



# MINISTRY OF SOCIAL DEVELOPMENT

*Te Manatū Whakahiato Ora*



**THE STATISTICAL REPORT**

FOR THE YEAR ENDING JUNE 2012

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Ministry of Social Development  
Bowen State Building, Bowen Street  
PO Box 1556, Wellington 6140  
New Zealand

Telephone: +64 4 916 3300

Facsimile: +64 4 918 0099

Website: [www.msd.govt.nz](http://www.msd.govt.nz)

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# **Introduction to *The Statistical Report***

# Introduction

## Information in the report

This information:

- outlines use of the services and financial assistance provided by the Ministry of Social Development (MSD)
- focuses on the period 1 July 2007 to 30 June 2012.

The report also places this information into a broader population context.

Some of the statistics presented in this report are available for earlier years, on request from MSD. Contact the Ministry at [info@msd.govt.nz](mailto:info@msd.govt.nz), or at PO Box 1556, Wellington 6140, New Zealand.

We anticipate this information will be of value to anyone working in the social services sector, in either a policy, research or service delivery capacity, and will also be of wider general interest.

MSD is grateful for the assistance of staff from all of its service lines in the production of *The Statistical Report*.

## Report structure

The structure of *The Statistical Report* reflects the different types of services provided by MSD.

The report begins with a high-level summary of trends in benefit use. Information in the remaining eight sections is organised around the types of services provided:

1. Main benefits – eligibility for and use of main benefits, such as Unemployment Benefits and Invalid's Benefit.
2. Supplementary benefits – eligibility for and use of supplementary assistance, such as Accommodation Supplement and Childcare Subsidy.
3. Hardship assistance – eligibility for and use of other assistance available for people in hardship, such as benefit advances and Special Needs Grants.
4. Employment services – eligibility for and use of employment services provided by Work and Income.
5. Superannuation and pensions – eligibility for and use of New Zealand Superannuation and Veteran's Pension.
6. Child, Youth and Family – a link to information about services provided by Child, Youth and Family and about the use of those services.
7. Services to students – eligibility for and use of services to students provided by StudyLink and by Work and Income.
8. Other services – other services to the public and to the Government provided by MSD, such as Community Services Cards and payment of pensions and benefits overseas.

To help you to find information quickly, the online version of the report includes an alphabetical subject list. This list will allow you to click through to the information you want.

## Scope of the report

### Period covered by the report

The report focuses on the period from 1 July 2007 to 30 June 2012. The descriptions of trends summarise changes during that period, and are not a complete record of historical trends.

### Treatment of welfare reform

A large number of changes to the way MSD delivers assistance have been made since the end of June 2012. As these changes are outside the timeframe covered by the report, they are not discussed in this document.

This report is focused on describing the administration of the benefit system during the period covered by the report (July 2007 to June 2012). This is done to assist readers who require more information on how the benefit system worked during that period.

For information about changes to the benefit system since June 2012, see MSD's Annual Report for the year ended June 2013 at <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/2012-2013/index.html>, or contact the Ministry at [info@msd.govt.nz](mailto:info@msd.govt.nz) or at PO Box 1556, Wellington 6140.

## Key changes to the report

The report has been restructured to emphasise factors behind the high level changes in the use of assistance. Some information about the characteristics of those receiving assistance is also provided.

# Conventions in this report

## Terms and definitions

### Working age

'Working-age clients' are aged 18–64. This definition reflects the minimum age of eligibility for most main benefits and the age of qualification for New Zealand Superannuation.

Clients whose ages are not specified are included with 'other' clients (ie those who are not identified as of working age).

### Naming of assistance

'Main benefits' refers to the group of benefits known as 'income-tested benefits' before 2007.

Throughout this report, financial assistance is referred to:

- by its official name at the end of June 2012 (eg Domestic Purposes Benefit – Sole Parent), or
- as part of a group of main benefits delivered for similar purposes (eg Domestic Purposes Benefits).

### Proportions of population receiving assistance

All proportions of the population receiving assistance are estimated as:

- the actual number of clients receiving assistance at the end of June, divided by
- the population at the end of June, as estimated by Statistics New Zealand.

### Data sources

The report refers to SWIFTT as a data source. SWIFTT is a database supporting Work and Income's delivery of services to clients.

SWIFTT contains information about recipients of financial assistance and the assistance they receive. It holds comprehensive records of information entered from 1996 onward.

MSD also retains some information for earlier years concerning financial services.

### Civil unions

Clients in a civil union are treated in the same way as clients who are married or living as married. In this report, 'married clients' includes clients in a civil union.

### Treatment of age-related payments to older people

New Zealand Superannuation is not a pension. At times this report refers to New Zealand Superannuation and Veteran's Pension together as 'pensions'. This is done to help the flow of the text.

## **Integrity Services**

These comprise the services which ensure the integrity of the benefit system. They include services to identify and investigate benefit fraud and abuse, and services to manage the debts MSD's clients owe to the Crown. Clients may owe money to the Crown because they received recoverable hardship assistance, or because of benefit overpayment or benefit fraud.

## **Financial assistance**

This refers to main benefits, Veteran's Pension and New Zealand Superannuation. It excludes supplementary benefits and hardship assistance, which are also available to working families.

## **Dependent children**

These are children aged under 18 (or aged 18 if in study or training) who are dependent on the client. For most main benefits, the level of work test applied in the period covered by the report reflected at least in part the age of the youngest child dependent on the client.

## **Official unemployment**

The officially unemployed are people aged 15 or over who:

- are without any paid work and are without unpaid work in a relative's business
- have actively sought work in the previous four weeks
- are available to take up work.

To have actively sought work, these people must have done more than check newspaper advertisements.

The number of officially unemployed is measured by the Household Labour Force Survey (HLFS). The HLFS is conducted quarterly by Statistics New Zealand.

## The officially unemployed are not necessarily receiving an Unemployment Benefit

Table DU.1 outlines key differences between the officially unemployed and clients receiving an Unemployment Benefit.

**table DU.1: Key differences between the officially unemployed and recipients of an Unemployment Benefit**

Characteristic	Officially unemployed	Unemployment Benefit recipients
Age	15 years or over	18–64 years (modest exceptions for some parents aged 16–17)
Residency	'Normally resident'	Has continuously lived in New Zealand for two years since becoming a citizen or permanent resident
Full-time or part-time work sought	Seeking to work one hour or more a week	Seeking full-time employment
Current work status	Less than one hour a week for pay or profit in the previous fortnight, and have had no unpaid work in a relative's business	May work part-time subject to relevant income tests
Income	Not relevant	Ineligible if income is in excess of the cut-off for Unemployment Benefit
Partner's employment status	Not relevant	Makes some ineligible through excess income
In tertiary study	Can count as unemployed	Generally ineligible for Unemployment Benefit, although other assistance may be available
Efforts to find work	Must have actively sought work (done more than checking newspaper advertisements) within the previous four weeks	Complies with work test and any other administrative requirements of Work and Income
Availability for work	Must be available for work within the next four weeks	May be unavailable for work for short periods without losing eligibility
Wanting income assistance from Work and Income	Not relevant	Must want and apply for an Unemployment Benefit, as well as meet eligibility criteria



## Aggregations used

### Data provided

Trends in the use of MSD assistance are shown as the number receiving assistance at the end of June each year. This allows the actual number receiving assistance to be shown as well as broad trends.

This report does not show the number receiving assistance at other times of the year. The number receiving assistance at the end of June may exclude a large number of people who:

- are granted assistance after the end of June in one year
- stop receiving assistance before the following June.

### Clients included in statistics

The report focuses on the people MSD works with directly. The statistics do not necessarily include others in their households who are receiving support less directly.

Data on the use of:

- main benefits excludes spouses, partners and other dependants (eg children) of people receiving a benefit
- New Zealand Superannuation and pensions:
  - includes non-qualified spouses receiving New Zealand Superannuation or a pension
  - excludes any other dependants of the clients
- employment services excludes:
  - recipients of a main benefit who are being case-managed towards employment but who have not yet received specific work services
  - vacation workers
  - people already working full-time, but who are seeking help to change jobs or to keep the jobs they have and who have not yet received specific work services.

### Information on expenditure on services

For official expenditure information, see MSD's *Annual Report for the year ended June 2012*. This is available on MSD's website at <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/2011-12/index.html>

Note that expenditure information included in *The Statistical Report* until 2010 differed from official expenditure. For more information, see *The Statistical Report for the year ending June 2010*.



# **Overall trends in the use of financial assistance**

# Numbers receiving assistance

## Summary

### Numbers receiving financial assistance decreased between July 2010 and June 2012

This decrease (see table OT.1) was apparent both for the number receiving a main benefit and for the number receiving one or more supplementary benefits. Changes in the number receiving supplementary benefits historically reflect changes in the number receiving main benefits.

**table OT.1: Numbers receiving a main benefit or a supplementary benefit**

Client group and assistance received at the end of June	Clients receiving financial assistance from Work and Income <sup>1</sup>				
	2008	2009	2010	2011	2012
All recipients of a main benefit <sup>2</sup>	268,972	321,694	344,332	338,544	330,514
Working-age recipients of a main benefit <sup>2</sup>	258,317	310,296	332,924	327,817	320,041
Recipients of one or more supplementary benefits, Temporary Additional Support or a Special Benefit <sup>3,4</sup>	466,645	520,807	548,824	537,238	529,370

#### Notes

1. The number of clients recorded in SWIFTT as receiving assistance from Work and Income at the end of June.
2. All counts of recipients of a main benefit in this report exclude spouses, partners and children of people receiving a main benefit.
3. Includes some clients receiving one or more supplementary benefits as well as Temporary Additional Support or a Special Benefit. Also includes some clients receiving only an Unsupported Child's Benefit or an Orphan's Benefit.
4. These clients may have been receiving a pension or a main benefit, or may have had a low income from paid employment or from some other source.

### Decreased use of financial assistance largely reflected increased cancellations

The decreased use of main benefits and of supplementary benefits arose from increases between 2009/2010 and 2011/2012 in the number of main benefits being cancelled. The number of main benefits granted fluctuated over this period.

These patterns reflected a combination of:

- the slow improvement in economic conditions
- an ongoing emphasis of Work and Income on:
  - supporting clients to get and stay in paid work without requiring benefit assistance
  - ensuring carers were receiving the assistance to which they were entitled.

### Around one in eight working-age people received a main benefit

In 2012, an estimated 11.7% of working-age people were receiving a main benefit (down from 12.3% in 2010). In 2012, an estimated 15.7% of those aged 18 or over were receiving a supplementary benefit (down from 16.6% in 2010).

## The number receiving a pension or New Zealand Superannuation increased between 2008 and 2012

This increase (see table OT.2) reflected increased grants, while cancellations remained relatively steady. This pattern reflects the ageing of the New Zealand population.

**table OT.2: Numbers receiving a pension or New Zealand Superannuation**

	Clients receiving New Zealand Superannuation or a pension <sup>1</sup>				
	2008	2009	2010	2011	2012
Total recipients of New Zealand Superannuation or a pension <sup>2,3</sup>	525,012	541,774	561,053	581,292	608,482

### Notes

1. The number of clients recorded in SWIFTT as receiving New Zealand Superannuation or a Veteran's Pension at the end of June.
2. All counts in this report of recipients of New Zealand Superannuation and pensions include qualified recipients and non-qualified spouses, but exclude other dependants.
3. All counts in this report of recipients of New Zealand Superannuation and pensions exclude recipients of a War Disablement Pension. This is to avoid double-counting people receiving both a War Disablement Pension and another benefit or pension.

## Virtually all people aged 65 or over received New Zealand Superannuation or a Veteran's Pension

Between 2008 and 2012, an estimated 95% to 97% of those aged 65 or over were receiving New Zealand Superannuation or a Veteran's Pension.

A small number of people aged 65 or over did not receive New Zealand Superannuation or a Veteran's Pension. This group mainly comprised people who:

- were not ex-service personnel
- did not meet the eligibility criteria for New Zealand Superannuation (usually because they do not meet the residency criteria).

## Policy changes were reflected in the number receiving main benefits

Policy changes during 2010/2011 (collectively referred to as Future Focus) affected clients receiving many benefits. Under these changes:

- from September 2010:
  - recipients of a Domestic Purposes Benefit – Sole Parent whose youngest child is aged 6 or over were required to meet work obligations
  - there was an increase in the amount of income that recipients of a Domestic Purposes Benefits, a Widow's Benefit or an Invalid's Benefit could earn before their benefit is abated
  - clients receiving an Unemployment Benefit were required to apply for their benefit every 12 months
- from May 2011:
  - clients receiving a Sickness Benefit were required to complete a reassessment for their benefit every 12 months
  - part-time work obligations were introduced for clients who were receiving Sickness Benefits and assessed as able to work part-time.

More detailed information about Future Focus initiatives concerning particular benefits, and about the impact of these initiatives on the use of those benefits, is given in the relevant sections of this report.

## Use of financial assistance since 1940

Table OT.3 shows trends since 1940 in the number of clients receiving financial assistance.

**table OT.3: Historical summary – numbers receiving financial assistance, 1940–2012<sup>1,2</sup>**

Year <sup>3</sup>	Unemployment Benefits, other unemployment-associated benefits and Emergency Benefit <sup>4</sup>	Independent Youth Benefit <sup>5</sup>	Sickness Benefits <sup>6</sup>	Invalid's Benefit	Miner's Benefit	Domestic Purposes Benefits <sup>7</sup>	Widow's Benefit	Unsupported Child's Benefit and Orphan's Benefit <sup>8</sup>	Family Benefit <sup>9</sup>	Transitional Retirement Benefit <sup>10</sup>	NZ Super-annuation <sup>11</sup>	Veteran's Pension <sup>12</sup>
1940	4,053		2,565	11,811	988		10,174	330	11,053		93,262	
1945	198		4,233	12,205	783		10,965	421	24,251		158,332	
1950	12		4,931	9,476	636		14,198	366	254,920 <sup>9</sup>		186,512	
1955	19		4,277	8,110	481		12,197	300	298,370		199,236	
1960	312		4,064	8,024	353		13,049	277	343,193		204,036	
1965	208		4,681	7,951	184		14,529	316	376,824		214,659	
1970	983		5,876	8,342	98		15,663	315	408,397		241,772	
1975	2,894		7,830	9,414	45	17,231	16,738	376	452,389		289,348	
1980	20,850		7,504	15,647	21	37,040	16,120	413	460,897		405,834	
1985	38,419		9,627	21,464	11	56,548	13,557	365	455,961		459,813	
1990	149,078		19,511	27,824	6	94,823	12,676	5,239	446,373		495,500	3,428
1991	158,204	2,538	20,147	30,746	3	97,000	10,989	2,931			506,047	3,130
1992	174,542	3,682	24,093	31,831	1	96,722	9,873	3,135			504,561	5,393
1993	176,872	4,364	28,729	34,957		96,335	10,259	3,539			488,893	6,117
1994	166,703	3,313	31,535	37,030		100,256	9,012	4,093		6,540	477,400	6,278
1995	148,161	2,891	34,037	39,686		104,027	9,007	4,280		7,327	469,239	6,380
1996	142,539	3,020	33,332	42,423		108,790	9,043	4,655		7,832	481,565	6,687
1997	149,058	2,755	34,194	46,160		112,283	9,132	4,833		7,953	474,451	7,176
1998	158,412	2,867	35,291	49,468		113,329	9,372	5,078		8,151	469,307	7,277
1999	165,722	3,481	33,022	51,173		109,516	9,178	5,383		8,743	461,137	7,334
2000	155,594	3,566	32,294	55,392		108,939	9,104	5,799		8,856	453,401	7,248
2001	141,214	3,635	33,620	59,812		107,821	8,900	6,075		9,012	446,706	7,425
2002	126,934	2,998	36,380	64,529		108,009	8,774	6,332		5,118	450,435	7,587
2003	113,495	2,702	39,902	68,507		109,295	8,659	6,789		2,110	457,278	7,872
2004	83,425	2,287	44,128	72,342		109,526	8,413	7,051			464,624	8,465
2005	64,811	2,011	45,646	74,796		106,330	7,795	7,279			475,215	8,871
2006	55,448	1,676	47,559	77,046		102,331	7,181	7,502			488,825	9,472
2007	39,029	1,294	48,587	79,077		97,111	6,471	7,587			502,717	10,065
2008	32,683	1,242	46,710	85,197		97,157	5,983	7,773			514,276	10,736
2009	66,678	1,750	54,892	87,158		105,182	6,034	8,034			530,758	11,016
2010	76,450	1,711	59,216	88,413		112,383	6,159	8,586			550,520	10,533
2011	70,090	1,191	58,895	88,134		114,039	6,195	8,465			571,239	10,053
2012	63,050	1,006	60,361	87,187		112,828	6,082	8,595			598,933	9,549

## Notes

1. An historical summary of the number of people receiving New Zealand Superannuation, a pension or a main benefit before 1940 is included in the 1990 New Zealand Official Yearbook, p 210. Since 1975, the number of people receiving an Emergency Benefit or a benefit granted because of hardship has been included in the number receiving a pension or main benefit in the group concerned.
2. All figures given, apart from those for New Zealand Superannuation and Veteran's Pension, exclude spouses and partners who receive a share of the main benefits paid to their spouses or partners. Figures for New Zealand Superannuation and Veteran's Pension include non-qualified spouses from 1996.
3. Before 1990, the year ended 31 March; from 1990 onwards, the year ended 30 June.
4. Excludes people receiving an Independent Youth Benefit. Includes Unemployment Benefit, Unemployment Benefit – Hardship, Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, and Emergency Benefit. Includes persons aged 55 or over receiving an Unemployment Benefit. Includes Emergency Unemployment Benefit from 1991 to 1998 and Job Search Allowance from 1991 to 1995. From 1996, includes Unemployment Benefit – Student Hardship. From 1998, includes Young Job Seeker's Allowance and Emergency Benefit. From 1 October 1998 until 30 June 2001, the main benefit in this group was known as a Community Wage – Job Seeker, and since 1 July 2001 it has been known as Unemployment Benefit.
5. Includes Job Search Allowance from 1996 to 1998.
6. Includes Sickness Benefit and Sickness Benefit – Hardship.
7. Includes Domestic Purposes Benefit – Sole Parent, Domestic Purposes Benefit – Care of Sick or Infirm, Domestic Purposes Benefit – Women Alone, and Emergency Maintenance Allowance.
8. Recipients of an Unsupported Child's Benefit or an Orphan's Benefit may or may not be also receiving New Zealand Superannuation, a pension or a main benefit. Unsupported Child's Benefit and Orphan's Benefit are not income-replacement main benefits.
9. Family Benefit was paid without a means test from 1 April 1946 and was abolished from 1 April 1991. Ongoing problems with data and programmes used to extract the statistics relating to Family Benefit have meant that these statistics are of uncertain accuracy.
10. Transitional Retirement Benefit was introduced on 1 April 1994, and its phasing out was completed on 1 April 2004.
11. Up to 1975, superannuation and age-related pensions were combined. From 1976 superannuation and aggregated pensions were replaced by National Superannuation. For the period 1 April 1990 to 31 March 1992, this pension was called Guaranteed Retirement Income. Between 1 April 1992 and 31 March 1994, it was known as National Superannuation, and since 1 April 1994 it has been known as New Zealand Superannuation. The age of eligibility was raised to 61 years on 1 April 1992, and was raised progressively to reach 65 years on 1 April 2001. This table excludes non-qualified spouses before 1996, but includes them for 1996 and for later years.
12. From 1996, includes non-qualified spouses receiving a Veteran's Pension, but excludes all clients receiving a War Pension. Since 1 July 1999, Veteran's Pension and War Pension have been funded from Vote Veterans' Affairs – Social Development.

