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Budget 2012: Four Year Budget Plan

Ministry of Social Development

Covering:

Votes Social Development, Senior Citizens, Veterans Affairs and Youth Development

Four Year Budget Plan

Final submission

23 April 2012

Forwarded by:

The Minister for Social Development

Section 1: Overview

Direction of Change

As Minister for Social Development, I am committed both to implementing flagship social development initiatives like Welfare Reform and the Green and White Papers for Vulnerable Children, and to supporting Government's goals of building a stronger economy and better public services in a context of fiscal restraint.

Previous submissions of the Four Year Budget Plan (4YBP) have focused on setting out the significant cost pressures the Ministry is facing over the forecast period, particularly costs associated with Welfare Reform implementation, and the process the Ministry has followed to identify funding and revenue-generating options to meet this shortfall. This final submission of the 4YBP reflects the options I have selected to achieve a balanced package through Budget 2012.

Because Welfare Reform represents the largest cost pressure to be funded through Budget 2012, making up about 55% of the shortfall (including the efficiency saving), decisions taken on funding Welfare Reform are an important input into the 4YBP. Through the Welfare Reform Funding Arrangements Project, a joint workstream of the Ministry and the Treasury, it was agreed that Budget 2012 would focus on meeting the costs of the first phase of Welfare Reform, which involve enhancing young people's potential through the Youth Pipeline and Youth Package, and a stronger focus on work for greater numbers of Domestic Purposes Benefit Sole Parents, Widows, Women Alone, and partners. Phase one costs are therefore addressed through this 4YBP. Costs associated with the second Welfare Reform Bill are to be addressed during 2012/13 and through Budget 2013.

The previous submissions of the 4YBP have also shown how the Ministry intends to absorb its efficiency saving, increasing departmental costs and the costs of expanding frontline social work capacity. The Ministry has in place a large-scale Value for Money (VfM) programme to manage departmental cost pressures over a four-year period. The plan has established improvements in business processes and a significant reprioritisation of resources to absorb or offset about $258 million in cost pressures between 2012/13 and 2015/16, including wage pressures [10] volume, price and other pressures, including growing numbers of Students, Seniors and Integrity Services clients [10] and the efficiency saving introduced through Budget 2011 [10] The cost of expanding frontline social work capacity is about $81 million across the forecast period, and
[6]

[6]

Summary of Changes

1. Operating changes sought	**Impact $m increase/(decrease)**				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Current Baseline	***19890.549***	***19879.196***	***20430.271***	***21253.412***	***22236.8***
Cost pressures resulting from existing policies/settings [**section 3**]	*0.000*	*21.669*	*36.499*	*51.309*	*63.357*
Cost of new/increased activities [**section 4**]	*0.066*	*133.276*	*144.281*	*132.974*	*132.875*
Efficiency savings [**section 4**]	*0.000*	*-15.900*	*-20.500*	*-24.900*	*-24.900*
Amount reprioritised [**section 4**]	*-10.848*	*-96.386*	*-136.577*	*-156.409*	*-168.681*
Net impact	***-10.782***	***42.659***	***23.703***	***2.974***	***2.651***
New baseline	***19879.767***	***19921.855***	***20453.974***	***21256.386***	***22239.506***

2. Capital investments being considered for new funding in Budget 2012 **[section 4]**	**Impact $m increase/(decrease)**					
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**Out-years**
Welfare Reform -return of balance sheet cash - capital repayment	-	(8.000)	-	-	-	-

3. Capital investments likely to require new funding in future Budgets **[section 4]**	**Total impact across years $m increase/(decrease)**		
	Budget 2013	**Budget 2014**	**Budget 2015**
	x.xxx	*x.xxx*	*x.xxx*

4. Baseline capital expenditure	**Impact $m increase/(decrease)**				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Departmental					
Baseline funding available for departmental capital expenditure **[section 5, table 5, row e]**	*202.839*	*176.427*	*157.663*	*149.742*	*129.241*
Investments funded from departmental capital expenditure **[section 5, table 5, row f]**	*70.639*	*72.439*	*67.439*	*82.439*	*67.439*
Non-departmental					
Total **[section 5, table 6]**	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*

Section 2: Priorities

I am continuing to formulate my portfolio priorities for this term of Government, and how and when I intend to achieve them. These priorities will reflect the Government's strategic direction.

