

VOTE *Work and Income*

Terms and Definitions Used

FOCIS	Fast Online Customer Information System
GST	Goods and Services Tax
IT	Information Technology
UK	United Kingdom
UN	United Nations

Footnote

Note 1	Appropriation numbers in Part B are inclusive of GST (where applicable).
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Work and Income

VOTE MINISTER: Minister of Social Services and Employment

ADMINISTERING DEPARTMENT: Department of Work and Income

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

Part B - Statement of Appropriations (see note 1)

Summary of 1999/2000 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	602,503	-	52,265	-	654,768
Benefits and Other Unrequited Expenses	-	-	11,223,756	-	11,223,756
Borrowing Expenses	-	-	-	-	-
Other Expenses	-	-	139,874	-	139,874
Capital Flows					
Capital Contributions	3,336	-	629,598	-	632,934
Purchase or Development of Capital Assets	-	-	-	-	-
Repayment of Debt	-	-	-	-	-
Total Appropriations for 1999/2000	605,839	-	12,045,493	-	12,651,332
Total 1999/2000 Main Estimates Appropriations	639,444	-	12,104,785	-	12,744,229

Part B - Statement of Appropriations

Part B1 - Details of 1999/2000 Appropriations

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 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	275,739	-	(31,062)	-	244,677	-	Purchase of services to manage the delivery of income support payments, including the registration and assessment of primary and supplementary benefits, development of customer plans and administration of the Work Test. The reductions in appropriation are due to a transfer to output class D2 to reflect the greater percentage of frontline staff time being directed to employment work in the current year compared to the 98/99 year, reallocation of overheads, savings from the FOCIS IT project, cessation of the Work Capacity Assessment Trial and reallocation of Strengthening Families funding. This is offset by transfers from output class D5 for improved collection of current debt and output class D8 for a trial of a centralised administration unit to allow frontline staff more time to spend with beneficiaries.

D2 Services to Minimise the Duration of Benefit Dependency and Unemployment and Move People into Work	209,739	-	3,462	-	213,201	-	<p>Purchase of a range of strategies and services designed to:</p> <ul style="list-style-type: none"> • reduce and prevent the duration of unemployment and benefit dependency, and maximise participation in organised activities • assist disadvantaged communities and groups to develop local employment opportunities • administer and monitor services on employment assistance measures and work experience programmes to promote the employment of priority job seekers. <p>The increase is due to a transfer of funding from output class D1 to reflect the greater percentage of frontline staff time been directed to employment work in the current year compared to the 98/99 year, offset by a transfer of funding for reallocation of overheads, cessation of the Work Capacity Assessment Trial and transfer of funding for employment initiatives.</p>
D3 Services to Seniors	24,494	-	(1,659)	-	22,835	-	<p>Purchase of services to manage the delivery of New Zealand Superannuation, Veterans Pension and Transitional Retirement Benefit payments and other supplementary benefits. The decrease is due to a reallocation of overheads.</p>
D4 Services to Reduce Benefit Crime	29,019	-	(1,514)	-	27,505	-	<p>Purchase of services to reduce the level of benefit crime, including deterrence, investigation and the application of sanctions. The decrease is due to a reallocation of overheads.</p>
D5 Debt Management	27,322	-	(4,441)	-	22,881	-	<p>Purchase of services related to the collection of debts arising from benefits and pensions and the collection of maintenance monies and liable parent contributions. The decrease is due to a reallocation of overheads and a transfer to output class D1 for improved collection of current debt.</p>
D6 Community Services Card	7,880	-	655	-	8,535	-	<p>Purchase of assessment and issue of applications and re-applications for the Community Services Card. The increase reflects the change in the income threshold for entitlement for the Community Services Card, and a reallocation of overheads.</p>
D7 Services to Students	24,129	-	17,938	-	42,067	-	<p>Purchase of assessment and payment of Student Allowances (and Student Loans from 1 January 2000). The increase reflects a more accurate share of the overhead allocation and increased administration funding for student volume increases.</p>

Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 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							
D8 Information Campaigns	3,000	-	(2,250)	-	750	-	Purchase of communication activities that promote the products, services and direction of the Department of Work and Income. The decrease is due to a transfer to D1 for a trial of a centralised administration unit to allow frontline staff more time to spend with beneficiaries.
D9 Ministerial Services	4,379	-	529	-	4,908	-	Purchase of operational advice and information including draft ministerial correspondence, replies to parliamentary questions and replies required by legislation; and administrative support to ministerial and statutory advisory bodies. The increase is due to a transfer of funding to reflect increased workload.
D10 Transition	15,144	-	-	-	15,144	-	Purchase of services related to the development and completion of strategies for the integration of the Department of Work and Income.
Total Appropriations for Departmental Output Classes (Mode B Gross)	620,845	-	(18,342)	-	602,503	-	
Non-Departmental Output Classes							
O1 Employment Support for People with Disabilities	47,899	-	2,463	-	50,362	-	Through this output class, the Government purchases individualised funding for support services leading to employment opportunities for people with disabilities. The increase reflects a transfer of funding from Social Services to purchase "vocational and day programmes for school leavers with severe disabilities" and the transfer of funding from output class D2 for employment initiatives.

O2 Student Placement Services	1,903	-	-	-	1,903	-	Through this output class the Government purchases placement services for students for vacation and term employment.
Total Appropriations for Non-Departmental Output Classes	49,802	-	2,463	-	52,265	-	
Benefits and Other Unrequited Expenses							
Accommodation Supplement	873,718	-	(5,796)	-	867,922	-	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. This decrease in appropriation is owing to the number of recipients being lower than forecast.
Assistance for People Requiring Care	5,483	-	(852)	-	4,631	-	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 change in appropriation is owing to the number of recipients being lower than forecast.
Benefits Paid in Australia	126,483	-	20,062	-	146,545	-	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 the result of an agreement reached in the Joint Prime Ministerial Task Force on Australia - New Zealand Closer Economic Relations.
Childcare Subsidy	60,127	-	(9,614)	-	50,513	-	Provision of income-tested assistance to enable children under the age of five to go to an early childhood service while the parent charged with the responsibility for the care of the child undertakes employment or training. The change in appropriation is owing to the number of recipients being lower than forecast.
Community Wage	2,013,384	-	(81,212)	-	1,932,172	-	Provision of means-tested income support for people who are looking for work, training for work or who can't work temporarily due to sickness, injury, disability or pregnancy. The change in appropriation is owing to the number of recipients being lower than forecast.

Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Defence Force Allowance	-	-	15,808	-	15,808	-	This new appropriation provides 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.
Disability Allowance	198,024	-	4,797	-	202,821	-	Provision of income-tested assistance for people with serious disabilities who have regular additional expenses because of their disability, or a serious personal health need. The increase in appropriation is due to higher average payment rates than expected.
Disability Allowance Telephone Support	8,525	-	(6,008)	-	2,517	-	Provision of telephone disability allowance to offset criteria for disability allowance. The change in appropriation is due to the number of recipients being lower than expected.
Disability Assistance	-	-	300	-	300	-	Provision of income-tested assistance for superannuitants with disabilities, to maintain their entitlement to assistance following increases to New Zealand Superannuation and Veterans' Pension from 1 April 2000.
Domestic Purposes Benefit	1,471,879	-	(45,649)	-	1,426,230	-	Provision of income support for people whose domestic circumstances exclude them from fully participating in the labour force. The change in appropriation is owing to the number of recipients being lower than forecast.
Handicapped Child Allowance	35,198	-	332	-	35,530	-	Provision of income support for parents or caregivers who have to provide constant care for a child with a serious disability. The change in appropriation is owing to the number of recipients being higher than forecast.
Independent Youth Benefit	26,644	-	1,895	-	28,539	-	Provision of income support for people aged 16 or 17 years who are currently unemployed but actively seeking work or at school, where it is inappropriate for them to obtain financial support from their parents. The change in appropriation is owing to the number of recipients being higher than forecast.