# Administration of financial assistance

## Impact of other income received

### How does income received affect receipt of a benefit?

To receive a benefit, a client's income from other sources must be below a prescribed level. This level depends on:

- the type of benefit applied for
- the circumstances of the client.

To determine when the client will begin receiving a benefit, Work and Income assesses the client's income earned in the previous six months.

In addition, clients receiving income-tested assistance have their income from other sources monitored. Payments of income-tested assistance are reduced ('abated') when income from other sources exceeds a certain level.

### Who is income tested?

A client is subject to an income test if they are:

- receiving a main benefit<sup>1</sup>
- receiving a supplementary benefit other than an Unsupported Child's Benefit, an Orphan's Benefit or a Child Disability Allowance
- a non-qualified spouse included in New Zealand Superannuation or a Veteran's Pension, or
- aged under 65 and receiving a Veteran's Pension.

Unsupported Child's Benefit and Orphan's Benefit are tested on the incomes (other than personal earnings) of the children for whom these benefits are paid.

### What counts as income for income testing?

Income is defined in section 3 of the Social Security Act 1964 as any money received (before income tax) that is not a one-off capital payment. It includes, for example:

- wages, salary, commission and parental leave payments
- the value of any interest (before income tax) acquired that is not a one-off capital payment.

Whether or not money received is taxed is irrelevant to identifying it as income. Income can also refer to a value in money's worth rather than money itself. For example, where another person is meeting expenses such as rent for the client, this can be considered as income. The value of free board or free rent is also considered as income.

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<sup>1</sup> The personal earnings of totally blind Invalid's Benefit recipients are not income tested.



## How does Work and Income deal with beneficiaries who have other incomes?

When a client's New Zealand Superannuation, pension or benefit is not income tested, they may receive other income without their New Zealand Superannuation, pension or benefit being affected.

Clients receiving income-tested assistance are allowed to receive some income in addition to their benefit. Any additional income received must be declared to Work and Income.

There are two ways Work and Income treats additional income received by beneficiaries who are subject to an income test. These are:

- allowing clients to receive income to a certain level without affecting their benefit (this level depends on the benefit received)
- reducing the clients' benefit at a fixed rate for each dollar of income above that level (for each dollar earned above that amount, a client's benefit is reduced ('abated') by a smaller amount).

## How much additional income can beneficiaries receive before their benefit is affected?

Since September 2010, clients receiving an Invalid's Benefit, a Widow's Benefit or a Domestic Purposes Benefit have been able to receive up to \$100 a week (before tax) in other income before their benefit payments are affected. Clients receiving an Unemployment Benefit, other unemployment-associated benefits or a Sickness Benefit can receive up to \$80 a week (before tax).

Special conditions apply for people receiving an Invalid's Benefit because of blindness. People with a severe disability can have some or all of their personal earnings exempted from an income test.

## How does income above this amount affect benefits?

For each dollar of income above these amounts:

- Domestic Purposes Benefits, Widow's Benefit and Invalid's Benefit are reduced ('abated') by:
  - 30c for income between \$100 and \$200 a week (before tax)
  - 70c for income above \$200 a week (before tax)
- Unemployment Benefits, other unemployment-associated benefits and Sickness Benefits are reduced by 70c for any income over \$80 a week (before tax).

The lower abatement rate for Domestic Purposes Benefits, Widow's Benefit and Invalid's Benefit gives recipients of these benefits an incentive to take up part-time employment. It recognises these clients may have less opportunity to take up full-time employment (eg because of caring responsibilities or health issues).

## How often does Work and Income assess a client's income?

The assessment period for the income test is:

- annually for Domestic Purposes Benefits, Widow's Benefit, Invalid's Benefit, New Zealand Superannuation and Veteran's Pension
- weekly for all other main benefits and for all supplementary benefits.

The main benefits for which income is assessed weekly are:

- Unemployment Benefits and other unemployment-associated benefits
- Sickness Benefits
- Emergency Benefit.

Clients receiving a benefit for which income is assessed annually can choose to have a weekly income assessment instead.

## **Are New Zealand Superannuation and pensions income tested in the same way?**

People aged 65 or over and receiving New Zealand Superannuation or a Veteran's Pension are only income tested if a non-qualified spouse is included in their payment.

All Veteran's Pension recipients aged less than 65 are subject to an income test.

## **What about supplementary benefits?**

Some supplementary benefits (eg Accommodation Supplement) are reduced when people receive other income. This can occur even if clients are receiving a pension or a main benefit that is not income tested.

From 1 October 2004, people receiving both a main benefit and an Accommodation Supplement have not had their Accommodation Supplement income tested. If these clients continue receiving an Accommodation Supplement after entering paid work, they are liable to have that supplement income tested.

# **Work testing**

## **Introduction**

Work-tested clients are required to:

- be available for, and take reasonable steps to obtain, suitable paid work
- accept any offer of suitable employment.

Details of the work testing currently applied to each benefit are outlined in the relevant sections.

Depending on their circumstances, a client receiving a work-tested benefit may be subject to:

- a full-time work test (seeking 30 hours or more work a week)
- a part-time work test (seeking less than 30 hours work a week), or
- a requirement to meet a Work and Income case manager to plan their entry into paid work.

## **How do clients fulfil the work test?**

Clients subject to full-time or part-time work tests may be required to register as jobseekers, and to take reasonable steps to obtain work.

Other activities such as training, work experience, attending job interviews or planning for employment may be required on a case-by-case basis.

Any work or training being undertaken may be counted towards fulfilling a client's obligations under the work test. This is regardless of whether the work or training began before or after the client became subject to a work test.

## **Can clients be exempted from the work test when they are temporarily unavailable for work?**

Clients may be exempted from the work test on a range of grounds, including health issues and caring responsibilities.

# Employment Plans

## Introduction to employment plans

From September 2010, clients who are not full-time or part-time work tested are obliged to meet employment planning obligations if required to by their case manager.

Meeting employment planning obligations involves:

- attending interviews with Work and Income
- developing and signing an Employment Plan
- taking part in regular reviews of their Employment Plan
- demonstrating a commitment to the goals included in their Employment Plan.

## What is included in an Employment Plan?

Employment Plans are required to include:

- the activities the client will undertake to help them reach their goal of employment
- the activities Work and Income will undertake to help the client reach their goal of employment
- information regarding the client's obligations, and their right to review their plan
- sanctions for not meeting their employment planning obligations.

## How does the planning process work?

The employment planning process involves the development and implementation of a plan for the individual client. The planning process involves:

- assessing the client's circumstances, strengths and needs
- developing and implementing a plan based on that assessment
- the client agreeing to and signing a written copy of the plan.

The assessment of the client's circumstances, strengths and needs aims to identify:

- any features of individual circumstances that affect (positively or negatively) the client's ability to get or stay in employment
- any practical assistance the client needs to support themselves through employment
- the client's skills and experience (including those developed through unpaid work) relevant to helping them find the most effective path toward employment.

The plan is developed in discussion between the client and the case manager. Once the client has signed it, the plan forms part of the case management approach for that client.

## Job Seeker Agreements

Between July 2001 and September 2010, all work-tested clients were required to enter into Job Seeker Agreements with Work and Income. A Job Seeker Agreement set out the assistance Work and Income would provide to help the jobseeker to obtain employment, and the steps the jobseeker would take to find employment or to improve their prospects for doing so. The Job Seeker Agreement had to specify job search activities, and may have included employment or training programmes to be undertaken by the jobseeker (eg a period of work experience or employment-related training).

## **The Personal Development and Employment Plan**

Between March 2003 and September 2010, clients receiving a Widow's Benefit or some Domestic Purposes Benefits were obliged to meet the requirements of the Personal Development and Employment Plan process if required to by their case manager.

Between September 2007 and September 2010, clients receiving Sickness Benefits or an Invalid's Benefit were also required to meet the requirements of the Personal Development and Employment Plan process if required to by their case manager.

For details about the Personal Development and Employment Plan, see *The Statistical Report for the year ending June 2010*.

## **Work testing before September 2007**

Work-test obligations for a number of benefits were changed in September 2007. For information on work testing before September 2007, see *The Statistical Report for the year ending June 2010*.

# Main benefits

# Introduction

## Definition of main benefits

The main benefits are:

- Unemployment Benefits, comprising Unemployment Benefit and Unemployment Benefit – Hardship
- other unemployment-associated benefits, comprising Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship and (until August 2012) Independent Youth Benefit
- Domestic Purposes Benefits, comprising Domestic Purposes Benefit – Sole Parent, Domestic Purposes Benefit – Care of Sick or Infirm, Domestic Purposes Benefit – Women Alone and Emergency Maintenance Allowance
- Sickness Benefits, comprising Sickness Benefit and Sickness Benefit – Hardship
- Invalid's Benefit
- Widow's Benefit
- Emergency Benefit.

## Eligibility for main benefits

To be eligible to receive a main benefit, clients must:

- meet any relevant tests of assets, income and residency
- meet the eligibility criteria for that benefit
- if required, fulfil:
  - any relevant pre-benefit obligations
  - any relevant work or planning obligations.

## Eligibility criteria

The information on eligibility for particular main benefits is included with the information for each one.

## Note – Independent Youth Benefit

This benefit was payable until August 2012, when it was replaced by Youth Payment and Young Parent Payment. Independent Youth Benefit was normally restricted to 16–17 year olds.

Working-age recipients of this benefit needed to be:

- aged 18
- receiving this benefit when they turned 18 years
- attending secondary school.

These clients could only receive this benefit until the end of the school year in which they turned 18 years.

Statistics for working-age clients therefore include:

- only a small proportion of those receiving an Independent Youth Benefit
- none of those granted an Independent Youth Benefit
- only a small proportion of those cancelling an Independent Youth Benefit.

# Payment rates

## How benefit payment rates are set

The standard weekly rates of the main benefits are increased yearly on 1 April. This increase reflects changes in the Consumers Price Index (CPI) in the previous year.

## Payment rates since April 2012

Table MP.1 shows the rates for the main benefits current from 1 April 2012. In this table:

- the rates shown are maximum rates
- the rates shown as 'married, each' are paid to each member of a couple who are married, living as married or in a civil union.

Actual rates paid may be reduced from the maximum if the client receives income from other sources.

**table MP.1: Weekly payment rates for main benefits (payable from 1 April 2012)**

Main benefit	Status <sup>1</sup>	Weekly payment rate <sup>2,3</sup>	
		Number of children	
		None	One or more
Unemployment Benefits	Married, each	\$170.80	\$170.80
	Single 25	\$204.96	
	Single 18–24	\$170.80	
	Single 18–19 (living at home)	\$136.64	
	Sole parent		\$293.58
Independent Youth Benefit		\$170.80	
Sickness Benefits	Married, each	\$170.80	\$170.80
	Single 25	\$204.96	
	Single 18–24	\$170.80	
	Single 18–19 (living at home)	\$136.64	
	Sole parent		\$293.58
Invalid's Benefit	Married, each	\$213.49	\$213.49
	Single 18	\$256.19	
	Single 16–17	\$207.32	
	Sole parent		\$336.55
Domestic Purposes Benefits	Sole Parent		\$293.58
	Women Alone	\$213.49	
Domestic Purposes Benefit – Care of Sick or Infirm <sup>4</sup>	Single 18	\$256.19	
	Single 16–17	\$207.32	
	Sole parent		\$336.55
	Married, each	\$213.49	\$213.49
Emergency Maintenance Allowance	Age 16–17 (living at home)	\$136.64	\$136.64
	Age 16–17 (away from home)		\$293.58
	18 or over		\$293.58
Widow's Benefit		\$213.49	\$293.58



## Notes

1. 'Married' includes people who are married, living as married or in a civil union.
2. The rates shown are the net amounts set by regulations and apply from 1 April 2012. Tax at the 'M' rate is calculated retrospectively and paid to Inland Revenue.
3. The rates shown exclude Working for Families Tax Credits. Benefit recipients with dependent children qualify for these tax credits, which are funded by Inland Revenue. See table SP.1 in 'Supplementary benefits' for the rates of these tax credits. From 1 April 2005, the child component of main benefits (ie the additional payment for children) was removed from main benefits and included in Working for Families Tax Credits. This change was part of the Working for Families package.
4. Only the caregiver receives payment.

# Trends in the use of main benefits

## Numbers receiving main benefits

**The number receiving a main benefit decreased between July 2010 and June 2012**

This decrease (see table MB.1) reflected a combination of:

- changes in economic conditions
- the policy/operational changes outlined in 'Numbers receiving assistance'

**table MB.1: Numbers receiving a main benefit**

Client age at end of June	Clients receiving a main benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	258,317	310,296	332,924	327,817	320,041
Other clients receiving benefits	10,655	11,398	11,408	10,727	10,473
<b>Total clients receiving benefits</b>	<b>268,972</b>	<b>321,694</b>	<b>344,332</b>	<b>338,544</b>	<b>330,514</b>

Note

1. The number of clients recorded in SWIFTT as receiving a main benefit at the end of June.

## Increased cancellations drove decreases in the number receiving main benefits

Cancellations of main benefits increased (see table MB.2), while grants of main benefits fluctuated (see table MB.3).

**table MB.2: Numbers cancelling a main benefit**

Client age when benefit cancelled	Cancellations of a main benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	187,630	189,492	241,709	263,043	274,378
Benefits cancelled by other clients	7,441	7,259	7,405	7,062	7,015
<b>Total benefits cancelled</b>	<b>195,071</b>	<b>196,751</b>	<b>249,114</b>	<b>270,105</b>	<b>281,393</b>

Note

1. The number of cancellations of main benefits recorded in SWIFTT during years ended June.

**table MB.3: Numbers granted a main benefit**

Client age when benefit granted	Grants of a main benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	185,158	243,999	265,075	259,504	267,983
Benefits granted to other clients	7,662	8,119	7,769	6,266	5,581
<b>Total benefits granted</b>	<b>192,820</b>	<b>252,118</b>	<b>272,844</b>	<b>265,770</b>	<b>273,564</b>

Note

1. The number of successful applications for a main benefit recorded in SWIFTT during years ended June.

### Transfers within the benefit system increased

Transfers within the benefit system increased between 2007/2008 and 2011/2012 (see table MB.4). This increase was driven by transfers to pensions or to different types of main benefits, reflecting changes in the clients' circumstances.

A transfer within the same group of main benefits is recorded when a client's benefit is cancelled then resumed as part of reviewing the client's needs and entitlement to assistance.

**table MB.4: Transfers within the benefit system by working-age clients**

Type of transfer	Transfers from a main benefit by working-age clients <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Transferred to New Zealand Superannuation, a pension or another type of main benefit	48,445	51,776	59,239	60,900	71,596
Transferred within the same group of main benefits	6,472	7,327	8,600	10,157	10,495
<b>Total transfers</b>	<b>54,917</b>	<b>59,103</b>	<b>67,839</b>	<b>71,057</b>	<b>82,091</b>

Note

1. The number of transfers within the benefit system by working-age clients recorded in SWIFTT during years ended June. The dates of these transfers reflected the dates at which a new benefit was granted, not the dates at which a former benefit was cancelled.

## More information on recipients of main benefits

### Decreased use of Unemployment Benefits drove falling benefit numbers

The decrease between 2010 and 2012 in the number receiving main benefits was driven by changes in the number receiving an Unemployment Benefit (see table MB.5).

The numbers receiving a Domestic Purposes Benefit or a Sickness Benefit both fluctuated between 2010 and 2012 (see table MB.5).

### In 2011 and 2012, three in five working-age main benefit recipients were receiving a Domestic Purposes Benefit or an Invalid's Benefit

In 2011 and 2012, 35% of these clients were receiving a Domestic Purposes Benefit (see table MB.5), while another 26% were receiving an Invalid's Benefit. Around 16% were receiving an Unemployment Benefit.