I can confirm that two significant priorities which I will focus on during this term are:

Welfare reform

Government has initiated a Welfare Reform programme designed to fundamentally change the benefit system, transforming it into a modern, active, work-focused system that identifies and realises individuals' work capacity.

At the core of the new system, an Investment Approach will make the Ministry accountable for taking a long-term view, intervening early and providing more intensive support for groups and individuals who have the potential to work, but who would remain on benefits long-term without this extra support.

Child welfare

The public engagement strategy on the Green Paper for Vulnerable Children focused on informing and generating public debate. Submissions on the Green Paper closed in February. [6]

Section 3: Cost Pressures

Cost pressures arising from existing settings, and how these will be met, are set out in the following table:

Existing cost pressures and funding sources					
$m	2012/13	2013/14	2014/15	2015/16	TOTAL
Departmental					
[10]					
[10]					
Funding identified through VfM programme	(21.472)	(36.252)	(51.195)	(63.208)	(172.127)
Non-departmental					
Growing up in New Zealand study	1.838				1.838
Underspend (W&I)	(1.838)				(1.838)

Further funding from both the VfM programme and reprioritisation of the QSI fund are applied to costs arising from the proposed changes in section four.

Workforce-related pressures

As the table above shows, wage pressures account for [10] of departmental cost pressures (excluding the efficiency saving). A number of workforces make up the Ministry's national staff. The two largest collective employment agreements cover Child, Youth and Family employees (about 2090 staff); and Work and Income and Students, Seniors and Integrity Services employees (about 3200 staff). [10]

[10]

[10]

Cabinet has agreed to expand frontline social work capacity [SOC Min (11) 37/36 refers]. There is currently a significant shortage of social workers in New Zealand. Over the next two years, Child, Youth and Family will be implementing a robust plan to recruit and retain social workers long term, including working with social work training providers on their graduate outputs and promoting social work as an attractive career option for school leavers.

Child, Youth and Family has also put in place an engagement framework to involve the Public Services Association (PSA) in specific areas of work to address concerns raised by the PSA on behalf of social workers. [10]

[10]

Volume, price and other departmental pressures

These pressures, totalling about[10] over the forecast period, are made up of volume pressures in Students, Seniors and Integrity Services (the result of growing client numbers); the costs of cellphone calls to Ministry 0800 numbers; and ongoing absorption of FACS administration costs associated with initiatives like the new Youth Justice facility, Heartlands, Whanau Ora and family violence awareness campaigns.

The Value for Money plan

The departmental cost pressures described above (related to wages, and to volume, price and other pressures), and the efficiency saving introduced through Budget 2011, are being managed through the Ministry's VfM programme. The Ministry has had an active VfM programme since 2006. Comprehensive VfM plans (for the next four year period) have been completed annually since then. This ongoing focus on VfM has strengthened a culture of managing within baselines, and developing initiatives to manage cost pressures. The 4YBP incorporates the three key streams in the Ministry's latest VfM plan.

First, the Ministry is investing in online services to remove manual processes or introduce self-service options for clients. The Ministry will phase out other options so that more costly service channels are no longer available, and will provide cost effective options where delivery of services via an online channel is not appropriate. Specific initiatives include automation of workflows through:

- digitisation (this enables workflow to be moved around the country to utilise resources on a national basis)
- replacing letters with online notifications (reducing the costs of delivery of notifications and other information to clients)
- using Payment Card facilities to make hardship payments (reducing the administrative costs of these payments).