Invalid's Benefit	667,448	-	7,889	-	675,337	-	Provision of means-tested income support for people with disabilities, who on the basis of medical evidence are clearly shown as being precluded from participating in the labour force. The change in appropriation is owing to the number of recipients being higher than forecast.
New Zealand Superannuation	5,025,149	-	42,802	-	5,067,951	-	Provision of a retirement income for people who have reached the qualifying age and fulfil the residency requirements. Formerly known as National Superannuation. The increase in appropriation is due to a change in the net payment rate for married couples.
Orphans/Unsupported Child's Benefit	33,954	-	1,225	-	35,179	-	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 change in appropriation is owing to the number of recipients being higher than forecast.
Special Annuities	65	-	38	-	103	-	Provision to pay annuities authorised by Cabinet to recognise a special contribution by the recipient to New Zealand society.
Special Benefit	33,879	-	1,089	-	34,968	-	Provision of means-tested assistance for a short period to assist people on income support or low incomes who do not have enough income to meet their essential and unavoidable costs, including a facility to access a means-tested lump sum to enable them to reduce ongoing essential costs. The increase in appropriation is owing to the number of recipients being higher than forecast.
Special Needs Grant	46,119	-	1,613	-	47,732	-	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. There is also provision to access a means-tested grant to assist a person with the funeral costs for family member or a friend with no family. The change in appropriation is due to increases in take-up of special needs grants for food during December 1999 to March 2000, some of which are Y2K related.
Student Allowances	408,833	-	(22,671)	-	386,162	-	Provision of means-tested allowances for students who are on an approved study programme at a recognised institute. The decrease is due to the number of recipients being lower than forecast.
Tenure Protection Allowance	12,382	-	(783)	-	11,599	-	Provision of assistance with accommodation costs to allow HNZ tenants to remain in their homes under special circumstances. The decrease in appropriation is due to a lower than expected average rate of payment.
Training Incentive Allowance	31,287	-	3,024	-	34,311	-	Provision of assistance to enable certain people in receipt of income support to undertake training that will lead to employment. The increase in appropriation is due to a higher than expected average rate of payment.

Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 Appropriations
	Main Estimates		Supplementary Estimates		Cumulative Vote		
	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Benefits and Other Unrequited Expenses - cont'd							
Transitional Retirement Benefit	121,963	-	2,696	-	124,659	-	Provision of means-tested income support for people who have not quite reached the qualifying age for New Zealand Superannuation. Introduced to assist those people affected by the increasing qualifying age for New Zealand Superannuation. The change in appropriation is owing to the number of recipients being higher than forecast.
Widow's Benefit	91,463	-	764	-	92,227	-	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 change in appropriation is due to a combination of lower take-up and higher average rates of payment than expected.
Total Appropriations for Benefits and Other Unrequited Expenses	11,292,007	-	(68,251)	-	11,223,756	-	
Other Expenses to be Incurred by the Crown							
Community Employment Projects	14,256	-	4,370	-	18,626	-	This appropriation funds community employment and enterprise development projects leading to opportunities for employment, self-sufficiency or positive activity. The increase reflects a transfer from output class D2 for employment initiatives.
Māori Women's Development Fund	500	-	500	-	1,000	-	This appropriation provides services to promote enterprise development and provide capital finance for Māori women. The increase reflects a transfer from output class D2 for employment initiatives.

Subsidised Work	110,515	-	7,738	-	118,253	-	<p>This appropriation provides:</p> <ul style="list-style-type: none"> work experience opportunities for long-term job seekers through projects of benefit to the community wage subsidies paid to employers to help long-term and disadvantaged job seekers into permanent employment subsidies to employers providing full-time work experience opportunities which are environmentally based and of benefit to the community subsidies to jobseekers who are establishing business opportunities. <p>The increase reflects a transfer from output class D2 for employment initiatives and a transfer from Benefits and Other Unrequited Expenses to fund a new employment product, "Work Start".</p>
Suspensory Loan Abatement	1,995	-	-	-	1,995	-	This appropriation provides for the abatement of suspensory loans.
Total Appropriations for Other Expenses to be Incurred by the Crown	127,266	-	12,608	-	139,874	-	
Capital Contributions to the Department							
Capital Investment	18,599	-	(15,263)	-	3,336	-	This appropriation funds departmental capability and includes provision for working capital agreed at the time of the establishment of the Department and the funding of the FOCIS IT project. The reduction in appropriation is due to the deferred timing of working capital needs and the FOCIS IT project.
Total Appropriations for Capital Contributions to the Department	18,599	-	(15,263)	-	3,336	-	
Capital Contributions to Other Persons or Organisations							
Community Services Card Reimbursements	300	-	-	-	300	-	Provision to reimburse low-income earners who are eligible, but have yet to receive, a Community Services Card.
Ministry of Education - Student Loans Paid Out	558,304	-	(8,874)	-	549,430	-	Provides funds to eligible tertiary students to assist with the cost of tuition fees, course-related expenses and living costs. These loans are repayable at a set rate on income earned over a set threshold. Although take-up of Student Loans has increased since the policy change on 1 January 2000 this is still lower than the original forecast of April 1999.