**table MB.5: Types of main benefits received**

Type of main benefit received at the end of June	2008	2009	2010	2011	2012
	<b>Working-age clients receiving a main benefit<sup>1</sup></b>				
Unemployment Benefits	17,710	50,855	62,085	56,264	49,622
Domestic Purposes Benefits	96,440	104,400	111,689	113,429	112,260
Sickness Benefits	46,271	54,352	58,465	58,009	59,413
Invalid's Benefit	82,879	84,544	85,382	84,836	83,652
Other main benefits <sup>2</sup>	15,017	16,145	15,303	15,279	15,094
<b>Total working-age clients receiving benefits</b>	<b>258,317</b>	<b>310,296</b>	<b>332,924</b>	<b>327,817</b>	<b>320,041</b>
<b>Other clients receiving a main benefit<sup>1</sup></b>					
<b>Total other clients receiving benefits</b>	<b>10,655</b>	<b>11,398</b>	<b>11,408</b>	<b>10,727</b>	<b>10,473</b>
<b>All clients receiving a main benefit<sup>1</sup></b>					
<b>Total clients receiving benefits</b>	<b>268,972</b>	<b>321,694</b>	<b>344,332</b>	<b>338,544</b>	<b>330,514</b>

#### Notes

1. The number of clients recorded in SWIFTT as receiving a main benefit at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.

## Most working-age recipients of a main benefit were aged 25–59

From 2008 to 2012, between 39% and 42% of working-age clients receiving a main benefit were aged 40–59 (see table MB.6). Another 31% to 33% were aged 25–39.

**table MB.6: Ages of clients receiving a main benefit**

Age of client at the end of June	2008	2009	2010	2011	2012
	<b>Working-age clients receiving a main benefit<sup>1</sup></b>				
18–24 years	38,985	57,346	61,690	58,880	54,915
25–39 years	85,933	101,361	107,525	103,647	99,886
40–49 years	57,938	67,269	72,491	71,817	70,265
50–59 years	47,185	54,193	59,354	60,903	62,627
60–64 years	28,276	30,127	31,864	32,570	32,348
<b>Total working-age clients receiving benefits</b>	<b>258,317</b>	<b>310,296</b>	<b>332,924</b>	<b>327,817</b>	<b>320,041</b>
<b>Other clients receiving a main benefit<sup>1</sup></b>					
<b>Total other clients receiving benefits</b>	<b>10,655</b>	<b>11,398</b>	<b>11,408</b>	<b>10,727</b>	<b>10,473</b>
<b>All clients receiving a main benefit<sup>1</sup></b>					
<b>Total clients receiving benefits</b>	<b>268,972</b>	<b>321,694</b>	<b>344,332</b>	<b>338,544</b>	<b>330,514</b>

Note

1. The number of clients recorded in SWIFTT as receiving a main benefit at the end of June.

## Clients were less likely to have received their benefit for less than one year

Between 2009 and 2012, the proportion of working-age main benefit recipients who had received their benefit for less than one year decreased from 40% to 33%. Over the same period, the proportion receiving their benefit for over two years increased, from 46% to 53%. Both changes resulted from a combination of:

- a fluctuation between 2009/2010 and 2011/2012 in the number of clients granted a main benefit
- an increase over the same period in the number of clients cancelling a main benefit.

## Over two in five of working-age beneficiaries were New Zealand Europeans and around one in three were Māori

During this period, around 44% of working-age main benefit recipients identified as New Zealand European, while around 32% identified as Māori.

## Unemployment Benefits drove fluctuations in grants of main benefits

Grants of Sickness Benefits, Domestic Purposes Benefits and Invalid's Benefit decreased between 2009/2010 and 2011/2012 (see table MB.7).

Over the same period, grants of 'other main benefits' increased (see table MB.7). This largely reflected increased grants of Unemployment Benefits – Student Hardship (between 2009/2010 and 2010/2011) and of training-related benefits (between 2010/2011 and 2011/2012). Grants of these benefits increased in part because of restrictions from January 2011 on access to successive training courses. These restrictions meant that clients undertaking multiple training courses had to apply for a new training-related benefit each time.

**table MB.7: Types of main benefits granted**

Type of main benefit granted	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Grants of a main benefit to working-age clients<sup>1</sup></b>				
Unemployment Benefits	56,094	102,367	117,783	109,480	110,165
Domestic Purposes Benefits	36,494	41,811	40,616	38,072	36,258
Sickness Benefits	49,518	55,848	55,426	52,207	51,282
Invalid's Benefit	15,007	11,024	10,520	9,303	8,892
Other main benefits <sup>2</sup>	28,045	32,949	40,730	50,442	61,386
<b>Benefits granted to working-age clients</b>	<b>185,158</b>	<b>243,999</b>	<b>265,075</b>	<b>259,504</b>	<b>267,983</b>
<b>Grants of a main benefit to other clients<sup>1</sup></b>					
<b>Benefits granted to other clients</b>	<b>7,662</b>	<b>8,119</b>	<b>7,769</b>	<b>6,266</b>	<b>5,581</b>
<b>Total grants of a main benefit<sup>1</sup></b>					
<b>Total benefits granted</b>	<b>192,820</b>	<b>252,118</b>	<b>272,844</b>	<b>265,770</b>	<b>273,564</b>

## Notes

1. The number of successful applications for a main benefit recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.

### **Cancellations of other main benefits drove the decreases in the number cancelling main benefits**

Increased cancellations of main benefits (see table MB.8) were driven by increased cancellations of 'other main benefits'. Cancellations of Unemployment Benefits also increased between 2009/2010 and 2010/2011.

Increased cancellations of 'other main benefits' reflected increased cancellations of Unemployment Benefits – Student Hardship (between 2009/2010 and 2010/2011) and of training related benefits (between 2010/2011 and 2011/2012). Growth in these cancellations reflected the greater use of these benefits, in part because of the restrictions on access to successive training courses referred to earlier. These restrictions mean that training-related benefits are cancelled at the end of each course.

## Over two in five of main benefits cancelled were Unemployment Benefits

Between 2009/2010 and 2011/2012, Unemployment Benefits comprised around 43% of main benefits cancelled (see table MB.8).

**table MB.8: Types of main benefits cancelled**

Type of main benefit cancelled	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Cancellations of a main benefit by working-age clients<sup>1</sup></b>				
Unemployment Benefits	61,240	65,940	106,105	115,783	116,311
Domestic Purposes Benefits	36,873	34,566	34,110	36,895	37,231
Sickness Benefits	51,207	47,620	50,327	50,721	50,610
Invalid's Benefit	8,530	8,730	8,660	8,613	8,698
Other main benefits <sup>2</sup>	29,780	32,636	42,507	51,031	61,528
<b>Main benefits cancelled by working-age clients</b>	<b>187,630</b>	<b>189,492</b>	<b>241,709</b>	<b>263,043</b>	<b>274,378</b>
<b>Cancellations of a main benefit by other clients<sup>1</sup></b>					
<b>Main benefits cancelled by other clients</b>	<b>7,441</b>	<b>7,259</b>	<b>7,405</b>	<b>7,062</b>	<b>7,015</b>
<b>Cancellations of a main benefit by all clients<sup>1</sup></b>					
<b>Total main benefits cancelled</b>	<b>195,071</b>	<b>196,751</b>	<b>249,114</b>	<b>270,105</b>	<b>281,393</b>

### Notes

1. The number of cancellations of main benefits recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.

## Transfers from Unemployment Benefits and Sickness Benefits dominated transfers between main benefits

Transfers from Unemployment Benefits were mainly to other unemployment-associated benefits (usually Unemployment Benefit – Training or Unemployment Benefit – Hardship – Training). Transfers from Sickness Benefits were mainly to Unemployment Benefits or Domestic Purposes Benefits.

# Dependent children

## Children dependent on benefit recipients

Work and Income define children as dependent on a client when:

- the child's care is primarily the responsibility of the client
- the child is being maintained as a member of the client's family
- the child is financially dependent on the client.

Other children living in the client's household are treated as economically independent of the client. The following statistics exclude economically independent children in clients' households.

## Numbers of dependent children

### **The number of children dependent on beneficiaries decreased slightly between 2011 and 2012**

This decrease (see table DB.1) followed little change between 2010 and 2011. This pattern reflected a combination of:

- a large decrease between 2010 and 2012 in the number of clients receiving an Unemployment Benefit
- a fluctuation over the same period in the number of clients receiving a Domestic Purposes Benefit, with a decrease occurring between 2011 and 2012.

While the decrease in main benefit numbers was driven by Unemployment Benefits, only a small proportion of Unemployment Benefit recipients had dependent children. On the other hand, nearly all recipients of Domestic Purposes Benefits had at least one dependent child.



**table DB.1: Ages of children dependent on recipients of a main benefit**

Age of child at the end of June	2008	2009	2010	2011	2012
	<b>Children dependent on working-age recipients of a main benefit<sup>1</sup></b>				
0–4 years	63,947	72,693	78,264	78,556	76,055
5–9 years	57,585	62,512	65,079	64,737	64,232
10–13 years	42,343	45,514	47,578	47,217	45,616
14–17 years	35,233	38,908	41,286	40,978	39,792
18–19 years	1,570	1,678	2,146	2,231	2,127
<b>Total dependent on working-age clients</b>	<b>200,678</b>	<b>221,305</b>	<b>234,353</b>	<b>233,719</b>	<b>227,822</b>
<b>Children dependent on other recipients of a main benefit<sup>1</sup></b>					
<b>Total dependent on other clients</b>	<b>1,081</b>	<b>1,161</b>	<b>1,054</b>	<b>913</b>	<b>820</b>
<b>All children dependent on recipients of a main benefit<sup>1</sup></b>					
<b>Total dependent on all clients</b>	<b>201,759</b>	<b>222,466</b>	<b>235,407</b>	<b>234,632</b>	<b>228,642</b>

Note

1. The number of children dependent on carers who were recorded in SWIFTT as receiving a main benefit at the end of June.

### **Over one in five of children aged under 18 were dependent on benefit recipients**

In 2012, an estimated 21.1% of children aged under 18 were dependent on benefit recipients, down from 21.5% in 2010 and 2011. Since 2009, children aged under 10 have been more likely to be dependent on a benefit recipient than children aged 10–17.

Clients coming off a benefit between 2010 and 2012 were less likely to have a dependent child than those who remained on a benefit. This reflected the fact that Unemployment Benefits drove the decrease in main benefit numbers, while recipients of Domestic Purposes Benefits were much more likely to have children.

### **Over four in five children dependent on beneficiaries were aged under 14**

Around 82% of the children dependent on working-age benefit recipients between 2008 and 2012 were aged under 14 (see table DB.1). This included around 33% who were aged under 5.

# Benefit recipients declaring other income

## Introduction

This section outlines the number of main benefit recipients who declared other income. Information about how Work and Income manages clients receiving other income is outlined in 'Impact of other income received'.

## Numbers of main benefit recipients who declare other income

### **The number of main benefit recipients declaring other income decreased slightly between 2010 and 2012**

This pattern (see table OB.1) reflected in large part the change over the same period in the number receiving a main benefit.

### **Around one in six main benefit recipients were receiving other income**

Between 2009 and 2012, around 17% of working-age recipients of a main benefit were declaring other income (see table OB.1). Between 46% and 59% of these clients declared \$80 a week or over before tax.

**table OB.1: Levels of other income declared by recipients of a main benefit**

Level of other income declared <sup>1</sup>	2008	2009	2010	2011	2012
	Working-age recipients of a main benefit <sup>2</sup>				
<b>Total not declaring income</b>	<b>208,380</b>	<b>257,334</b>	<b>278,079</b>	<b>273,617</b>	<b>266,202</b>
Income declared <sup>3</sup>					
\$1.00–\$79.99	17,401	18,449	19,329	18,678	17,825
\$80.00–\$119.99	9,894	10,086	10,093	9,674	9,677
\$120.00–\$179.99	8,108	8,697	8,804	8,461	8,330
\$180.00–\$199.99	2,580	2,624	2,618	2,784	2,450
\$200.00 or over	11,954	13,106	14,001	14,603	15,557
<b>Total declaring income<sup>3</sup></b>	<b>49,937</b>	<b>52,962</b>	<b>54,845</b>	<b>54,200</b>	<b>53,839</b>
<b>Total working-age recipients of a main benefit</b>	<b>258,317</b>	<b>310,296</b>	<b>332,924</b>	<b>327,817</b>	<b>320,041</b>
	Other recipients of a main benefit <sup>2</sup>				
Other clients declaring income <sup>3</sup>	1,555	1,686	1,727	1,652	1,692
Other clients not declaring income	9,100	9,712	9,681	9,075	8,781
<b>Total other recipients of a main benefit</b>	<b>10,655</b>	<b>11,398</b>	<b>11,408</b>	<b>10,727</b>	<b>10,473</b>
	All recipients of a main benefit <sup>2</sup>				
Total clients declaring income <sup>3</sup>	51,492	54,648	56,572	55,852	55,531
Total clients not declaring income	217,480	267,046	287,760	282,692	274,983
<b>Total clients receiving a main benefit</b>	<b>268,972</b>	<b>321,694</b>	<b>344,332</b>	<b>338,544</b>	<b>330,514</b>

## Notes

1. Income per week before tax based on last declaration effective in the year ended June. The income declarations referred to here may include income received during part or all of the year ended June, and may also include income received during parts of earlier or later years.
2. The number of clients recorded in SWIFTT as receiving a main benefit at the end of June.
3. The number of main benefit recipients with one or more income declarations effective at the end of June.

### Two in five main benefit recipients declaring other income were receiving a Domestic Purposes Benefit

In 2011 and 2012, 40% of the working-age recipients of main benefits who declared other income were receiving a Domestic Purposes Benefit. Another 28% were receiving an Invalid's Benefit, while around 13% each were receiving an Unemployment Benefit or a Sickness Benefit.

# Unemployment Benefits

## Definition of Unemployment Benefits

This group of main benefits comprises:

- Unemployment Benefit
- Unemployment Benefit – Hardship.

## Recent changes in the administration of Unemployment Benefits

From September 2010, clients receiving an Unemployment Benefit were required to reapply for their benefit every 12 months. This process:

- includes completing a Comprehensive Work Assessment
- assesses the client's skills and needs, and their entitlement to an Unemployment Benefit.

## Eligibility by specific benefit

### Unemployment Benefit

#### Who is it available to?

An Unemployment Benefit is available to people who are:

- available for and actively seeking full-time work
- not already in full-time employment
- willing and able to undertake suitable full-time work.

To receive one, clients must be:

- aged 18 or over, or
- aged 16–17, married or in a civil union, and supporting dependent children.

#### Income and residency tests, and pre-benefit requirements

Income and residency tests apply. Clients applying for an Unemployment Benefit must meet all the pre-benefit requirements before receiving a benefit. Pre-benefit requirements may include such activities as attending pre-benefit seminars or applying for jobs.

#### Work obligations

Recipients are subject to a full-time work test. This requires them to seek and to be available for full-time work.

Completing approved training may be counted toward the fulfilment of work-test obligations.

## The spouses and partners of recipients also have work obligations

The work obligations of a spouse or partner depend on the age of the couple's youngest dependent child.

From September 2007, a spouse or partner is subject to:

- a full-time work test if they have no dependent children, or if their youngest dependent child is:
  - aged over 18, or
  - aged 18 and not engaged in full-time education or training
- a part-time work test if their youngest child is:
  - aged 6–17, or
  - aged 18 and engaged in full-time education or training.

If a couple's youngest dependent child is aged under 6, the spouse or partner is (if required to by their case manager) obliged to:

- engage with the employment planning process (from September 2010)
- engage with the Personal Development and Employment planning process (between September 2007 and September 2010).

For details of the work testing of spouses and partners before September 2007, see *The Statistical Report for the year ending June 2010*.

## Unemployment Benefit – Hardship

### Who is it available to?

An Unemployment Benefit – Hardship is available to people who:

- meet all of the eligibility criteria for the Unemployment Benefit other than residency criteria
- have not been successful in supporting themselves through paid employment or other means.

### Income and asset tests, and pre-benefit requirements

Income and asset tests apply. The same pre-benefit requirements apply as for the Unemployment Benefit.

## Numbers of clients receiving an Unemployment Benefit

### The number receiving an Unemployment Benefit decreased between 2010 and 2012

This decrease followed increases between 2008 and 2010 (see table UB.1).

The decrease between 2010 and 2012 reflected a combination of:

- the slow improvement in economic conditions
- an ongoing emphasis by Work and Income on placing as many clients as possible into work.

A small number of Unemployment Benefits were received by non-working-age clients (see table UB.1). These were mostly paid to people aged 65 and over who had not yet transferred to New Zealand Superannuation or a Veteran's Pension.

For more information on policy changes affecting clients receiving Unemployment Benefits, see 'Numbers receiving assistance'.

**table UB.1: Numbers receiving an Unemployment Benefit**

Client age at end of June	Clients receiving an Unemployment Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	17,710	50,855	62,085	56,264	49,622
Other clients receiving benefits	161	181	175	59	46
<b>Total clients receiving benefits</b>	<b>17,871</b>	<b>51,036</b>	<b>62,260</b>	<b>56,323</b>	<b>49,668</b>

Note

1. The number of clients recorded in SWIFTT as receiving an Unemployment Benefit at the end of June.

### The decrease largely reflected an excess of cancellations over grants

In 2010/2011 and 2011/2012, cancellations of Unemployment Benefits exceeded grants of Unemployment Benefits (see table UB.2 and table UB.3). This compares with 2008/2009 and 2009/2010, when the reverse applied.

This pattern reflected a combination of changes in economic conditions and Work and Income's focus on moving as many benefit recipients as possible into work.

### The number of Unemployment Benefits granted remained relatively flat between 2010/2011 and 2011/2012

This followed a decrease between 2009/2010 and 2010/2011 (see table UB.2). This pattern largely reflected changes in economic conditions (a deepening of the recession in 2008/2009 followed by a slow easing beginning in 2009/2010).

A small number of Unemployment Benefits were granted to non-working-age clients (see table UB.2). Most of those benefits were granted to 16–17 year olds who were supporting dependants.