Second, the Ministry is continuing to improve existing processes and increase efficiencies, in particular reducing administrative costs through removing avoidable or unnecessary work. This enables existing or increased volumes of work to be delivered with staff numbers that reduce through natural attrition (of up to 2% per annum), with no impact on service delivery.

Third, the Ministry is driving better value from suppliers of goods and services to the Ministry. Whole of Ministry and wider government procurement have contributed to material reductions in operating costs, and providers of goods and services to the Ministry will be reviewed with an all-of-Ministry perspective to maximise the Ministry's purchasing power. These Ministry procurement opportunities include property, fleet, travel, telephony, information systems, utility, post and other administration costs. Some examples under consideration are:

- changes in procurement arrangements to realise annual savings in a number of areas, including postage, records storage, and cleaning.
- fleet management – reviewing fleet optimisation to drive down fuel consumption, reactive maintenance, and vehicles surplus to requirements. Potential savings have been estimated on utilisation of this tool in similar sized organisations.

[6]

Growing up in New Zealand longitudinal study

Growing up in New Zealand is a longitudinal population study funded from a number of sources, including Vote Social Development. The 2012/13 cost of $1.838m is the maximum cost to Vote Social Development. The underspend that will be partially used to meet this cost is explained further in the *Underspend* section on page 9.

Changes since previous submission of 4YBP

A cost pressure associated with Out of School Care and Recreation (OSCAR), totalling $8.2m across the forecast period, has been removed. The 2012/13 cost will now be met within baselines, and further policy work will be undertaken to manage outyear costs.

Section 4: Proposed Changes for 2012/13 to 2015/16

Welfare Reform

Welfare Reform is underpinned by the Investment Approach, which will take a long-term view of welfare receipt and will direct expenditure towards initiatives and activities that best support individuals to move off benefit and into employment. This will reduce the long-term liability associated with the benefit system by reducing system costs over time.

Costs associated with Welfare Reform are set out in the table below. These are updated from costs included in the second submission of the 4YBP, reflecting Cabinet decisions taken in February. Ministry of Education costs associated with Early Childhood Education (ECE) will be met through Vote Education, following an agreement with the Ministry of Education.

Costs of Welfare Reform phase one*						
$m	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL
Total youth package (excl. IT)	0.000	29.052	42.391	40.308	39.433	151.184
Total Youth Pipeline (excl IT)	0.000	19.420	19.420	19.420	19.420	77.680
Youth pipeline/ package ongoing IT costs	0.000	0.440	0.440	0.440	0.440	1.760
Bill 1 Work and Income staff costs		16.905	12.910	12.579	12.751	55.145
Total Board Costs	0.066	0.264	0.264	0.264	0.264	1.123
Long acting reversible contraception SNG	0.000	0.125	0.167	0.167	0.167	0.626
Total costs Welfare Reform phase one	**0.066**	**66.206**	**75.592**	**73.178**	**72.475**	**287.518**

**Total Youth Package costs include the Early Childhood Education costs being met through Vote Education. A small change has been made to the cost of the Youth Package $10 incentive payment, following a refined assumption about the uptake of the payment. Totals do not add because of rounding.*

Cabinet has already agreed funding for IT and programme readiness costs of $9.37 million associated with the first phase of Welfare Reform. The remaining phase one costs relate to the new Special Needs Grant to provide financial assistance for women who wish to access long-acting reversible contraception, direct costs relating to the new Work and Income Board, and Work and Income staffing costs (including funding for case managers, contact centre representatives, further programme of readiness costs and costs relating to the administration of contracts).

The staff costs in the above table cover delivering new and increased work-testing [6]

These changes will mean Work and Income needs to reduce caseloads for some groups of clients. Currently caseloads for non-Job Search Service clients sit at 1:215 for Domestic Purposes Benefit and Sickness Benefit, and we propose to reduce these to 1:155 for an additional 116,000 clients moving onto Job Seeker Support.

