reasons for Change in Appropriation

This appropriation increases by \$10,000 to reduce the likelihood of an overspend.

Conditions on Use of Appropriation

Reference	Conditions
Transitional Supplement is paid under the Social Security (Transitional Protection Supplement) Regulations 2007.	The Transitional Supplement payment provides financial assistance so that beneficiaries and non-beneficiaries who may be otherwise unintentionally financially disadvantaged, by changes introduced as part of the Working New Zealand package, will be no worse off. This supplementary non-taxable payment will cease on 1 July 2009.

Unemployment Benefit and Emergency Benefit (M63)

Scope of Appropriation

Provision of means-tested assistance for people who are not in full-time employment and are available for and seeking full time employment, or engaged in approved activities. Also the provision of assistance to people who are in hardship and unable to earn enough income for themselves (and any dependent family) and cannot receive another benefit. Both forms of assistance are paid in accordance with criteria set out in the Social Security Act 1964 and delegated legislation issued under that Act.

Reasons for Change in Appropriation

This appropriation increases by \$207.184 million to \$624.592 million for 2008/09. The increase is mainly caused by a higher than expected number of recipients reflecting the impact of worsening economic conditions. This is partly offset by a lower than expected average payment rate (before indexation) and from a decrease in the gross payment rate due to the 1 October 2008 tax change.

Widow's Benefit (M63)

Scope of Appropriation

Provision of means-tested income support for women whose partners have died and who do not yet qualify for New Zealand Superannuation, but meet residency and other requirements. Paid in accordance with criteria set out in the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation increases by \$583,000 to \$69.877 million for 2008/09. The increase is the net result from a higher than expected number of recipients and an increase to the appropriation to reduce the likelihood of an overspend, which was partly offset by the reduction in the gross payment rates as a result of the 1 October 2008 income tax change.

Part 5 - Details and Expected Results for Other Expenses

Part 5.2 - Non-Departmental Other Expenses

Intended Impacts, Outcomes and Objectives

Intended Impacts, Outcomes or Objectives of Appropriations	Appropriations
Outcome for Working Age People	Job Support Scheme, mainstream Supported Employment

Debt Write-downs (M63)

Scope of Appropriation

Provision for write-downs of Crown debt administered by the Ministry of Social Development due to debt write offs or debt provisions resulting from the need to value debt in accordance with generally accepted accounting practice.

Reasons for Change in Appropriation

Employment Assistance (M63)

Scope of Appropriation

Provision of assistance to help address barriers faced by job seekers so they can become work ready, move into employment and stay in employment for longer periods of time. This employment assistance is governed by the Cabinet and Ministerial Guidelines for Employment and Training Assistance.

Reasons for Change in Appropriation

This appropriation will decrease by \$9.749 million to \$65.178 million. The decrease relates to:

- a fiscally neutral adjustment to fund Training Incentive Allowance in the Employment Related Training Assistance appropriation (\$5.158 million)
- a fiscally neutral adjustment to fund the Job Support Scheme (\$2.901 million)
- a fiscally neutral adjustment to maintain funding for Vocational Skills Training (\$1.700 million).

Job Support Scheme (M63)

Scope of Appropriation

This appropriation is limited to providing financial assistance for a limited period for employees who have entered into an agreement with their employers to reduce their working hours on a temporary basis and to receive this assistance.

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	2,901	2,901

Reasons for Change in Appropriation

This is a new appropriation with funding of \$2.901 million for 2008/09. It is funded by a transfer from Employment Assistance.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The number of jobs saved through the Job Support Scheme will be no less than:	-	150-250	150-250

Conditions on Use of Appropriation

Reference	Conditions
The Job Support Scheme is administered in accordance with Cabinet decisions, and pursuant to specific contracts entered into between the Ministry of Social Development and an affected employer.	The Job Support Scheme provides an allowance to large private sector employers over 100 employees who have negotiated a voluntary agreement with unions (where applicable) and full-time workers that reduces the hours of work for the workers who are party to the agreement by up to ten hours a fortnight provided the reduction does not take the hours of work to less than 30 per week. The payment, equivalent to the rate of the adult minimum wage for up to five hours per fortnight for each worker with reduced hours, can be paid to no more than ten times as many workers in a firm as the number of jobs that are being saved. The Scheme will run from 27 March 2009 to 31 December 2010.

Mainstream Supported Employment Programme (M63)

Scope of Appropriation

This appropriation is limited to salary subsidies, training for participants, supervisors and placement specialists, and funding for other employment support provided by the Mainstream Supported Employment Programme

Expenses

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Total Appropriation	-	3,851	3,851

Reasons for Change in Appropriation

This is a new appropriation with funding of \$3.851 million for 2008/09. It transferred from Vote State Services during the year.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
The number of participants in the Mainstream Supported Employment Programme will be:	-	250	250
The percentage of programmes reviewed shows that Mainstream programme participants have undertaken external or on-the-job training will be:	-	60%	60%

Part 6 - Details and Expected Results for Capital Expenditure

Part 6.1 - Departmental Capital Expenditure

Ministry of Social Development - Capital Expenditure PLA (M63)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Social Development, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2008/09		
	Estimates \$000	Supplementary Estimates \$000	Total \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	74,251	(73,235)	1,016
Intangibles	33,042	(5,626)	27,416
Other	11,840	36,435	48,275
Total Appropriation	119,133	(42,426)	76,707

Reasons for Change in Appropriation

Timing on the Youth Justice Central redevelopment project is the main reason for the decrease from planned expenditure in 2008/09. Expenditure is forecast on this project in 2009/10. In addition the current phase of the software development project Client Management Solution (CMS) has incurred less expenditure than planned for 2008/09. Also there has been a decrease in motor vehicle capital expenditure as the Ministry reassesses its fleet requirements going forward.

Expected Results

	2008/09		
	Estimates Standard	Supplementary Estimates Standard	Total Standard
Residential Buildings	47,830	(32,726)	15,104
Software Development	33,042	(5,626)	27,416
Computer Hardware	8,340	(886)	7,454
Motor Vehicles	11,840	(4,185)	7,655
Plant and Equipment	1,450	(434)	1,016
Furniture and Fitouts	16,631	1,431	18,062
Total Appropriation	119,133	(42,426)	76,707

Part 6.2 - Non-Departmental Capital Expenditure

Recoverable Assistance (M63)

Scope of Appropriation

Facility for low-income earners and beneficiaries to access means-tested assistance to enable them to meet essential and immediate needs, or costs in specific circumstances. Criteria are set out in the Welfare Programme for Recoverable Assistance for Non-Beneficiaries, Ministerial Direction for Advance Payment of Benefits and recoverable Special Needs Grants in relevant parts of Welfare Programme for Special Needs Grants pursuant to the Social Security Act 1964.

Reasons for Change in Appropriation

This appropriation increases by \$35.352 million to \$157.365 million for 2008/09. The increase is caused by both a higher than forecast number of grants and a higher than forecast average payment rate.

Student Loans (M63)

Scope of Appropriation

This appropriation is limited to loans to tertiary students undertaking studies at approved tertiary institutions in accordance with Cabinet decisions.

Reasons for Change in Appropriation

The appropriation increases by \$114.508 million to \$1,410.890 million for 2008/09. The increase reflects more student loan borrowers than expected as well as an increase to the appropriation to reduce the likelihood of an overspend.