**table UB.2: Numbers granted an Unemployment Benefit**

Client age when benefit granted	Grants of an Unemployment Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	56,094	102,367	117,783	109,480	110,165
Benefits granted to other clients	93	108	129	92	79
<b>Total benefits granted</b>	<b>56,187</b>	<b>102,475</b>	<b>117,912</b>	<b>109,572</b>	<b>110,244</b>

Note

1. The number of successful applications for Unemployment Benefits recorded in SWIFTT during years ended June.

### The number of Unemployment Benefits cancelled remained relatively flat between 2010/2011 and 2011/2012

This followed increases between 2007/2008 and 2010/2011 (see table UB.3). This pattern reflected changes in the number of clients receiving an Unemployment Benefit as well as:

- changes in economic conditions
- policy and practice initiatives to place as many unemployed people as possible into work, education or training.

A small number of cancellations by non-working-age clients (see table UB.3) were the result of people reaching 65 years and transferring to New Zealand Superannuation or a Veteran's Pension.

**table UB.3: Numbers cancelling an Unemployment Benefit**

Client age when benefit cancelled	Cancellations of an Unemployment Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	61,240	65,940	106,105	115,783	116,311
Benefits cancelled by other clients	677	454	423	456	345
<b>Total benefits cancelled</b>	<b>61,917</b>	<b>66,394</b>	<b>106,528</b>	<b>116,239</b>	<b>116,656</b>

Note

1. The number of cancellations of Unemployment Benefits recorded in SWIFTT during years ended June.

### The number of transfers from Unemployment Benefits increased between 2007/2008 and 2011/2012

Increased transfers from Unemployment Benefits (see table UB.4) largely reflected increased grants of training-related benefits. This reflected a combination of:

- more clients receiving an Unemployment Benefit and an emphasis on upskilling clients to prepare them for work
- restrictions on access to successive training courses, meaning clients must make a new application for training-related benefits each time they begin a course and require one of these benefits.

**table UB.4: Transfers from an Unemployment Benefit by working-age clients**

Type of transfer	Transfers from an Unemployment Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Transferred to New Zealand Superannuation, pension or another type of main benefit	17,448	19,120	21,017	22,841	29,848
Transferred within the group of Unemployment Benefits <sup>2</sup>	1,503	2,067	3,686	5,056	5,347
<b>Total transfers</b>	<b>18,951</b>	<b>21,187</b>	<b>24,703</b>	<b>27,897</b>	<b>35,195</b>

Notes

1. The number of transfers from Unemployment Benefits by working-age clients recorded in SWIFTT during years ended June. The dates of these transfers reflected the dates at which a new benefit was granted, not the dates at which a former benefit was cancelled.
2. A transfer within the same group of main benefits is recorded because a client's benefit was cancelled then resumed as part of reviewing the client's needs and entitlement to assistance.

### A relatively small number of working-age people received an Unemployment Benefit

In 2012, an estimated 1.8% of working-age people were receiving an Unemployment Benefit, down from 2.3% in 2010. Since 2009, people aged under 30 have been more likely than older working-age people to be receiving an Unemployment Benefit.

See table OT.3 for information about use of Unemployment Benefits since 1940.

## More information about recipients of Unemployment Benefits

### Clients receiving an Unemployment Benefit were less likely to be young people

Twenty-six percent of working-age recipients of an Unemployment Benefit in 2012 were aged 18–24 (see table UB.5). This compared with 33% in 2009.

During the same period (see table UB.5):

- the proportion of these clients who were aged 40–59 increased (from 29% to 37%)
- around 32% of these clients were aged 25–39.

**table UB.5: Ages of clients receiving an Unemployment Benefit**

Age of client at the end of June	2008	2009	2010	2011	2012
	<b>Working-age clients receiving an Unemployment Benefit<sup>1</sup></b>				
18–24 years	3,639	16,705	19,024	16,363	13,114
25–39 years	5,957	16,690	20,377	17,598	15,342
40–49 years	3,341	8,793	11,316	10,733	9,951
50–59 years	2,428	5,969	8,214	8,410	8,286
60–64 years	2,345	2,698	3,154	3,160	2,929
<b>Total working-age clients receiving benefits</b>	<b>17,710</b>	<b>50,855</b>	<b>62,085</b>	<b>56,264</b>	<b>49,622</b>
	<b>Other clients receiving an Unemployment Benefit<sup>1</sup></b>				
<b>Total other clients receiving benefits</b>	<b>161</b>	<b>181</b>	<b>175</b>	<b>59</b>	<b>46</b>
	<b>All clients receiving an Unemployment Benefit<sup>1</sup></b>				
<b>Total clients receiving benefits</b>	<b>17,871</b>	<b>51,036</b>	<b>62,260</b>	<b>56,323</b>	<b>49,668</b>

Note

1. The number of clients recorded in SWIFTT as receiving an Unemployment Benefit at the end of June.

### Nearly three in four Unemployment Benefit recipients had received their benefit for under 12 months

Between 2010 and 2012, around 73% of working-age Unemployment Benefit recipients had received their benefit for less than 12 months. This compared with 89% in 2009.

Between 2010 and 2012, the proportion of working-age Unemployment Benefit recipients who had received their benefit for:

- between one and two years decreased (from 21% to 14%)
- over two years increased (from 5% to 13%).

The decrease between 2010 and 2012 in the number receiving Unemployment Benefits largely reflected the decrease in the number receiving their benefits for two years or less.

### Nearly one in two clients granted or cancelling an Unemployment Benefit were aged 18–24

Between 2009/2010 and 2011/2012, around 45% of working-age clients granted an Unemployment Benefit, and the same proportion of those cancelling an Unemployment Benefit, were aged 18–24 (see table UB.6 and table UB.7).



A small number of Unemployment Benefits were granted to non-working-age clients (see table UB.6). Most of those benefits were granted to 16–17 year olds who were supporting dependants.

**table UB.6: Ages of clients granted an Unemployment Benefit**

Clients age when benefit granted	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Unemployment Benefits granted to working-age clients<sup>1</sup></b>				
18–24 years	22,297	42,426	52,476	49,692	50,787
25–39 years	18,985	32,758	35,307	31,177	30,732
40–49 years	8,550	15,214	16,536	15,526	15,375
50–59 years	4,880	9,307	10,528	10,237	10,503
60–64 years	1,382	2,662	2,936	2,848	2,768
<b>Benefits granted to working-age clients</b>	<b>56,094</b>	<b>102,367</b>	<b>117,783</b>	<b>109,480</b>	<b>110,165</b>
<b>Unemployment Benefits granted to other clients<sup>1</sup></b>					
<b>Benefits granted to other clients</b>	<b>93</b>	<b>108</b>	<b>129</b>	<b>92</b>	<b>79</b>
<b>Unemployment Benefits granted to all clients<sup>1</sup></b>					
<b>Total benefits granted</b>	<b>56,187</b>	<b>102,475</b>	<b>117,912</b>	<b>109,572</b>	<b>110,244</b>

Note

1. The number of successful applications for Unemployment Benefits recorded in SWIFTT during years ended June.

**table UB.7: Ages of clients cancelling an Unemployment Benefit**

Client age when benefit cancelled	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Cancellations of Unemployment Benefits by working-age clients<sup>1</sup></b>				
18–24 years	22,189	26,561	47,735	50,859	52,229
25–39 years	20,902	21,807	32,714	34,860	33,458
40–49 years	9,323	9,581	14,179	16,159	16,142
50–59 years	5,670	5,736	8,702	10,612	11,036
60–64 years	3,156	2,255	2,775	3,293	3,446
<b>Benefits cancelled by working-age clients</b>	<b>61,240</b>	<b>65,940</b>	<b>106,105</b>	<b>115,783</b>	<b>116,311</b>
<b>Cancellations of Unemployment Benefits by other clients<sup>1</sup></b>					
<b>Benefits cancelled by other clients</b>	<b>677</b>	<b>454</b>	<b>423</b>	<b>456</b>	<b>345</b>
<b>Cancellations of Unemployment Benefits by all clients<sup>1</sup></b>					
<b>Total benefits cancelled</b>	<b>61,917</b>	<b>66,394</b>	<b>106,528</b>	<b>116,239</b>	<b>116,656</b>

Note

1. The number of cancellations of Unemployment Benefits recorded in SWIFTT during years ended June.

### **Clients granted an Unemployment Benefit became more likely to have received a main benefit in the previous year**

Sixty-one percent of the working-age clients granted Unemployment Benefits in 2011/2012 had received a main benefit in the previous 12 months. This compared with 40% in 2008/2009.

This change largely reflected the impact on work opportunities of changes in economic conditions (recession and the corresponding loss of work opportunities, followed by a slow economic recovery).

### **Clients cancelling an Unemployment Benefit were less likely to be entering paid work**

Forty-four percent of the working-age clients cancelling an Unemployment Benefit in 2011/2012 entered paid work. This compared with around 49% in 2009/2010 and 2010/2011.

This reflected a combination of increased cancellations for non-work reasons and the ongoing slow improvement in economic conditions following the end of the recession.

# Other unemployment-associated benefits

## Definition of other unemployment-associated benefits

This group of main benefits comprises:

- Unemployment Benefit – Training
- Unemployment Benefit – Hardship – Training
- Unemployment Benefit – Student Hardship
- Independent Youth Benefit (available until August 2012).

## Recent operational and administrative changes

Since September 2010, clients receiving an Unemployment Benefit – Training, an Unemployment Benefit – Hardship – Training, or an Unemployment Benefit – Student Hardship have been required to reapply for their benefit every 12 months. This process:

- includes completing a Comprehensive Work Assessment
- assesses the client's skills and needs, and their ongoing entitlement to their benefit.

Since January 2011, training courses have had time limits imposed, and the use of successive courses or long courses has been restricted to clients who are significantly disadvantaged in the labour market. These changes reflected the focus of Work and Income on moving clients into work wherever possible. The changes have had an impact on the use of training-related benefits (Unemployment Benefit – Training and Unemployment Benefit – Hardship – Training) through:

- reducing the length of time clients receive training-related benefits
- increasing the number of clients granted and cancelling training-related benefits, as clients enter and leave training, rather than remain in training for long periods.

## Eligibility by specific benefit

### Unemployment Benefit – Training

#### Who is it available to?

An Unemployment Benefit – Training is available to full-time trainees on approved training courses.

To receive one, clients must be available for, and be willing to undertake, suitable full-time work, and be:

- aged 18 or over, or
- aged 16–17, married or in a civil union, and supporting dependent children.

Recipients of an Unemployment Benefit – Training must remain available for work, and take reasonable steps to complete the job search requirements of an Unemployment Benefit.

Income and residency tests apply.

## **Unemployment Benefit – Hardship – Training**

### **Who is it available to?**

An Unemployment Benefit – Hardship – Training may be available to clients who meet all the criteria for an Unemployment Benefit – Training apart from the residency test.

Income and asset tests apply.

## **Unemployment Benefit – Student Hardship**

### **Who is it available to?**

Full-time tertiary students who are unable to secure employment over the summer vacation may be eligible for an Unemployment Benefit – Student Hardship.

To be eligible, students must:

- have received a Student Allowance during the academic year
- be entitled to receive a Student Allowance during the next academic year, or
- have exceptional circumstances.

Income, asset and residency tests apply.

## **Independent Youth Benefit**

### **Who was it available to?**

Until August 2012, an Independent Youth Benefit was available to 16–17 year olds who, for some serious reason:

- could not live with their parents
- could not get financial support from their parents or anyone else.

In addition, these young people must have been:

- actively looking for full-time work
- full-time trainees in an approved training course
- attending secondary school, or
- temporarily unable to work through sickness, injury or pregnancy.

Recipients of an Independent Youth Benefit who were in full-time education when they turned 18 years old could continue to receive that benefit until the end of the academic year.

Income and residency tests applied.

This benefit was replaced by Youth Payment and Young Parent Payment from August 2012.

## **Numbers of clients receiving other unemployment-associated benefits**

### **The number receiving other unemployment-associated benefits remained relatively flat between 2011 and 2012**

This pattern (see table OU.1) followed a decrease between 2009 and 2011. It reflected an increased focus by Work and Income on moving people into paid work.

The majority of non-working-age recipients of these benefits were 16–17 year olds receiving an Independent Youth Benefit.

**table OU.1: Numbers receiving an other unemployment-associated benefit**

Client age at 30 June	Clients receiving an other unemployment-associated benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	6,575	7,606	6,845	6,836	6,780
Other clients receiving benefits	1,204	1,723	1,667	1,131	964
<b>Total clients receiving benefits</b>	<b>7,779</b>	<b>9,329</b>	<b>8,512</b>	<b>7,967</b>	<b>7,744</b>

Note

1. The number of clients recorded in SWIFTT as receiving an other unemployment-associated benefit at the end of June.

### Grants and cancellations of other unemployment-associated benefits both increased

Between 2007/2008 and 2011/2012, there were increases in both grants of other unemployment-associated benefits (see table OU.2) and cancellations of those benefits (see table OU.3).

Most of the non-working-age clients granted these benefits were 16–17 year olds granted Independent Youth Benefits. Similarly, most of the other unemployment-associated benefits cancelled by non-working-age clients were Independent Youth Benefits cancelled when the recipient turned 18 years.

**table OU.2: Numbers granted an other unemployment-associated benefit**

Client age when benefit granted	Grants of other unemployment-associated benefits <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	20,741	24,560	30,395	39,518	48,502
Benefits granted to other clients	2,779	3,448	3,524	2,434	2,000
<b>Total benefits granted</b>	<b>23,520</b>	<b>28,008</b>	<b>33,919</b>	<b>41,952</b>	<b>50,502</b>

Note

1. The number of successful applications for other unemployment-associated benefits recorded in SWIFTT during years ended June.

**table OU.3: Numbers cancelling an other unemployment-associated benefit**

Client age when benefit cancelled	Cancellations of other unemployment-associated benefits <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	21,480	24,874	32,554	40,456	49,160
Benefits cancelled by other clients	1,839	1,748	2,017	1,637	1,286
<b>Total benefits cancelled</b>	<b>23,319</b>	<b>26,622</b>	<b>34,571</b>	<b>42,093</b>	<b>50,446</b>

Note

1. The number of cancellations of other unemployment-associated benefits recorded in SWIFTT during years ended June.

### A very small number of working-age people were receiving these benefits

Between 2008 and 2012, less than 0.3% of working-age people were receiving other unemployment-associated benefits. In 2012, an estimated 0.8% of 16–17 year olds were receiving an Independent Youth Benefit, down from 1.3% in 2009 and 2010.

See table OT.3 for trends since 1991 in the number of clients receiving an Independent Youth Benefit.

### More information about recipients of other unemployment-associated benefits

#### Use of Unemployment Benefits – Hardship Student was highly seasonal

The use of this benefit was concentrated in the summer holiday from education or training (between November and February). Between 2009/2010 and 2011/2012, this benefit dominated both grants and cancellations of other unemployment-associated benefits. However, very small numbers of clients were receiving an Unemployment Benefit – Student Hardship at the end of June.

#### Almost all working-age recipients of these benefits were receiving training-related benefits

Between 2008 and 2012, almost all working-age clients receiving an unemployment-associated benefit at the end of June were receiving a training-related benefit (Unemployment Benefit – Training or Unemployment Benefit – Hardship – Training) (see table OU.4). The remainder were:

- receiving an Unemployment Benefit – Student Hardship, or
- 18 year olds receiving an Independent Youth Benefit while finishing the year of secondary school in which they turned 18 years.

**table OU.4: Types of other unemployment-associated benefits received**

Type of benefit received at end of June	2008	2009	2010	2011	2012
	<b>Working-age clients receiving other unemployment-associated benefits<sup>1</sup></b>				
Unemployment Benefit – Training and Unemployment Benefit – Hardship – Training	6,432	7,356	6,455	6,101	6,265
Unemployment Benefit – Student Hardship	91	198	319	662	461
Independent Youth Benefit	52	52	71	73	54
<b>Total received by working-age clients</b>	<b>6,575</b>	<b>7,606</b>	<b>6,845</b>	<b>6,836</b>	<b>6,780</b>
<b>Other clients receiving other unemployment-associated benefits<sup>1</sup></b>					
<b>Total received by other clients</b>	<b>1,204</b>	<b>1,723</b>	<b>1,667</b>	<b>1,131</b>	<b>964</b>
<b>All clients receiving other unemployment-associated benefits<sup>1</sup></b>					
<b>Total received by all clients</b>	<b>7,779</b>	<b>9,329</b>	<b>8,512</b>	<b>7,967</b>	<b>7,744</b>

Note

1. The number of clients recorded in SWIFTT as receiving other unemployment-associated benefits at the end of June.

## Training-related benefits and Unemployment Benefits – Student Hardship drove increased grants and cancellations of these benefits

This pattern (see table OU.5 and table OU.6) reflected a combination of:

- Increased demand for training during times of economic recession and slow recovery. The recession also increased demand for financial assistance while undertaking that training.
- The introduction in January 2011 of time limits on training courses and of limits on the number of successive training courses clients can undertake. This resulted in more clients being granted training-related benefits for a short time then cancelling them, rather than retaining these benefits for a long period.

## Unemployment Benefits – Student Hardship formed a majority of other unemployment-associated benefits granted

Between 2009/2010 and 2011/2012, Unemployment Benefits – Student Hardship accounted for between 56% and 63% of other unemployment-associated benefits granted (see table OU.5). These benefits provide short-term assistance to students seeking employment during breaks from training or study.

**table OU.5: Types of other unemployment-associated benefits granted**

Type of benefit granted	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Other unemployment-associated benefits granted to working-age clients<sup>1</sup></b>				
Unemployment Benefit – Training and Unemployment Benefit – Hardship – Training	11,876	13,360	12,215	14,722	21,254
Unemployment Benefit – Student Hardship	8,865	11,200	18,180	24,796	27,248
<b>Benefits granted to working-age clients</b>	<b>20,741</b>	<b>24,560</b>	<b>30,395</b>	<b>39,518</b>	<b>48,502</b>
	<b>Other unemployment-associated benefits granted to other clients<sup>1</sup></b>				
<b>Benefits granted to other clients</b>	<b>2,779</b>	<b>3,448</b>	<b>3,524</b>	<b>2,434</b>	<b>2,000</b>
	<b>Other unemployment-associated benefits granted to all clients<sup>1</sup></b>				
<b>Total benefits granted</b>	<b>23,520</b>	<b>28,008</b>	<b>33,919</b>	<b>41,952</b>	<b>50,502</b>

Note

1. The number of successful applications for other unemployment-associated benefits recorded in SWIFTT during years ended June.