Funding for Welfare Reform phase one

As the table below sets out, funding for Welfare Reform will come both from reprioritisation of existing resources in Vote Social Development and Vote Youth Development, and from the Budget 2012 operating allowance. Each of these funding sources is explained briefly underneath the table.

Funding sources for Welfare Reform phase one						
	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL
Transfer of YTS and Vote YD funding		(14.700)	(14.700)	(14.700)	(14.700)	(58.800)
Remainder of tagged contingency		(12.480)				(12.480)
Balance sheet cash		(8.000)				(8.000)
Underspend (W&I only)	(4.662)					(4.662)
Work and Income reprioritisation - outyears				(49.600)	(46.800)	(96.400)
Reprioritisation of FACS QSI fund		(9.294)	(9.294)	(9.294)	(9.294)	(37.176)
Call on operating allowance		(15.958)	(40.699)	(5.967)	(7.376)	(70.000)
TOTAL	**(4.662)**	**(60.432)**	**(64.693)**	**(79.561)**	**(78.170)**	**(287.518)**

Transfer of Youth Transition Services (YTS) and Vote Youth Development funding: In August 2011, Cabinet agreed on next steps for the Youth Pipeline, noting that Youth Transition Services and the Ministry of Youth Development would provide the bulk of the funding [CAB Min (11) 29/19 refers].

Remainder of tagged contingency: As part of Budget 2011, a $40 million 'Supporting Welfare Reform' tagged contingency was set up [CAB Min (11) 15/14 (38) refers]. Following draw-downs to fund actuarial advice, system changes to support Youth Package and Youth Pipeline implementation, IT costs and Work and Income staff training costs, $12.48 million of this contingency remains to be applied to other Welfare Reform costs.

Balance sheet cash: $8m in balance sheet cash has been identified as not required, and will be reprioritised to fund Welfare Reform through a capital-to-operating swap.

Underspend: Work and Income has identified a $6.5 million underspend for 2011/12, part of which is applied to the Growing Up in New Zealand longitudinal study cost pressure, the remainder of which is applied to Welfare Reform. [6]

Work and Income programme funding reprioritisation in 2014/15 and 2015/16: Work and Income has identified programme funding of $49.6 million and $46.8 million in 2014/15 and 2015/16 respectively, which can be reprioritised towards Welfare Reform. [6]

Reprioritisation of funding from the Quality Services and Innovation (QSI) fund: FACS' Quality Services and Innovation (QSI) fund will be reprioritised to meet the costs of the *Growing up in New Zealand* study, as well as other costs arising from the proposed changes set out in section four. The QSI fund supports 14 Community Forums throughout the country to develop community plans for improving the funding and provision of local social services. The fund was introduced through Budget 2010, and expenditure of $386,000 across five providers has been approved to date.

Call on Budget 2012 operating allowance

As this 4YBP shows, the Ministry has absorbed very significant costs through the VfM programme ($258million), and sourced a further $367million, mostly through reprioritisation, to meet the costs of Welfare Reform and other priorities. [6]

Following this reprioritisation, there remains a Budget 2012 shortfall of $70million. As per our discussions, this shortfall will be met from the Budget 2012 operating allowance.

Phase two Welfare Reform costs

The costs identified above fully fund the first phase of Welfare Reform. In July 2012, I will seek final Cabinet approval to the second phase of reforms and the funding arrangements for those reforms. The costs associated with phase two will be finalised as I take decisions on the detail of the package, [6]

Youth Package/Youth Pipeline

Youth Package costs - The most significant costs associated with the Youth Package are the childcare costs incurred by the Ministry of Social Development (in the form of Guaranteed Childcare Assistance Payments to young people) and the Ministry of Education (in the form of direct funding to providers for ECE places), and the cost of additional education places for young parents.