Part B1 - Details of 1999/2000 Appropriations (continued)

Appropriations	1999/2000						Purpose of and Reasons for Change in 1999/2000 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	77,106	-	2,762	-	79,868	-	Facility for low-income earners and beneficiaries to access a means-tested loan to enable them to meet essential needs and/or emergency or immediate costs. The increase in appropriation is due to higher take-up of recoverable assistance.
Total Appropriations for Capital Contributions to Other Persons or Organisations	635,710	-	(6,112)	-	629,598	-	
Total Appropriations	12,744,229	-	(92,897)	-	12,651,332	-	

Part F - Crown Revenue and Receipts

F1 - Current and Capital Revenue and Receipts

	1999/2000			Explanation of 1999/2000 Crown Revenue
	Main Estimates	Supplementary Estimates	Total Budgeted	
	\$000	\$000	\$000	
Current Revenue				
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 family homes. It only becomes repayable and debt established when the recipient's circumstances change.
Interest Revenue	19,786	(10,649)	9,137	Provision to record the repayment of interest on advances made for major repairs to homes and interest on Student Loans. The reduction is due to lower average borrowing levels than forecast.
Maintenance Capitalisation	(900)	(600)	(1,500)	Provision to record the establishment of maintenance owing to the Crown. The negative number (expense) is the result of maintenance debt being written off faster than it is established. The reduction is due to a higher level of debt suspension.
Programme Recoveries	13,364	(1)	13,363	Provision to record the repayment of Residential Care Loans.
Student Loan - Administration Fee	5,513	304	5,817	Provision to record the administration fee charged when a Student Loan facility is first drawn down. The change is due to increased numbers of Student Loan accounts.
Total Non-Tax Revenue	39,023	(10,946)	28,077	
Total Current Revenue	39,023	(10,946)	28,077	
Capital Receipts				
Benefit Recoveries - Liable Parent Contributions	9,918	(500)	9,418	The recovery of liable parent contribution arrears from non-custodial parents. The decrease is due to reduced collectability of debt in the portfolio.

F1 - Current and Capital Revenue and Receipts (continued)

	1999/2000			Explanation of 1999/2000 Crown Revenue
	Main Estimates \$000	Supplementary Estimates \$000	Total Budgeted \$000	
Capital Receipts – cont'd				
Benefit Recoveries - Non-current Debt	63,673	6,318	69,991	The recovery of any advance or loan, or the recovery of any benefit, pension or other assistance that the customer (non-beneficiary) was not entitled to receive. The increase is due to higher than forecast recoveries from Student Allowance and improved collection of debt.
Benefit Recoveries - Current Debt	185,000	3,000	188,000	The recovery of any advance or loan, or the recovery of any benefit, pension or other assistance that the customer (current beneficiary) was not entitled to receive. The movement is due to an increase in current recoveries.
Community Services Card Recoveries	300	-	300	The recovery of medical expenses from Vote Health.
Recoveries from United Kingdom Pensions	62,967	20,096	83,063	Reimbursement from the United Kingdom for payments made under the reciprocal agreement. The change is due to movements in foreign exchange rates and an increase in the average payment made to UK pensioners.
Student Loans - Repayment of Principal	14,359	729	15,088	Repayment of Student Loans that are made prior to the loans being transferred to the Inland Revenue Department. The increase is due to a higher than forecast number of students repaying loans before the loan is transferred to the Inland Revenue Department.
Total Capital Receipts	336,217	29,643	365,860	
Total Crown Revenue and Receipts	375,240	18,697	393,937	