## Unemployment Benefits – Student Hardship formed a majority of other unemployment-associated benefits cancelled

Between 2009/2010 and 2011/2012, Unemployment Benefits – Student Hardship accounted for between 56% and 60% of other unemployment-associated benefits cancelled (see table OU.6). This reflected:

- the dominance of these benefits among other unemployment-associated benefits granted
- the fact that these benefits are generally paid for a short time (over the summer vacation from education or training).

**table OU.6: Types of other unemployment-associated benefits cancelled**

Type of benefit cancelled	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Other unemployment-associated benefits cancelled by working-age clients<sup>1</sup></b>				
Unemployment Benefit – Training and Unemployment Benefit – Hardship – Training	11,639	12,556	13,029	14,819	20,741
Unemployment Benefit – Student Hardship	8,874	11,204	17,987	24,271	27,446
Independent Youth Benefit	967	1,114	1,538	1,366	973
<b>Benefits cancelled by working-age clients</b>	<b>21,480</b>	<b>24,874</b>	<b>32,554</b>	<b>40,456</b>	<b>49,160</b>
<b>Other unemployment-associated benefits cancelled by other clients<sup>1</sup></b>					
<b>Benefits cancelled by other clients</b>	<b>1,839</b>	<b>1,748</b>	<b>2,017</b>	<b>1,637</b>	<b>1,286</b>
<b>Other unemployment-associated benefits cancelled by all clients<sup>1</sup></b>					
<b>Total benefits cancelled</b>	<b>23,319</b>	<b>26,622</b>	<b>34,571</b>	<b>42,093</b>	<b>50,446</b>

Note

1. The number of cancellations of other unemployment-associated benefits recorded in SWIFTT during years ended June.



# Domestic Purposes Benefits

## Definition of Domestic Purposes Benefits

This group of main benefits comprises:

- Domestic Purposes Benefit – Sole Parent
- Domestic Purposes Benefit – Care of Sick or Infirm
- Domestic Purposes Benefit – Women Alone
- Emergency Maintenance Allowance.

## Recent operational and administrative changes

From September 2010, clients receiving a Domestic Purposes Benefit – Sole Parent, a Domestic Purposes Benefit – Woman Alone, or an Emergency Maintenance Allowance are subject to work obligations if:

- they have no dependent children, or
- their youngest dependent child is aged 6 or over.

If their youngest dependent child is aged less than 6, they have to meet the obligations of the employment planning process if required to by their case manager.

At the same date, there was an increase (from \$80 a week before tax to \$100 a week before tax) in the amount of other income that recipients of these benefits could earn before their benefit was affected.

Between March 2003 and September 2010, clients receiving these benefits were obliged to meet the requirements of the Personal Development and Employment planning process if required to by their case managers.

## Eligibility by specific type of Domestic Purposes Benefit

### Domestic Purposes Benefit – Sole Parent

#### Who is it available to?

A Domestic Purposes Benefit – Sole Parent is available to a sole parent with one or more dependent children who:

- is aged under 18, or who is aged 18 and still in school
- lives with them.

To be eligible for a Domestic Purposes Benefit – Sole Parent, the sole parent must:

- be single, and not living with the other parent or with another spouse or partner, or
- have lost the support of their spouse or partner (eg the spouse or partner is in prison or rehabilitation).

In addition, clients must:

- be aged 18 or over, or
- be aged 16 or 17 and have been legally married or in a civil union.

Applicants for a Domestic Purposes Benefit – Sole Parent are, with some exceptions, required to:

- name the other parent of the child or children for whom they are caring
- apply for Child Support.

A refusal to name the other parent without good reason results in a reduced rate of benefit being payable.

Income and residency tests apply.

### **Work obligations**

From September 2010, clients receiving a Domestic Purposes Benefit – Sole Parent are subject to:

- part-time work obligations if their youngest dependent child is aged 6–17
- full-time work obligations if their youngest dependent child is aged 18 or over.

If their youngest dependent child is aged less than 6, they have to meet the obligations of the employment planning process if required to by their case manager.

### **What happens to the Child Support paid by the other parent of the child?**

Child Support paid by the liable parent, up to the level of the Domestic Purposes Benefit – Sole Parent, is retained by the Crown to offset the cost of the benefit. Please refer to Inland Revenue publications for information on the collection of Child Support.

## **Domestic Purposes Benefit – Care of Sick or Infirm**

### **Who is it available to?**

A Domestic Purposes Benefit – Care of Sick or Infirm is available to a person who is caring on a full-time basis for someone (other than a partner). The person being cared for must:

- be in their own home or in the client's home
- have an incapacity or condition that means they would otherwise be receiving:
  - hospital care
  - rest home care
  - residential disability care
  - extended care services provided for severely disabled children and young people, or
  - care of an equivalent kind.

To be eligible for a Domestic Purposes Benefit – Care of Sick or Infirm, clients must be aged 16 or over.

Income and residency tests apply.

### **Work obligations**

Recipients of a Domestic Purposes Benefit – Care of Sick or Infirm are not work tested. These clients may, however, be required to attend a yearly planning meeting to plan their entry into paid work once their caring responsibilities have ended.

## **Domestic Purposes Benefit – Women Alone**

### **Who is it available to?**

A Domestic Purposes Benefit – Women Alone is available to women who are:

- without the support of a partner
- without dependent children.

To be eligible for this benefit, these women must have become alone or lost the support of a partner after:

- turning 50 years of age
- either:
  - caring for dependent children for at least 15 years
  - caring full-time for a sick or frail relative for at least five years, or
  - being supported by their partner for at least five years.

Residency and income tests apply.

### **Work obligations**

From September 2010, clients receiving a Domestic Purposes Benefit – Woman Alone have to meet the obligations of the employment planning process if required to by their case manager.

Between March 2003 and September 2010, these clients were obliged to meet the requirements of the Personal Development and Employment planning process if required to by their case manager.

## **Emergency Maintenance Allowance**

### **Who is it available to?**

An Emergency Maintenance Allowance may be available to sole parents with one or more dependent children who do not meet the eligibility criteria for a Domestic Purposes Benefit – Sole Parent or a Widow's Benefit and who:

- are receiving reduced income owing to annual closedown periods
- are unpaid during a break in employment
- are sole parents aged 16 or 17 who have never been legally married or in a civil union and cannot be supported by their parents
- have split-custody childcare arrangements and are not entitled to a Domestic Purposes Benefit – Sole Parent, or
- are single and caring for a child not their own who does not meet the two years residency requirement for the Domestic Purposes Benefit – Sole Parent.

In some circumstances, it can also be paid to clients who are experiencing domestic violence but who are still living with their spouses or partners.

Over two-fifths of clients receiving an Emergency Maintenance Allowance are aged 25–39, while over one-third are aged 16–24.

Residency and income tests apply.

### **Work obligations**

From September 2010, clients receiving an Emergency Maintenance Allowance are subject to:

- part-time work obligations if their youngest dependent child is aged 6–17
- full-time work obligations if their youngest dependent child is aged 18 or over.

If their youngest dependent child is aged less than 6, they have to meet the obligations of the employment planning process if required to by their case manager.

Between March 2003 and September 2010, clients receiving an Emergency Maintenance Allowance were obliged to meet the requirements of the Personal Development and Employment planning process if required to by their case manager.

## Numbers receiving a Domestic Purposes Benefit

### The number receiving a Domestic Purposes Benefit decreased between 2011 and 2012

This decrease (see table DP.1) followed increases between 2008 and 2011. This pattern reflected a combination of changes in economic conditions and Work and Income's increased focus on moving sole parents into work once their children reach school age.

**table DP.1: Numbers receiving a Domestic Purposes Benefit**

Age of client at 30 June	Clients receiving a Domestic Purposes Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	96,440	104,400	111,689	113,429	112,260
Other clients receiving benefits	717	782	694	610	568
<b>Total clients receiving benefits</b>	<b>97,157</b>	<b>105,182</b>	<b>112,383</b>	<b>114,039</b>	<b>112,828</b>

Note

1. The number of clients recorded in SWIFTT as receiving a Domestic Purposes Benefit at the end of June.

### This decrease reflected an excess of cancellations over grants

In 2011/2012, slightly more Domestic Purposes Benefits were cancelled than were granted (see table DP.2 and table DP.3). This followed three years when more Domestic Purposes Benefits were granted than were cancelled.

The decrease between 2008/2009 and 2011/2012 in Domestic Purposes Benefits granted (see table DP.2) reflected a combination of:

- changes in economic conditions
- an increased emphasis by Work and Income on moving recipients of these benefits into paid work.

**table DP.2: Numbers granted a Domestic Purposes Benefit**

Client age when benefit granted	Grants of a Domestic Purposes Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	36,494	41,811	40,616	38,072	36,258
Benefits granted to other clients	1,054	1,100	942	799	751
<b>Total benefits granted</b>	<b>37,548</b>	<b>42,911</b>	<b>41,558</b>	<b>38,871</b>	<b>37,009</b>

Note

1. The number of successful applications for a Domestic Purposes Benefit recorded in SWIFTT during years ended June.

### The number of clients cancelling a Domestic Purposes Benefit increased

This increase was apparent between 2009/2010 and 2011/2012, but slowed in 2011/2012 (see table DP.3). It followed decreases between 2007/2008 and 2009/2010. This pattern reflected a combination of:

- changes in economic conditions, and the impact of these on the number receiving these benefits
- an ongoing emphasis by Work and Income on placing as many clients into work as possible.

**table DP.3: Numbers cancelling a Domestic Purposes Benefit**

Client age when benefit cancelled	Cancellations of a Domestic Purposes Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	36,873	34,566	34,110	36,895	37,231
Benefits cancelled by other clients	351	375	373	348	399
<b>Total benefits cancelled</b>	<b>37,224</b>	<b>34,941</b>	<b>34,483</b>	<b>37,243</b>	<b>37,630</b>

Note

1. The number of cancellations of Domestic Purposes Benefits recorded in SWIFTT during years ended June.

## More information about recipients of Domestic Purposes Benefits

### Between 2008 and 2012, almost all working-age recipients of a Domestic Purposes Benefit were sole parents

Over this period, around 90% of these clients were receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance (see table DP.4).

The number receiving a Domestic Purposes Benefit – Care of Sick or Infirm increased between 2008 and 2012 (see table DP.4). This reflected, at least in part, the impact of a Work and Income campaign aimed at ensuring people caring for others were receiving their full and correct entitlements.

**table DP.4: Types of Domestic Purposes Benefits received**

Type of Domestic Purposes Benefit received at the end of June	2008	2009	2010	2011	2012
<b>Working-age clients receiving a Domestic Purposes Benefit<sup>1</sup></b>					
Domestic Purposes Benefit – Sole Parent	86,695	93,404	99,284	99,945	98,148
Domestic Purposes Benefit – Care of Sick or Infirm	5,246	6,016	6,630	7,248	7,657
Domestic Purposes Benefit – Women Alone	2,842	3,149	3,507	3,865	4,006
Emergency Maintenance Allowance	1,657	1,831	2,268	2,371	2,449
<b>Total working-age clients receiving benefits</b>	<b>96,440</b>	<b>104,400</b>	<b>111,689</b>	<b>113,429</b>	<b>112,260</b>
<b>Other clients receiving a Domestic Purposes Benefit<sup>1</sup></b>					
<b>Total other clients receiving benefits</b>	<b>717</b>	<b>782</b>	<b>694</b>	<b>610</b>	<b>568</b>
<b>All clients receiving a Domestic Purposes Benefit<sup>1</sup></b>					
<b>Total clients receiving benefits</b>	<b>97,157</b>	<b>105,182</b>	<b>112,383</b>	<b>114,039</b>	<b>112,828</b>

Note

1. The number of clients recorded in SWIFTT as receiving a Domestic Purposes Benefit at the end of June.

### **Over one in three of clients cancelling a Domestic Purposes Benefit entered paid work**

A majority of the clients cancelling these benefits for 'other' reasons entered other relationships or reconciled with former partners. A small number of work-ready clients transferred to Unemployment Benefits.

### **More information about working-age sole parents receiving benefits**

#### **A relatively small number of the working-age population were sole parents receiving benefits**

Between 2010 and 2012, recipients of a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance accounted for around 3.7% of the working-age population. This proportion increased from 3.3% to 3.7% between 2008 and 2010.

#### **Younger people were most likely to be sole parents receiving benefits**

Between 2008 and 2012, 25–39 year olds were most likely to be receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance, followed by 18–24 year olds and 40–49 year olds. This reflected, at least in part, patterns in the ages of:

- women having children
- people when relationship breakdowns occur.

See table OT.3 for information about the use of Domestic Purposes Benefits since 1975.

#### **One in two of these clients had at least one dependent child aged less than 5**

In 2011 and 2012, 50% of the working-age recipients of a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance had at least one child aged under 5 (see table DP.5). Almost all recipients of these benefits had at least one child aged under 14.

**table DP.5: Ages of youngest children of working-age recipients of a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance**

Age of youngest dependent child at the end of June	Working-age clients receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance <sup>1</sup>				
	2008	2009	2010	2011	2012
0–4 years	43,147	46,734	50,086	51,122	50,352
5–9 years	23,283	24,513	25,510	25,365	25,233
10–13 years	12,934	13,832	14,654	14,678	14,212
14–17 years	8,615	9,700	10,715	10,586	10,261
18–19 years	232	288	412	430	382
Not caring for children <sup>2</sup>	141	168	175	135	157
<b>Total working-age recipients</b>	<b>88,352</b>	<b>95,235</b>	<b>101,552</b>	<b>102,316</b>	<b>100,597</b>

## Notes

1. The number of working-age clients recorded in SWIFTT as receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance at the end of June.
2. Clients may continue to receive a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance for a short period after the child in respect of whom the benefit was paid has left their care. In addition, clients may be paid a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance at a reduced rate while the custody and care circumstances of the children involved are clarified.

**Nearly two in three sole parents granted Domestic Purposes Benefits had a dependent child aged under 5**

Nearly all these clients had at least one dependent child aged under 14 (see table DP.6).

**table DP.6: Ages of youngest children of working-age clients granted a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance**

Age of youngest dependent child when benefit granted	Domestic Purposes Benefit – Sole Parent and Emergency Maintenance Allowance granted to working-age clients <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
0–4 years	19,586	21,778	21,469	20,421	19,373
5–9 years	6,418	7,376	6,790	6,041	5,689
10–13 years	3,762	4,539	4,301	3,721	3,506
14–17 years	2,402	3,274	3,190	2,849	2,593
18 years or over	13	28	40	32	32
Unspecified	0	1	1	0	1
Not applicable (no child linked to the benefit) <sup>2</sup>	82	99	83	86	76
<b>Total benefits granted to working-age clients</b>	<b>32,263</b>	<b>37,095</b>	<b>35,874</b>	<b>33,150</b>	<b>31,270</b>

## Notes

1. The number of successful applications from working-age clients for a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance recorded in SWIFTT during years ended June.
2. Clients have been granted these benefits while the custody and care circumstances of the children involved are clarified. In most cases, these benefits are paid at a rate similar to Unemployment Benefits received by single people with no children.



# Sickness Benefits

## Definition of Sickness Benefits

The main benefits in this group are the:

- Sickness Benefit
- Sickness Benefit – Hardship.

## Recent administrative and operational changes

From September 2007, new administrative processes for Sickness Benefits:

- require more detailed medical information on medical certificates
- allow case managers to make decisions about whether clients should receive a Sickness Benefit, an Invalid's Benefit or other assistance.

These decisions by case managers are to be based on:

- the medical information provided
- discussions with the clients
- where required, advice from Regional Health Advisors and/or Regional Disability Advisors.

Between September 2007 and September 2010, clients receiving Sickness Benefits were also obliged to meet the requirements of the Personal Development and Employment planning process if required to by their case manager.

From September 2010, clients receiving a Sickness Benefit are obliged to meet the requirements of the employment planning process if required to by their case manager.

From May 2011, clients receiving a Sickness Benefit are required to complete a reassessment for their benefit every 12 months. This process:

- includes an interview to review their circumstances, including their medical history, and their eligibility for a Sickness Benefit
- ensures the information on the client's incapacity, needs and skills remains up to date, and assesses the client's entitlement to a Sickness Benefit.

From May 2011, Sickness Benefit recipients assessed by a doctor as being able to work part-time can also be made subject to part-time work obligations.

## Eligibility by specific type of Sickness Benefit

### Sickness Benefit

#### Who is it available to?

Since 1 October 1998, a Sickness Benefit has been available to people who are:

- unable to work full-time through illness, injury or pregnancy
- limited in their capacity to seek work owing to illness or injury, or
- in employment but losing earnings through illness or injury.

To receive a Sickness Benefit, a client must be:

- aged 18 or over, or
- aged 16 or over, married or in a civil union, and supporting a dependent child.

Income and residency tests apply.

#### Work obligations

From September 2010, clients receiving a Sickness Benefit are obliged to fulfil the demands of the employment planning process if required to by their case manager. From May 2011, if they are assessed as being able to work part-time, they may be made subject to part-time work obligations.

Between September 2007 and September 2010, clients receiving a Sickness Benefit were obliged to fulfil the demands of the Personal Development and Employment planning process if required to by their case manager.

#### The spouses and partners of recipients are also work tested

The type of work test for a spouse or partner depends on the age of the couple's youngest dependent child.

From September 2007, a spouse or partner is subject to:

- a full-time work test if they have no dependent children, or if their youngest dependent child is:
  - aged over 18, or
  - aged 18 and not engaged in full-time education or training
- a part-time work test if their youngest child is:
  - aged 6–17, or
  - aged 18 and engaged in full-time education or training.

If a couple's youngest dependent child is aged under 6, the spouse or partner is (if required to by their case manager) obliged to engage with:

- the Personal Development and Employment planning process (from September 2007 to September 2010)
- the employment planning process (from September 2010).