Payments to service providers who will be contracted to support young people to meet their obligations are also a significant cost. The service provider payments include three components:

- administration fees paid to providers to cover their costs of working with young people
- milestone payments for supporting the young person to reach a particular milestone (for example, completing an approved budgeting course)
- success fees for achieving particular outcomes (e.g. achieving a qualification at NCEA Level 2 or equivalent on the NZQA framework).

Other costs include $10 incentive payments to young people for meeting their obligations and the cost of purchasing budgeting and parenting programmes for Youth Package recipients.

Youth Pipeline costs - The Youth Pipeline funding will cover the cost of contracting third party providers to engage with and support disengaged young people, to prevent them from coming onto benefit when they turn 18.

Other proposed changes for 2012/13 to 2015/16

Other proposed changes and funding sources are set out in the table below, and described briefly underneath.

Other cost pressures and funding sources						
$m	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL
NGO funding and Christchurch support		25.224	13.612	4.307	4.305	47.448
Vulnerable children (data matching, information sharing and privacy)		1.500	1.500	1.500	1.500	6.000
[6]						
YMH: Social Media Innovation Fund		0.500	0.500	0.500	0.500	2.000
YMH: Youth workers in secondary schools		1.486	2.529	2.319	2.319	8.653
YMH: Information for parents		0.250	0.250	0.250	0.250	1.000
YMH: social support for Youth One Stop Shops		0.600				0.600
Community Group Housing contribution		0.800				0.800
Total other cost pressures		**30.537**	**18.662**	**9.249**	**9.338**	**67.786**
MYD underspend	(0.600)					(0.600)
Families Commission reprioritisation		(0.250)	(0.250)	(0.250)	(0.250)	(1.000)
Reprioritisation of FACS QSI fund		(16.546)	(16.546)	(16.547)	(16.547)	(66.186)

NGO funding and Christchurch support – I intend that this funding will be used to provide support to the non-governmental organisation (NGO) sector, and to continue support for Canterbury following the earthquake.

Vulnerable children (data matching, information sharing and privacy) – I am making provision for initiatives to protect the wellbeing of children, which will arise from the Green and White Papers on Vulnerable Children.

[6]

Youth Mental Health – Vote Social Development will contribute to three Youth Mental Health initiatives: Youth One Stop Shops (services offering a youth-centred model of care); a Social Media Innovations Fund (a public-private partnership providing awareness raising and e-therapy); youth workers in secondary schools; and information for parents, families, whanau and friends.

Community Group Housing contribution – following your request, Vote Social Development will contribute to the 2012/13 shortfall Housing New Zealand Corporation is facing in relation to its Community Group Housing programme.

Expanding frontline social work capacity

In October last year, the Cabinet Social Policy Committee (SOC) agreed to extend the Social Workers in Schools programme to all decile 1-3 schools with an additional 149 social workers, and to increase the number of frontline social workers by 80, with an associated increase in the number of supervisors and social work assistants [SOC Min (11) 37/36 refers]. SOC agreed that funding for these initiatives would be found through reprioritisation within Vote Social Development. Costs for this year are being funded through an anticipated 2011/12 underspend, so are not shown in the table below.

The remaining costs associated with the social work initiatives are set out in the following table:

Expanding frontline social work capacity					
$m	2012/13	2013/14	2014/15	2015/16	TOTAL
Expanding frontline social work capacity	16.492	21.448	21.448	21.448	80.836
[6]					

Efficiency Savings

As part of Budget 2011, Cabinet agreed that the Ministry would be required to produce an efficiency saving, implemented in the 2012/13 financial year. The efficiency saving involved absorbing costs associated with Kiwisaver, State Sector Retirement Savings Scheme (SSRSS) and a reduced baseline, as follows:

Efficiency saving				
$m	2012/13	2013/14	2014/15	2015/16 & out-years
Efficiency saving	(15.900)	(20.500)	(24.859)	(24.859)
Funding identified through VfM programme	(15.900)	(20.500)	(24.859)	(24.859)