## Sickness Benefit – Hardship

This benefit is available to people who:

- meet all the eligibility criteria for a Sickness Benefit other than the residency criteria
- are suffering hardship because of illness or injury.

Sixteen or 17 year olds may also be eligible for a Sickness Benefit – Hardship if they are:

- unable to support themselves because of pregnancy, or
- attending an approved rehabilitation programme.

## Numbers of clients receiving a Sickness Benefit

### The number receiving a Sickness Benefit increased slightly between 2011 and 2012

This increase (see table SB.1) followed a flattening between 2010 and 2011 of the number receiving Sickness Benefit. This pattern reflected movements off and on Sickness Benefits, which in turn reflected:

- changes in economic conditions, and their impact on job opportunities for people who are facing health and disability issues
- an ongoing emphasis by Work and Income on moving as many clients as possible into work.

**table SB.1: Numbers receiving a Sickness Benefit**

Client age at 30 June	Clients receiving a Sickness Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	46,271	54,352	58,465	58,009	59,413
Other clients receiving benefits	439	540	751	886	948
<b>Total clients receiving benefits</b>	<b>46,710</b>	<b>54,892</b>	<b>59,216</b>	<b>58,895</b>	<b>60,361</b>

Note

1. The number of clients recorded in SWIFTT as receiving a Sickness Benefit at the end of June.

### The number of Sickness Benefits granted remained higher than the number of Sickness Benefits cancelled

Between 2008/2009 and 2011/2012, grants of Sickness Benefits exceeded cancellations of Sickness Benefits (see table SB.2 and table SB.3). The difference between the two reduced between 2009/2010 and 2011/2012, resulting in a slowing of the growth in the number receiving a Sickness Benefit.

**table SB.2: Numbers granted a Sickness Benefit**

Client age when benefit granted	Grants of a Sickness Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	49,518	55,848	55,426	52,207	51,282
Benefits granted to other clients	808	938	954	904	821
<b>Total benefits granted</b>	<b>50,326</b>	<b>56,786</b>	<b>56,380</b>	<b>53,111</b>	<b>52,103</b>

Note

1. The number of successful applications for a Sickness Benefit recorded in SWIFTT during years ended June.

**table SB.3: Numbers cancelling a Sickness Benefit**

Client age when benefit cancelled	Cancellations of a Sickness Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	51,207	47,620	50,327	50,721	50,610
Benefits cancelled by other clients	1,139	1,114	1,112	1,223	1,356
<b>Total benefits cancelled</b>	<b>52,346</b>	<b>48,734</b>	<b>51,439</b>	<b>51,944</b>	<b>51,966</b>

Note

1. The number of cancellations of Sickness Benefits recorded in SWIFTT during years ended June.

### Relatively few working-age people were receiving a Sickness Benefit

Between 2010 and 2012, around 2.2% of the working-age population were receiving Sickness Benefits, with 50–64 year olds more likely than younger working-age people to do so.

This reflected, at least in part, a combination of the ageing of the population and the association of ageing with the incidence of health and disability conditions covered by a Sickness Benefit.

See table OT.3 for trends since 1940 in the number of clients receiving a Sickness Benefit.

### More information about working-age clients receiving a Sickness Benefit

#### Most recipients of a Sickness Benefit had a psychological or psychiatric condition or a systemic disorder

Forty-two percent of working-age recipients of a Sickness Benefit in 2011 and 2012 had a psychological or psychiatric condition (see table SB.4). Another 35% had a systemic disorder.

**table SB.4: Incapacities of working-age clients receiving a Sickness Benefit**

Client incapacity at the end of June	Working-age clients receiving a Sickness Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Accident, trauma, entry of foreign bodies	3,313	4,333	4,547	4,521	4,662
Cancer	647	684	812	895	875
Congenital conditions	186	225	245	261	285
Disease <sup>2</sup>	649	784	850	791	757
Intellectual disability	113	117	113	107	105
Pregnancy related	1,428	1,327	1,262	1,328	1,309
Psychological or psychiatric conditions	18,036	22,004	23,931	24,120	24,641
Sensory disorders	542	657	708	720	720
Substance abuse	3,842	4,494	4,642	4,207	4,136
Systemic disorders <sup>3</sup>	17,242	19,232	20,638	20,269	20,976
Unspecified/ill-defined conditions <sup>4</sup>	273	495	717	790	947
<b>Total working-age clients</b>	<b>46,271</b>	<b>54,352</b>	<b>58,465</b>	<b>58,009</b>	<b>59,413</b>

## Notes

1. The number of working-age clients recorded in SWIFTT as receiving a Sickness Benefit at the end of June.
2. Encompasses circulatory system diseases, infectious diseases and parasitic diseases.
3. Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
4. Includes incapacities not coded and ill-defined conditions.

**Three in five working-age clients receiving a Sickness Benefit were aged 40 or over**

In 2011 and 2012, 48% of working-age Sickness Benefit recipients were aged 40–59, and another 11% were aged 60–64. Around 26% were aged 25–39.

**Recipients of a Sickness Benefit became more likely to have received their benefit for over two years**

Thirty-nine percent of working-age recipients of a Sickness Benefit in 2012 had received their current benefit for over two years. This compared with 29% in 2009. The proportion who had received their benefit for under one year decreased (from 52% to 43%) over the same period.

This largely reflected changes in economic conditions. People remained on Sickness Benefits for longer as opportunities for paid work became fewer for people affected by disability and health issues.

**Nearly two in five clients granted a Sickness Benefit had a psychological or psychiatric condition**

Of the working-age clients granted a Sickness Benefit between 2008/2009 and 2010/2011 (see table SB.5):

- around 37% had a psychological or psychiatric disorder
- around 28% had a systemic disorder.

**table SB.5: Incapacities of working-age clients granted a Sickness Benefit**

Client incapacity when benefit granted	Sickness Benefits granted to working-age clients <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Accident, trauma, entry of foreign bodies	5,407	6,601	6,888	6,057	6,134
Cancer	937	986	1,028	978	983
Congenital conditions	211	266	235	214	237
Disease <sup>2</sup>	710	999	972	839	766
Intellectual disability	64	143	97	105	112
Pregnancy related	4,484	4,496	4,499	4,408	4,426
Psychological or psychiatric conditions	18,227	20,892	20,647	20,028	19,157
Sensory disorders	460	604	572	566	544
Substance abuse	3,178	3,742	3,648	3,333	3,277
Systemic disorders <sup>3</sup>	15,418	16,295	15,772	14,524	14,323
Unspecified/ill-defined conditions <sup>4</sup>	422	824	1,068	1,155	1,323
<b>Total granted to working-age clients</b>	<b>49,518</b>	<b>55,848</b>	<b>55,426</b>	<b>52,207</b>	<b>51,282</b>

## Notes

1. The number of successful applications for a Sickness Benefit by working-age clients recorded in SWIFTT during years ended June.
2. Encompasses circulatory system diseases, infectious diseases and parasitic diseases.
3. Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
4. Includes incapacities not coded and ill-defined conditions.

### Clients granted a Sickness Benefit became more likely to have received a main benefit in the previous year

Between 2008/2009 and 2011/2012, the proportion of clients granted a Sickness Benefit who had received a main benefit in the previous 12 months increased from 48% to 57%.

Over the same period, the proportion who had not received a main benefit in the previous two years decreased from 43% to 35%.

### Nearly one in five Sickness Benefit cancellations reflected entry to work

Just under one in five clients cancelling a Sickness Benefit moved directly into work, while another small number of work-ready clients transferred to Unemployment Benefits. A majority of clients cancelling these benefits did so because of a loss of medical coverage (including recovery from illness or incapacity) or because they were entering full-time study.

# Invalid's Benefit

## Eligibility

An Invalid's Benefit is available to people aged 16 or over who are either:

- permanently and severely restricted in their capacity for work because of sickness, injury or disability, or
- totally blind.

A 'permanent and severe' restriction is defined in the Social Security Act 1964 as one that:

- means the client cannot regularly work more than 15 hours a week in open employment
- either:
  - is expected to last at least two years, or
  - is terminal and the client is not expected to live for more than two years.

Income and residency tests apply. The income test applies special conditions for people receiving an Invalid's Benefit because of blindness. People with a severe disability may have some or all of their personal earnings exempted from an income test.

## Facility for clients to undertake paid work

From July 2004, Invalid's Benefit recipients wishing to undertake paid work have been able to:

- keep their benefit while working 15 hours a week or more, if the period of employment:
  - is agreed in advance with the client's case manager
  - does not exceed six months
- stop work and reapply for an Invalid's Benefit owing to the same illness, disability or injury while being exempted from the automatic stand-down period before resuming receiving a benefit.

Clients with high earnings from employment may still be subject to a stand-down period.

## Work obligations

Since September 2010, Invalid's Benefit recipients have had to fulfil the obligations of the employment planning process if required to by their case manager. Clients could be exempted from these requirements if it would be inappropriate to require them to participate in planning.

Between September 2007 and September 2010, Invalid's Benefit recipients were obliged to fulfil the requirements of the Personal Development and Employment planning process if required to by their case manager.

## **The spouses and partners of recipients are also work tested**

The type of work test for a spouse or partner depends on the age of the couple's youngest dependent child.

From September 2007, a spouse or partner is subject to:

- a full-time work test if they have no dependent children, or if their youngest dependent child is:
  - aged over 18, or
  - aged 18 and not engaged in full-time education or training
- a part-time work test if their youngest child is:
  - aged 6–17, or
  - aged 18 and engaged in full-time education or training.

If the couple's youngest dependent child is aged under 6, the spouse or partner is (if required to by their case manager) obliged to fulfil the requirements of:

- the Personal Development and Employment planning process (from September 2007 to September 2010)
- the employment planning process (from September 2010).

## **Recent administrative changes**

From July 2007, the residency requirements for an Invalid's Benefit were reduced to match those for other main benefits. Further administrative changes from September 2007 aimed to ensure that clients received the assistance most appropriate to their needs. These changes consisted of:

- requiring more medical information on medical certificates
- allowing case managers to make decisions about whether clients should receive a Sickness Benefit, an Invalid's Benefit or other assistance.

These decisions by case managers are to be based on:

- the medical information provided
- discussions with the clients
- other relevant assessments.

From September 2010, there was an increase (from \$80 a week before tax to \$100 a week before tax) in the amount of other income Invalid's Benefit recipients could earn before their benefit was affected.

## **Numbers of clients receiving an Invalid's Benefit**

### **Numbers receiving an Invalid's Benefit decreased slightly between 2010 and 2012**

This pattern (see table IB.1) reflected changes over the same period in grants and cancellations of Invalid's Benefits. Grants of Invalid's Benefit decreased between 2007/2008 and 2011/2012 (see table IB.2), while cancellations remained relatively stable (see table IB.3).



**table IB.1: Numbers receiving an Invalid's Benefit**

Age of client at 30 June	Clients receiving an Invalid's Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	82,879	84,544	85,382	84,836	83,652
Other clients receiving benefits	2,318	2,614	3,031	3,298	3,535
<b>Total clients receiving benefits</b>	<b>85,197</b>	<b>87,158</b>	<b>88,413</b>	<b>88,134</b>	<b>87,187</b>

Note

1. The number of clients recorded in SWIFTT as receiving an Invalid's Benefit at the end of June.

### Operational changes have reduced the number of Invalid's Benefits granted

Decreased grants of Invalid's Benefits since 2007/2008 reflected in part the impact of operational changes introduced in September 2007. These changes resulted in a decrease in the number of transfers from a Sickness Benefit to an Invalid's Benefit.

**table IB.2: Numbers granted an Invalid's Benefit**

Age of client when benefit granted	Grants of an Invalid's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	15,007	11,024	10,520	9,303	8,892
Benefits granted to other clients	1,344	1,094	1,079	1,018	953
<b>Total benefits granted</b>	<b>16,351</b>	<b>12,118</b>	<b>11,599</b>	<b>10,321</b>	<b>9,845</b>

Note

1. The number of successful applications for an Invalid's Benefit recorded in SWIFTT during years ended June.

### Stable cancellation numbers largely reflected patterns in the use of Invalid's Benefit

Most cancellations arose from clients becoming eligible for New Zealand Superannuation or from the death of the client. This reflected the serious and ongoing nature of the conditions these clients have.

**table IB.3: Numbers cancelling an Invalid's Benefit**

	Cancellations of an Invalid's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	8,530	8,730	8,660	8,613	8,698
Benefits cancelled by other clients	1,225	1,467	1,541	1,698	1,925
<b>Total benefits cancelled</b>	<b>9,755</b>	<b>10,197</b>	<b>10,201</b>	<b>10,311</b>	<b>10,623</b>

Note

1. The number of cancellations of an Invalid's Benefit recorded in SWIFTT during years ended June.

## Relatively small numbers of working-age people were receiving an Invalid's Benefit

Between 2008 and 2012, around 3.1% of the working-age population were receiving an Invalid's Benefit, with those aged 40–64 more likely to do so than younger working-age people.

See table OT.3 for trends since 1940 in the number of clients receiving an Invalid's Benefit.

## More information about working-age recipients of an Invalid's Benefit

### Nearly two in five Invalid's Benefit recipients had a systemic disorder

Between 2009 and 2012, 38% of working-age Invalid's Benefit recipients had systemic disorders (see table IB.4). Another 29% had a psychological or psychiatric condition.

**table IB.4: Incapacities of working-age clients receiving an Invalid's Benefit**

Client incapacity at the end of June	Working-age clients receiving an Invalid's Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Accident, trauma, entry of foreign bodies	4,932	4,331	4,015	3,806	3,711
Cancer	2,340	2,264	2,180	2,069	2,016
Congenital conditions	3,297	3,640	3,861	3,995	4,142
Disease <sup>2</sup>	635	725	821	827	799
Intellectual disability	11,028	11,110	11,041	10,933	10,819
Psychological or psychiatric conditions	23,294	24,328	24,968	25,309	25,594
Sensory disorders	2,267	2,345	2,415	2,403	2,393
Substance abuse	1,577	1,707	1,703	1,648	1,578
Systemic disorders <sup>3</sup>	32,704	33,008	33,013	32,338	30,973
Unspecified/ill-defined conditions <sup>4</sup>	805	1,086	1,365	1,508	1,627
<b>Total received by working-age clients</b>	<b>82,879</b>	<b>84,544</b>	<b>85,382</b>	<b>84,836</b>	<b>83,652</b>

#### Notes

1. The number of working-age clients recorded in SWIFTT as receiving an Invalid's Benefit at the end of June.
2. Encompasses circulatory system diseases, infectious diseases and parasitic diseases.
3. Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
4. Includes incapacities not coded and ill-defined conditions.

### One in two Invalid's Benefit recipients were aged 50–64

Fifty-one percent of the working-age clients receiving an Invalid's Benefit in 2011 and 2012 were aged 50–64. Another 23% were aged 40–49.

This reflected both population ageing and the relationship between ageing and the incidence of permanent and severe health and disability conditions. Older working-age people were more likely to be receiving an Invalid's Benefit.

**Nearly one in two of the clients granted an Invalid's Benefit had a systemic disorder**

Of the clients granted an Invalid's Benefit between 2008/2009 and 2011/2012, around 45% had a systemic disorder. Around 26% had a psychological or psychiatric disorder.

**One in 10 clients cancelling an Invalid's Benefit between 2009/2010 and 2011/2012 entered paid work**

Between 2009/2010 and 2011/2012, 10% of clients cancelling an Invalid's Benefit entered paid work. This compared with 19% in 2007/2008. This change largely reflected the impact of changes in economic conditions on work opportunities for people with permanent and severe health or disability issues.

# Widow's Benefit

## Eligibility

A Widow's Benefit is available to a woman who has been widowed and:

- is caring for one or more dependent children
- was married<sup>2</sup>, and subsequently cared for dependent children for 15 years or more
- had one or more dependent children, and was married for a total of 15 years or more
- was married for five years or more, and became a widow after reaching 50 years of age, or
- is aged at least 50, was married for at least 10 years after marrying for the first time at least 15 years ago, and became a widow after reaching 40 years of age.

Income and residency tests apply.

## Work obligations

From September 2010, clients receiving a Widow's Benefit are obliged to meet the requirements of the employment planning process if required to by their case managers.

Between March 2003 and September 2010, clients receiving a Widow's Benefit were obliged to meet the requirements of the Personal Development and Employment planning process if required to by their case managers.

## Recent administrative changes

From September 2010, there was an increase (from \$80 a week before tax to \$100 a week before tax) in the amount of additional income Widow's Benefit recipients could receive before their benefit was affected.

## Numbers receiving a Widow's Benefit

### **The number receiving a Widow's Benefit remained relatively flat between 2008 and 2012**

This pattern (see table WB.1) reflected the relatively small difference between grants and cancellations of Widow's Benefits over the same period. Grants of Widow's Benefit decreased slightly between 2009/2010 and 2011/2012 (see table WB.2), while cancellations of Widow's Benefit remained relatively flat over the same period (see table WB.3).

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2 'Married' includes clients who were married, living as married, or in a civil union.

**table WB.1: Numbers receiving a Widow's Benefit**

Age of client at 30 June	Clients receiving a Widow's Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	5,803	5,820	5,901	5,840	5,685
Other clients receiving benefits	180	214	258	355	397
<b>Total clients receiving benefits</b>	<b>5,983</b>	<b>6,034</b>	<b>6,159</b>	<b>6,195</b>	<b>6,082</b>

Note

1. The number of clients recorded in SWIFTT as receiving a Widow's Benefit at the end of June.

**table WB.2: Numbers granted a Widow's Benefit**

Age of client when benefit granted	Grants of Widow's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	1,623	1,776	1,756	1,687	1,571
Benefits granted to other clients	53	70	101	106	120
<b>Total benefits granted</b>	<b>1,676</b>	<b>1,846</b>	<b>1,857</b>	<b>1,793</b>	<b>1,691</b>

Note

1. The number of successful applications for Widow's Benefit recorded in SWIFTT during years ended June.

**table WB.3: Numbers cancelling a Widow's Benefit**

Age of client when benefit cancelled	Cancellations of Widow's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits cancelled by working-age clients	1,832	1,518	1,348	1,426	1,407
Benefits cancelled by other clients	304	336	328	337	377
<b>Total benefits cancelled</b>	<b>2,136</b>	<b>1,854</b>	<b>1,676</b>	<b>1,763</b>	<b>1,784</b>

Note

1. The number of cancellations of Widow's Benefit recorded in SWIFTT during years ended June.

### Very small numbers of the working-age population were receiving a Widow's Benefit

Between 2008 and 2012, around 0.4% of the working-age population were receiving a Widow's Benefit. Women aged 50–64 were significantly more likely than younger women to be receiving a Widow's Benefit. This largely reflected the eligibility criteria for a Widow's Benefit.

See table OT.3 for trends since 1940 in the number of clients receiving a Widow's Benefit.

# Emergency Benefit

## Eligibility

An Emergency Benefit is available to people who are ineligible to receive any other main benefit, but are:

- suffering hardship
- unable to earn enough income to support themselves (and any family).

Decisions about whether a client is eligible to receive an Emergency Benefit consider:

- why the client cannot receive another benefit (eg medical requirements, residency requirements)
- whether the client meets the hardship criteria (ie low cash assets and no income or means of supporting themselves or a family)
- whether the client has contributed to their situation in any way (eg by not looking for other work in the off-season from their main employment)
- whether the client could change their position to ease their hardship (eg look for work, change the focus of their business).

Residency criteria for an Invalid's Benefit and for New Zealand Superannuation were reduced from 1 July 2007, to match those for the other main benefits. This resulted in an increase in the proportion of those receiving an Emergency Benefit who were working-age people.

Income and asset tests apply.

## Numbers receiving an Emergency Benefit

### The number of clients receiving an Emergency Benefit decreased between 2009 and 2012

This decrease (see table EB.1) reflected, at least in part, the reduced residency criteria from July 2007 outlined above for New Zealand Superannuation and some other benefits. This change reduced demand for Emergency Benefit, particularly among those aged 65 or over.

Many of the clients receiving an Emergency Benefit did so because they were not residentially qualified to receive another pension or main benefit.

**table EB.1: Numbers receiving an Emergency Benefit**

Client age at 30 June	Numbers receiving an Emergency Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Working-age clients receiving benefits	2,639	2,719	2,557	2,603	2,629
Other clients receiving benefits	5,636	5,344	4,832	4,388	4,015
<b>Total clients receiving benefits</b>	<b>8,275</b>	<b>8,063</b>	<b>7,389</b>	<b>6,991</b>	<b>6,644</b>

Note

1. The number of clients recorded in SWIFTT as receiving an Emergency Benefit at the end of June.

## This decrease reflected an excess of cancellations over grants

Between 2007/2008 and 2011/2012, cancellations of Emergency Benefits exceeded grants of Emergency Benefits (see table EB.2 and table EB.3).

An increase between 2007/2008 and 2011/2012 in Emergency Benefits granted (see table EB.2) reflected demand for benefits arising from the economic recession followed by a slow recovery.

**table EB.2: Numbers granted an Emergency Benefit**

Client age when benefit granted	Grants of Emergency Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Benefits granted to working-age clients	5,681	6,613	8,579	9,237	11,313
Benefits granted to other clients	1,531	1,361	1,040	913	857
<b>Total benefits granted</b>	<b>7,212</b>	<b>7,974</b>	<b>9,619</b>	<b>10,150</b>	<b>12,170</b>

Note

1. The number of successful applications for an Emergency Benefit recorded in SWIFTT in years ended June.

## Numbers of Emergency Benefits cancelled increased

Increases between 2009/2010 and 2011/2012 in cancellations of Emergency Benefits (see table EB.3) were driven by increased cancellations of Emergency Benefits by working-age clients. This largely reflected increases in Emergency Benefits granted to working-age clients, combined with the short-term nature of this assistance for most working-age recipients.

**table EB.3: Numbers cancelling an Emergency Benefit**

Client age when benefit cancelled	Cancellations of Emergency Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total cancelled by working-age clients	6,468	6,244	8,605	9,149	10,961
Total cancelled by other clients	1,906	1,765	1,611	1,363	1,327
<b>Total cancelled by all clients</b>	<b>8,374</b>	<b>8,009</b>	<b>10,216</b>	<b>10,512</b>	<b>12,288</b>

Note

1. The number of cancellations of an Emergency Benefit recorded in SWIFTT during years ended June.

## Very small numbers of working-age people were receiving an Emergency Benefit

Between 2008 and 2012, an estimated 0.1% or less of working-age people were receiving an Emergency Benefit.

## More information about Emergency Benefit recipients

### Emergency Benefit recipients aged 65 or over did not qualify for New Zealand Superannuation

A large majority of Emergency Benefit recipients were clients aged 65 or over who did not qualify for New Zealand Superannuation (usually because they did not meet residency criteria). Once granted an Emergency Benefit, these clients tended to remain on an Emergency Benefit until they had fulfilled New Zealand Superannuation residency criteria, at which point they transferred to New Zealand Superannuation.

### Working-age recipients of Emergency Benefits became younger

In 2011 and 2012, 58% of working-age Emergency Benefit recipients were aged 18–40 (see table EB.4). This compared with 44% in 2008.

In 2011 and 2012, around 25% of working-age Emergency Benefit recipients were aged 50–64 (see table EB.4). The use of Emergency Benefits among those aged 50–64 declined after the July 2007 change in residency criteria of other assistance reduced demand for Emergency Benefits in this age group.

**table EB.4: Ages of working-age clients receiving an Emergency Benefit**

Age of client at the end of June	Working-age clients receiving an Emergency Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
18–24 years	368	476	508	586	574
25–39 years	783	900	860	932	941
40–49 years	442	474	466	432	427
50–59 years	540	450	389	352	376
60–64 years	506	419	334	301	311
<b>Total working-age clients</b>	<b>2,639</b>	<b>2,719</b>	<b>2,557</b>	<b>2,603</b>	<b>2,629</b>

Note

1. The number of working-age clients recorded in SWIFTT as receiving an Emergency Benefit at the end of June.

### Nearly two in three of those granted an Emergency Benefits were aged under 40

Sixty-three percent of working-age clients granted an Emergency Benefit between 2008/2009 and 2011/2012 were aged under 40 (see table EB.5). This includes around 27% aged 18–24.

Increases between 2008/2009 and 2011/2012 in grants of Emergency Benefits were most apparent among 18–40 year olds.

**table EB.5: Ages of working-age clients granted an Emergency Benefit**

Age of client when benefit granted	Grants of Emergency Benefit to working-age clients <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
18–24 years	1,280	1,724	2,389	2,591	3,124
25–39 years	2,201	2,452	3,051	3,314	3,998
40–49 years	1,124	1,270	1,636	1,677	2,117
50–59 years	736	807	1,082	1,206	1,516
60–64 years	340	360	421	449	558
<b>Total granted to working-age clients</b>	<b>5,681</b>	<b>6,613</b>	<b>8,579</b>	<b>9,237</b>	<b>11,313</b>

Note

1. The number of successful applications for an Emergency Benefit from working-age clients recorded in SWIFTT during years ended June.



**Around one in two clients cancelling an Emergency Benefit entered paid work**

From 2007/2008 to 2011/2012, between 48% and 52% of working-age clients who cancelled an Emergency Benefit entered paid work.



# Supplementary benefits

# Background

## The purpose of supplementary benefits

Supplementary benefits are available to help meet specific costs that cannot be met from a client's usual income or from other sources. Costs that may be met by supplementary benefits include:

- accommodation costs
- childcare costs
- some training costs
- health-related or medical-related costs.

Most supplementary benefits are paid on an ongoing basis. Supplementary benefits can also be paid:

- for short periods in response to a specific need (eg childcare costs during school holidays), or
- as one-off lump sums.

## What if people need help with more than one of the costs covered by supplementary benefits?

People can receive more than one supplementary benefit.

Payments of some supplementary benefits can cover more than one person. For example, a client may receive payments of the Childcare Subsidy that cover more than one child. For supplementary benefits where this is possible, this report shows information on the total number of people covered by the payments received.

## Who can receive supplementary benefits?

Under the Social Security Act 1964, Work and Income delivers supplementary benefits to:

- people receiving a pension or main benefit
- other people with low incomes and few assets
- people with particular needs (eg costs arising from a health issue or a medical condition).

Supplementary benefits help clients having difficulty meeting from their usual income the specific costs covered by supplementary benefits.

The eligibility for supplementary benefits usually depends on income and assets.

# Payment rates

## Maximum payments available

Table SP.1 shows the maximum weekly rates for a selection of the most commonly paid supplementary benefits. The amounts actually received may differ from these, depending on the type of supplementary benefit, the costs to be covered and the client's income.

**table SP.1: Weekly payment rates for selected supplementary benefits (payable from 1 April 2012)**

Supplementary benefit <sup>1</sup>	Status	Maximum weekly payment rate <sup>2</sup>
Accommodation Supplement <sup>3</sup>	Living in North and Central Auckland	\$225.00
	Living in other high-cost housing areas <sup>4</sup>	\$165.00
	Living in other main provincial centres <sup>5</sup>	\$120.00
	Living elsewhere in New Zealand	\$65.00
Training Incentive Allowance	Maximum weekly rate	\$103.95
	(Maximum per year \$4,158.00)	
Disability Allowance	Maximum amount	\$60.17
Child Disability Allowance	Fixed rate	\$45.34
Childcare Subsidy <sup>6</sup>	Maximum amount	\$195.50
Unsupported Child's Benefit and Orphan's Benefit (per child)	Child is aged 14 or over	\$199.43
	Child is aged 10–13	\$182.42
	Child is aged 5–9	\$165.31
	Child is aged under 5	\$142.45
Working for Families Tax Credit <sup>7,8</sup>	First child or only child 15 years or under	\$92.00
	Second or subsequent child 0–12 years	\$65.00
	Second or subsequent child 13–15 years	\$75.00
	First child or only child 16 years or over	\$101.00
	Second or subsequent child 16 years or over	\$92.00

## Notes

1. This is a selection of the more commonly paid types of supplementary benefit. These benefits may be received in combination with a pension or a main benefit and may also be available to low-income earners.
2. All rates are payable from 1 April 2012.
3. The maximum amounts of Accommodation Supplement available are subject to household circumstances and to income and asset tests. The amounts shown are payments for a family of three or more people (eg two adults and one child, one adult and two children).
4. Includes South and West Auckland, Wellington, Tauranga, Nelson, Queenstown, Wanaka and Arrowtown.
5. Includes Christchurch, Hamilton, Hastings, Napier, Palmerston North and Rotorua.
6. The maximum amount shown is for the maximum number of subsidised hours (50) at the highest level of subsidy. The actual rate of subsidy received depends on the hours subsidised and income.
7. Administered by Inland Revenue but payments to Work and Income clients may be made through Work and Income. Before Working for Families, Inland Revenue delivered Family Support to low-income families with children.
8. Payments under this programme are not included in the information reported in this publication. See the Inland Revenue Annual Report for information on expenditure under this programme.

# Accommodation Supplement

## Costs covered

An Accommodation Supplement can be used to help pay rent, board or the costs of home ownership. Accommodation Supplement replaced Accommodation Benefit on 1 July 1993.

Housing costs must be over a stated threshold, which depends on where the client lives. An Accommodation Supplement meets 70% of accommodation-related costs over this threshold, up to a maximum that varies according to region and household size. For boarders, 62% of their boarding costs are considered accommodation-related costs.

## Eligibility

Recipients must have accommodation costs above the threshold for their area, and be having difficulty meeting those costs from their regular income. Income and asset tests must also be met.

Tenants of Housing New Zealand Corporation (HNZC) properties receive a rental subsidy from HNZC and are not eligible for an Accommodation Supplement.

## Numbers of clients receiving an Accommodation Supplement

### The number receiving an Accommodation Supplement decreased between 2010 and 2012

This decrease (see table AS.1) largely reflected changes over the same period in the number receiving main benefits. Historically, most recipients of an Accommodation Supplement have also been receiving a main benefit.

**table AS.1: Numbers receiving an Accommodation Supplement**

	Clients receiving an Accommodation Supplement <sup>1</sup>				
	2008	2009	2010	2011	2012
Total supplements received	245,510	293,388	317,059	308,551	304,117

Note

1. The number of clients recorded in SWIFTT as receiving an Accommodation Supplement at the end of June.

## The number of grants of Accommodation Supplement remained relatively flat between 2010/2011 and 2011/2012

This pattern (see table AS.2) followed a fluctuation between 2008/2009 and 2010/2011.

**table AS.2: Numbers of Accommodation Supplements granted**

	Grants of Accommodation Supplement <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total supplements granted	207,874	262,361	284,754	276,944	278,241

Note

1. The number of successful applications for an Accommodation Supplement recorded in SWIFTT during years ended June.

## Around one in ten of those aged 18 or over were receiving an Accommodation Supplement

In 2012, an estimated 9.0% of those aged 18 or over were receiving an Accommodation Supplement, down from 9.6% since 2010.

## Young people were more likely than older people to be receiving a supplement

Those aged under 40 were more likely than older people to be receiving an Accommodation Supplement. These patterns reflected, at least in part, the increased likelihood that younger people:

- were living on low incomes
- did not own their own homes
- had dependent children who were covered by a Working for Families Tax Credit.

## More information about recipients of an Accommodation Supplement

### One in four Accommodation Supplement recipients were being paid a Domestic Purposes Benefit

Between 2010 and 2012, 26% of Accommodation Supplement recipients were receiving a Domestic Purposes Benefit (see table AS.3). Another 18% were working families, while 14% were receiving a Sickness Benefit, and similar proportions were receiving an Invalid's Benefit or an Unemployment Benefit.



**table AS.3: Financial assistance paid to Accommodation Supplement recipients**

Financial assistance paid at the end of June	Clients receiving an Accommodation Supplement <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	12,471	38,846	47,994	42,729	37,832
Domestic Purposes Benefits	68,904	75,916	82,245	81,218	80,621
Sickness Benefits	33,522	40,403	44,114	43,373	44,714
Invalid's Benefit	41,755	43,345	44,037	42,630	42,384
Other main benefits <sup>2</sup>	13,092	14,622	14,070	13,117	12,828
New Zealand Superannuation or Veteran's Pension	22,800	24,523	26,458	27,711	29,689
None of the above assistance <sup>3</sup>	52,966	55,733	58,141	57,773	56,049
<b>Total</b>	<b>245,510</b>	<b>293,388</b>	<b>317,059</b>	<b>308,551</b>	<b>304,117</b>

## Notes

1. The number of clients recorded in SWIFTT as receiving an Accommodation Supplement at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.

**Nearly two in three Accommodation Supplement recipients were renting privately**

Between 2011 and 2012, 63% of Accommodation Supplement recipients were renting privately, while another 21% were boarding. Fourteen percent were receiving help with mortgage expenses.

**One in three of the clients granted an Accommodation Supplement were receiving an Unemployment Benefit**

Between 2010/2011 and 2011/2012, 32% of the clients granted an Accommodation Supplement were being paid an Unemployment Benefit (see table AS.4). Another 19% were working families, and 16% were receiving a Sickness Benefit.

**table AS.4: Financial assistance paid to clients granted an Accommodation Supplement**

Financial assistance received when Accommodation Supplement granted	Grants of Accommodation Supplement <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	44,317	81,432	96,452	90,181	89,628
Domestic Purposes Benefits	33,476	38,510	37,829	35,144	33,194
Sickness Benefits	40,822	46,750	47,068	44,310	43,502
Invalid's Benefit	12,790	10,408	9,745	8,880	8,477
Other main benefits <sup>2</sup>	23,602	27,947	32,536	37,308	44,236
New Zealand Superannuation or Veteran's Pension	6,118	6,798	6,858	7,212	7,679
None of the above assistance <sup>3</sup>	46,749	50,516	54,266	53,909	51,525
<b>Total</b>	<b>207,874</b>	<b>262,361</b>	<b>284,754</b>	<b>276,944</b>	<b>278,241</b>

## Notes

1. The number of successful applications for Accommodation Supplements recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.

# Away from Home Allowance

## Costs covered

An Away from Home Allowance provides help with accommodation costs for the caregivers of dependent 16 and 17 year olds who move away from home to undertake:

- tertiary study, or
- employment-related training.

The amount of Away from Home Allowance payable is the difference between:

- the threshold for rental or boarding costs that applies to a single 18 year old receiving an Unemployment Benefit
- the maximum accommodation costs funded (which depends on where the young person is living).

All accommodation costs must be verified when applying for an Away from Home Allowance.

## Eligibility

For an Away from Home Allowance to be paid, the client must be:

- the principal caregiver for the young person
- entitled to receive Working for Family Tax Credits for the young person.

In addition, the young person must be living away from home to undertake a course that (if they were old enough to receive one) would qualify them for either:

- a Student Allowance, or
- an Unemployment Benefit.

The allowance is income tested, but is non-taxable and is not asset tested.

## Numbers receiving an Away from Home Allowance

### The number of clients receiving an Away from Home Allowance fluctuated

The number of clients receiving an Away from Home Allowance increased from 41 to 57 between 2010 and 2011, then decreased to 38 in 2012.

This reflected fluctuations in grants of Away from Home Allowance, which rose from 99 to 111 between 2009/2010 and 2010/2011, then decreased to 76 in 2011/2012.

### Most of those receiving and granted an Away from Home Allowance were in working families

Over this period, between 60% and 66% of Away from Home Allowance recipients, and between 58% and 64% of clients granted an allowance, were in working families. Domestic Purposes Benefit recipients accounted for most of the remaining allowances received and granted.

# Unsupported Child's Benefit and Orphan's Benefit

## Costs covered

These benefits are paid as a contribution toward the costs of caring for a child. For these benefits to be paid, the child must be being cared for:

- for at least 12 months
- by someone who is not their natural parent, adoptive parent or step-parent.