The Value for Money programme has been extended to enable the Ministry to produce the efficiency saving, as well as meeting rising departmental costs over the forecast period, as set out in section three. The plan now includes a range of cross-Ministry initiatives which involve consolidating Ministry corporate costs through more of a ‘shared services’ approach to the delivery of corporate functions across the Ministry, and identifying opportunities for increasing efficiency through leveraging scale, automation and standardisation of transactional activities. The efficiency saving will be distributed around business areas of the Ministry in line with the benefits they receive from these initiatives to lower costs, aligning savings with where the costs currently fall and/or to the areas that can control costs.

Changes since previous submission of 4YBP

While there have been only minor changes to Welfare Reform costs, some of these costs have now been deferred to the second phase of Welfare Reform, and will be funded through the decisions expected to be taken in July. Therefore, the Budget 2012 Welfare Reform costs appearing in this final version of the 4YBP are lower than those in the previous version.

Since the previous submission, the following costs have been quantified, and moved from the ‘emerging cost pressures’ appendix into the body of the 4YBP: Youth Mental Health initiatives; improving data use and integration in relation to vulnerable children; and *Growing up in New Zealand* longitudinal study.

Cost pressures associated with three FACS programmes (Canterbury Social Support, Family-centred Services Fund and Community Response Fund) do not appear in this final version of the 4YBP, as I now plan to meet my aims in these areas through the fund “NGO funding and Christchurch support’, which is included in the table of ‘other cost pressures’ above.

New cost pressures added to this section are ‘Vulnerable children (data matching, information sharing and privacy)’, and four initiatives associated with the Prime Minister’s Youth Mental Health project, to which the Ministry will contribute.

Section 5: Baseline capital expenditure

The Ministry prepares a 10 year capital plan each year to ensure that the replacement/maintenance of existing assets, still required in the future, is allowed for, and to prioritise the 'improvement' of projects/assets.

A fund of $17.8m per year is reserved for capital improvement projects/assets to enhance staff productivity, normally via technology investments (for example, the MSD payment card saves Work and Income case managers up to 15 minutes per hardship application, StudyLink Online Services means students can complete most of their loan/allowance applications on line without any staff involvement, et cetera).

5. **Departmental capital expenditure**	**$m increase/(decrease)**				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**
a. Opening baseline funding available[1]	*117.889*	*132.200*	*103.988*	*90.224*	*67.303*
b. Depreciation funding (1:51:1, 199)	*53.636*	*34.658*	*36.563*	*39.883*	*38.397*
c. Sale of assets (1:52:0, 199)	*1.800*	*1.800*	*1.800*	*1.800*	*1.800*
d. Other (amortisation/ capital repayment)	*29.514*	*7.769*	*15.312*	*17.835*	*21.741*
e. Total baseline funding available (a+b+c+d)	*202.839*	*176.427*	*157.663*	*149.742*	*129.241*
f. Capital investments funded from baselines	*70.639*	*72.439*	*67.439*	*82.439*	*67.439*
g. Closing baseline funding available (e-f)	*132.200*	*103.988*	*90.224*	*67.303*	*61.802*

6. **Non-departmental capital expenditure**	**$m increase/(decrease)**				
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Capital investment in organisations other than departments (0:6:X & 0:7:X, 599)	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*
Baseline funding available for the purchase or development of Crown capital assets (0:6:X & 0:7:X, 699)	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*
Total	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*	*x.xxx*

[1] For the 2011/12 year, this figure should represent assets held on the balance sheet (e.g. cash and debtor Crown) that are available to fund future purchases of property, plant and equipment. The figure in row (g) for 'closing baseline funding available' becomes the figure in row (a) for 'opening baseline funding available' in the following year.

Table: Major departmental investments to be funded from baselines from 2012/13 to 2015/16

Name	10-year capex ($m)	10-year opex ($m)	Year	Driver	Description	Benefits
Family Home upgrades This represents approximately 80 homes over a 10 year period	19.750	1.400	2012/13 to 2020/21 Note: each home is considered on a project by project basis	Renew/refurbish existing assets	CYF Family homes upgrade	The Ministry has in place a rolling upgrade programme designed to meet Treasury requirements relating to asset management and ensure that every CYF/MSD family home is upgraded to current functional standards at appropriate intervals. This ensures that each family home is kept in a state that is fit for purpose and that the benefits of new features and technology are available where needed.
Work and Income: Online Services Extension (Note - five separate capital projects as per functionality requirements).	14.000		2012/13 to 2014/15	Enhance service levels	Extend Work and Income's online account functionality to offer the following services online: 1) View debt 2) Declare income 3) View correspondence 4) Create and maintain a job seeker profile 5) Extend the hours of availability of online services	Work and Income has an ongoing strategy to move services to the online channel where that creates value for the client and reduces costs overall

Table: Major departmental investments to be funded from baselines from 2012/13 to 2015/16, continued

Data Centre Upgrades	5.000	2.000	2012/13 & 2013/14	Renew/refurbish existing assets	Upgrading two MSD data centres located in Auckland and Wellington. A data centre is a purpose built facility that houses technology, infrastructure and systems	Cost savings by upgrading to smarter and more energy efficient facilities.
Straight through Processing / eligibility and entitlement. (Note: three separate capital projects as per three phases outlined).	18.000		2012/13 to 2015/16	Enhance service levels	Develop eligibility and entitlement rules in CMS (Curam). This will allow transactions on line to be uploaded directly into CMS, with only payment approvals occurring in SWIFTT. The creation of 5,000 rules in CMS will largely see SWIFTT's role as one of payment engine	This initiative will save up to 20 minutes for each application for income support (400,000 pa) and the processing time (5 to 10 mins) for other transactions such as change in circumstances (3,000,000 pa). This will transform the Work and Income business, concentrating staff effort on helping those who need it to return to work at the earliest possible time.

					There will be three phases: 1) Core client 2) Eligibility 3) Entitlement	
Community Link Future Phases This represents approximately 60 sites	17.055	4.200	2012/13 & 2013/14	Enhance service levels	Continuation of Community Link property roll-out throughout New Zealand. Establishment of Community Link sites.	Community Link is a partnership with community, voluntary sector, non-government and other government agencies to deliver a connected network of service provision, appropriate to individuals and families' needs. Community Links aim to: • deliver integrated case management • be places where public sector agencies, non-governmental organisations and community groups work together to support people to achieve their goals in an effective and efficient way • be adaptable and responsive to the community's needs.

Section 6: Further options

The Ministry faces a very significant challenge in funding the second phase of Welfare Reform. Decisions on the second phase are expected to be taken in July, [6]

[6]

Vote Senior Citizens, as provided by the Minister for Senior Citizens

As Minister for Senior Citizens I have committed to encouraging a culture in New Zealand where older people are valued and recognised as an integral part of families and communities. [6]

progressing the New Zealand Carers Strategy and reviewing and updating of the 2001 Positive Ageing Strategy.

[6]

[6]

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[6]

Appendix one: emerging cost pressures

This 4YBP only funds the costs associated with the first phase of Welfare Reform. Decisions associated with this first phase were taken by Cabinet in February. The indicative costs and savings expected to arise from the next phase of Welfare Reform decisions, due to be taken in July, are presented in the table below.

[6]

Changes since previous submission of 4YBP

Since the previous submission, the following costs have been quantified and included in the 4YBP: youth mental health initiatives; improving data use and integration in relation to vulnerable children; and *Growing up in New Zealand* longitudinal study.

[6]

Cost pressures which remain unquantified are as follows:

[6]

Other emerging cost pressures have been omitted from this version of the 4YBP because they relate to initiatives I have chosen not to pursue.