## Eligibility

To receive either of these benefits, the caregivers must be:

- aged 18 or over
- available to care for the child for at least 12 months.

An Unsupported Child's Benefit is available to the principal caregiver of a child whose natural, adoptive or step-parents are, because of a family breakdown, unable to:

- care for the child, or
- provide fully for the child's support.

An Orphan's Benefit is available to the principal caregiver of a child whose natural or adoptive parents cannot support the child because they:

- are deceased
- suffer from a serious long-term illness or incapacity that means they cannot care for the child, or
- cannot be found.

No breakdown in the child's family is necessary for an Orphan's Benefit to be payable.

## Residency and income tests

Residency tests apply to these benefits.

The caregiver receiving the benefit is not income tested. These benefits are income tested on any income the child receives other than their personal earnings.

These benefits are not taxable, and the child for whom the benefit is paid is not work tested.

## Numbers receiving an Unsupported Child's Benefit or an Orphan's Benefit

### Numbers receiving an Unsupported Child's Benefit and an Orphan's Benefit remained relatively unchanged between 2010 and 2012

This pattern (see table UO.1) reflected a combination of:

- a slow reduction between 2009/2010 and 2011/2012 in the number of grants of these benefits
- children leaving care as they age.

**table UO.1: Numbers receiving an Unsupported Child's Benefit or an Orphan's Benefit**

	Clients receiving an Unsupported Child's Benefit or an Orphan's Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Total receiving assistance	7,773	8,034	8,586	8,465	8,595

Note

1. The number recorded in SWIFTT as receiving an Unsupported Child's Benefit or an Orphan's Benefit at the end of June.

### Reduced grants of these benefits largely reflected population changes

Changes in grants of these benefits (see table UO.2) reflected at least in part changes in the population of children aged under 18.

**table UO.2: Numbers granted an Unsupported Child's Benefit or an Orphan's Benefit**

	Grants of Unsupported Child's Benefit and Orphan's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total granted assistance	3,648	3,334	3,474	2,877	2,760

Note

1. The number of successful applications for an Unsupported Child's Benefit or an Orphan's Benefit recorded in SWIFTT during years ended June.

### A relatively small number of children aged under 18 were assisted by these benefits

Between 2008 and 2012, around 1% of children aged under 18 were assisted by one of these benefits, virtually all of these by an Unsupported Child's Benefit. Children aged under 5 are less likely than older children to be assisted by one of these benefits.

See table OT.3 for trends since 1940 in the number of people receiving an Unsupported Child's Benefit or an Orphan's Benefit.

## More information about the clients receiving these benefits

### Around one in two of the clients receiving an Unsupported Child's Benefit or an Orphan's Benefit were in working families

Between 2008 and 2012, 54% of clients receiving these benefits were in working families (see table UO.3). Fourteen percent were receiving a Domestic Purposes Benefit, and a similar number were receiving New Zealand Superannuation.

**table UO.3: Financial assistance paid to clients receiving an Unsupported Child's Benefit or an Orphan's Benefit**

Financial assistance paid at the end of June	Clients receiving an Unsupported Child's Benefit or an Orphan's Benefit <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	97	161	232	247	193
Domestic Purposes Benefits	1,030	1,083	1,229	1,213	1,207
Sickness Benefits	311	319	415	376	390
Invalid's Benefit	747	786	778	715	678
Other main benefits <sup>2</sup>	299	263	254	245	257
New Zealand Superannuation or Veteran's Pension	983	1,018	1,092	1,148	1,189
None of the above assistance <sup>3</sup>	4,306	4,404	4,586	4,521	4,681
<b>Total</b>	<b>7,773</b>	<b>8,034</b>	<b>8,586</b>	<b>8,465</b>	<b>8,595</b>

#### Notes

1. The number recorded in SWIFTT as receiving an Unsupported Child's Benefit or an Orphan's Benefit at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving supplementary benefits.

### Nearly three in five of the clients granted these benefits had a dependent child aged under 14

Fifty-seven percent of clients granted an Unsupported Child's Benefit or an Orphan's Benefit in 2011/2012 had at least one dependent child aged under 14 (see table UO.4). This compared to 53% in 2009/2010.

In 2010/2011 and 2011/2012, 24% of clients granted these benefits had at least one dependent child aged under 5.

**table UO.4: Ages of youngest dependent children with caregivers granted an Unsupported Child's Benefit or an Orphan's Benefit**

Age of youngest dependent child when benefit granted	Grants of Unsupported Child's Benefit and Orphan's Benefit <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
0–4 years	698	714	693	691	678
5–9 years	527	479	492	376	428
10–13 years	792	679	653	476	480
14–17 years	1,605	1,453	1,621	1,323	1,170
18 years or over	15	2	6	4	1
Not applicable <sup>2</sup>	11	7	9	7	3
<b>Total</b>	<b>3,648</b>	<b>3,334</b>	<b>3,474</b>	<b>2,877</b>	<b>2,760</b>

## Notes

1. The number of successful applications for an Unsupported Child's Benefit or an Orphan's Benefit recorded in SWIFTT during years ended June.
2. These benefits were granted at a nil rate of payment until the circumstances of the children in respect of whom the benefits were to be paid had been clarified.

**More information about children assisted by these benefits****Over two in three of the children assisted by these benefits were aged under 14**

Sixty-nine percent of the children assisted by an Unsupported Child's Benefit or an Orphan's Benefit between 2008 and 2012 were aged under 14 (see table UO.5). This included:

- 27% who were aged 10–13
- 14% who were aged under 5.

**table UO.5: Ages of children assisted by an Unsupported Child's Benefit or an Orphan's Benefit**

Age of child at the end of June	Children assisted by an Unsupported Child's Benefit or an Orphan's Benefit <sup>1,2</sup>				
	2008	2009	2010	2011	2012
0–4 years	1,467	1,562	1,639	1,708	1,755
5–9 years	2,978	3,050	3,277	3,317	3,463
10–13 years	3,002	3,070	3,180	3,141	3,209
14–17 years	3,121	3,279	3,717	3,569	3,565
18 years or over	104	128	132	164	179
<b>Total</b>	<b>10,672</b>	<b>11,089</b>	<b>11,945</b>	<b>11,899</b>	<b>12,171</b>

## Notes

1. The number of children recorded in SWIFTT as being assisted by an Unsupported Child's Benefit or an Orphan's Benefit at the end of June.
2. The number of children for whom an Unsupported Child's Benefit or an Orphan's Benefit was paid at the end of June may not equal the number of clients receiving an Unsupported Child's Benefit or an Orphan's Benefit at the same date. This is because the same client may receive these benefits for more than one child.



# Childcare assistance

Childcare assistance available from Work and Income comprises:

- Childcare Subsidy
- OSCAR (Out of School Care and Recreation) Subsidy.

## Childcare Subsidy

### Costs covered

The Childcare Subsidy programme helps with the costs of childcare faced by:

- working families
- families with a child or children who is/are seriously disabled or ill.

People can receive a Childcare Subsidy for up to 50 hours a week if:

- they are in employment, in training, or participating in an activity approved by Work and Income, or
- they have a disability or serious illness, or their child has a disability or serious illness.

Other people can receive a Childcare Subsidy for up to nine hours a week.

The Childcare Subsidy:

- is paid directly to the childcare provider
- provides help with the cost of:
  - licensed childcare
  - family day care
  - home-based care
  - care in chartered te kōhanga reo.

A Childcare Subsidy cannot be paid for the hours covered by the free early childhood education hours introduced from July 2007. From 1 July 2007, all children aged 3–5 were entitled to 20 hours' free early childhood education a week (a maximum of 6 hours a day).

A Childcare Subsidy can, however, be used:

- for additional hours, or
- instead of the free early childhood education hours.

The combined total of hours covered by the free early childhood education hours and the Childcare Subsidy must not exceed the client's maximum entitlement to subsidised hours.

## Eligibility

A Childcare Subsidy is available for children aged:

- under 5
- between 5 and 6 if the caregiver also receives a Child Disability Allowance for their child.

The Childcare Subsidy is income tested. The income limits below which families could be eligible for a Childcare Subsidy were raised in October 2004 and in October 2005 under the Working for Families package. These income limits were raised again in September 2010, with the introduction of the Future Focus package.

## Note – these statistics show the number of children for whom a Childcare Subsidy was paid

These statistics may differ from other published information giving the number of clients receiving or granted a Childcare Subsidy for one or more children.

## Numbers of children for whom a Childcare Subsidy was paid

### The number of children for whom a Childcare Subsidy was paid decreased between 2010 and 2012

This decrease (see table CC.1) largely reflected the ongoing slow economic recovery and its impact on work opportunities and on the incomes of working families.

**table CC.1: Numbers of children assisted by a Childcare Subsidy**

	Children assisted by a Childcare Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Total children assisted	34,880	37,920	40,686	38,648	37,237

Note

1. The number of children recorded in SWIFTT as being assisted by a Childcare Subsidy at the end of June. The timing of this extraction may have been altered in some years shown, to avoid school holiday periods.

### This decrease largely reflected reduced grants of Childcare Subsidy

Grants of Childcare Subsidy reduced between 2009/2010 and 2011/2012 (see table CC.2). This reflected a combination of reduced numbers of children in the under 5 age group and the slow easing of economic conditions which reduced new demand for financial assistance with costs of childcare.

**table CC.2: Numbers of children granted a Childcare Subsidy**

	Children granted a Childcare Subsidy <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total subsidies granted	54,037	51,323	52,519	50,505	49,399

Note

1. The number of successful applications for a Childcare Subsidy recorded in SWIFTT during years ended June.

### Around one in eight children under 5 years were assisted by a Childcare Subsidy

In 2012, an estimated 11.9% of children aged under 5 were assisted by a Childcare Subsidy, down from 13.0% in 2010. Between 2008 and 2010, this proportion increased from 11.6% to 13.0%.

## More information about children assisted by a Childcare Subsidy

### Two in three of the children for whom a Childcare Subsidy was paid were cared for by working families

Between 2008 and 2012, around 69% of the children for whom the Childcare Subsidy was paid had caregivers in working families (see table CC.3). Another 28% of these children had caregivers who were receiving a Domestic Purposes Benefit.

**table CC.3: Financial assistance paid to caregivers of children assisted by a Childcare Subsidy**

Financial assistance paid to caregiver at the end of June	Children assisted by a Childcare Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	129	413	497	396	348
Domestic Purposes Benefits	9,377	10,691	11,306	10,812	10,567
Sickness Benefits	300	404	407	369	320
Invalid's Benefit	518	502	498	446	442
Other main benefits <sup>2</sup>	180	187	158	148	145
New Zealand Superannuation or Veteran's Pension	30	40	37	33	30
None of the above assistance <sup>3</sup>	24,346	25,683	27,783	26,444	25,385
<b>Total</b>	<b>34,880</b>	<b>37,920</b>	<b>40,686</b>	<b>38,648</b>	<b>37,237</b>

#### Notes

1. The number of children recorded in SWIFTT as being assisted by a Childcare Subsidy at the end of June. The timing of this extraction may have been altered in some years shown, to avoid school holiday periods.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, and those clients entitled to a Childcare Subsidy through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

### Nearly three in four of the children for whom a subsidy was granted had caregivers in employment, education or training

Between 2009/2010 and 2011/2012, 39% of children for whom subsidies were granted had caregivers in employment (see table CC.4). Another 34% of these children had caregivers in education or training.

**table CC.4: Reasons for granting a Childcare Subsidy**

Reason Childcare Subsidy granted	Children for whom a Childcare Subsidy was granted <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Disabled parent	930	852	870	849	761
Parent in employment	23,416	21,161	20,575	19,720	19,045
Child receiving Child Disability Allowance	2,232	2,228	2,085	1,722	1,551
Sibling receiving Child Disability Allowance	1,592	1,777	1,498	1,524	1,596
Sibling in hospital	18	8	12	14	12
Illness or injury	194	179	176	137	130
Parent in training or education	18,083	16,890	18,175	17,654	16,955
Insufficient income	7,572	8,228	9,128	8,885	9,349
<b>Total</b>	<b>54,037</b>	<b>51,323</b>	<b>52,519</b>	<b>50,505</b>	<b>49,399</b>

Note

1. The number of successful applications for a Childcare Subsidy recorded in SWIFTT during years ended June.

### Three in five of the children for whom a Childcare Subsidy was granted were cared for by working families

Between 2009/2010 and 2011/2012, 61% of the children for whom a Childcare Subsidy was granted were in working families. Around 34% had caregivers receiving a Domestic Purposes Benefit.

## OSCAR (Out of School Care and Recreation) Subsidy

### Costs covered

An OSCAR Subsidy pays for out-of-school care for children aged 5–13. The subsidy was introduced to help with the costs of approved out-of-school care and holiday programmes faced by:

- working families
- families where the principal caregiver, or their child or children, were experiencing serious ill-health or disability.

The subsidy is paid directly to the provider of the childcare.

Children aged 14 or over may be legally left at home without full-time care and supervision.

## Eligibility

In some circumstances, people can receive an OSCAR Subsidy for:

- up to 20 hours a week in term time
- up to 50 hours a week in school holidays.

To receive this level of subsidy:

- the client must be in work or study, or
- the client or their child must have a disability or a serious illness.

The subsidy was introduced in February 1999.

Income, asset and residency tests apply.

## Note – statistics show the number of children for whom an OSCAR Subsidy was paid

This information may differ from other published information showing the number of clients receiving or granted an OSCAR Subsidy for one or more children.

## Numbers of children for whom an OSCAR Subsidy was paid

### The number of children for whom an OSCAR Subsidy was paid increased between 2011 and 2012

This increase (see table CC.5) reflected a combination of:

- an increase in grants of subsidies
- the relatively constant cessations of subsidies as children reach 14 years and become ineligible for an OSCAR Subsidy.

**table CC.5: Numbers of children assisted by an OSCAR Subsidy**

	Children assisted by an OSCAR Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Total children assisted	9,466	10,992	11,890	11,804	13,015

Note

1. The number of children recorded in SWIFTT as being assisted by an OSCAR Subsidy at the end of June.

### The number of grants of OSCAR Subsidy increased between 2010/2011 and 2011/2012

This increase (see table CC.6) was driven by increased use of the subsidy by working families. This may reflect in part the increase over this period in the population of children aged 5–13, and the gradual nature of the economic recovery. The gradual recovery may mean more of the people entering work still met the income criteria for the subsidy.

**table CC.6: Numbers of children granted an OSCAR Subsidy**

	Children granted an OSCAR Subsidy <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total subsidies granted	36,563	42,103	41,179	31,700	34,579

Note

1. The number of children recorded in SWIFTT as being granted an OSCAR Subsidy during years ended June.

### A relatively small number of children aged 5–13 were assisted by an OSCAR Subsidy

In 2012, an estimated 2.5% of children aged 5–13 were covered by an OSCAR Subsidy, up from 1.8% in 2008. Over this period, children aged 5–9 were more likely than 10–13 year olds to be assisted by an OSCAR Subsidy.

### More information about children assisted by an OSCAR Subsidy

#### Four in five of the children for whom the subsidy was paid were in working families

Between 2008 and 2012, 83% of the children for whom an OSCAR Subsidy was paid had caregivers in working families (see table CC.7). Another 15% had caregivers receiving a Domestic Purposes Benefit.

**table CC.7: Financial assistance paid to caregivers of children assisted by an OSCAR Subsidy**

Financial assistance paid to caregiver at the end of June	Children assisted by an OSCAR Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	10	16	11	14	15
Domestic Purposes Benefits	1,531	1,827	1,780	1,714	1,983
Sickness Benefits	18	25	12	29	31
Invalid's Benefit	59	88	102	99	82
Other main benefits <sup>2</sup>	26	32	23	29	37
New Zealand Superannuation or Veteran's Pension	5	10	10	12	21
None of the above assistance <sup>3</sup>	7,817	8,994	9,952	9,907	10,846
<b>Total children assisted</b>	<b>9,466</b>	<b>10,992</b>	<b>11,890</b>	<b>11,804</b>	<b>13,015</b>

Notes

1. The number of children recorded in SWIFTT as being assisted by an OSCAR Subsidy at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, or entitled to an OSCAR Subsidy through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

### Four in five of the children for whom an OSCAR Subsidy was granted had caregivers in employment...

Eighty-one percent of the children for whom an OSCAR Subsidy was granted between 2009/2010 and 2011/2012 had caregivers in employment (see table CC.8).

**table CC.8: Reasons for granting an OSCAR Subsidy**

Reason OSCAR Subsidy granted	Children for whom an OSCAR Subsidy was granted <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Caregiver in employment	31,208	35,342	33,788	25,627	27,852
Caregiver in training or education	5,355	6,761	7,391	6,073	6,727
<b>Total children</b>	<b>36,563</b>	<b>42,103</b>	<b>41,179</b>	<b>31,700</b>	<b>34,579</b>

Note

1. The number of successful applications for an OSCAR Subsidy recorded in SWIFTT during years ended June.

### ...and a similar proportion were cared for by working families

Between 2009/2010 and 2011/2012, 79% of the children for whom an OSCAR Subsidy was granted were in working families.

# Disability Allowance

## Costs covered

A Disability Allowance reimburses people for many types of actual and ongoing regular costs arising from disability. In general, a Disability Allowance only covers costs not met or subsidised by other agencies.

A Disability Allowance – Telephone Support (also known as a Telephone Costs Payment) provides a telephone subsidy to people who have ongoing telephone costs as a direct result of their disabilities. The statistics below on Disability Allowance include information on Disability Allowance – Telephone Support.

## Eligibility

A Disability Allowance is available to people who have a disability that:

- is likely to last at least six months
- means the client requires:
  - ongoing help with normal living tasks, or
  - ongoing supervision or treatment from a registered health professional that is likely to last at least six months
- results in ongoing costs to the client.

People receiving Accident Compensation Corporation (ACC) support for extra costs related to their disabilities may receive a Disability Allowance for the proportion of those costs not met by ACC.

A Disability Allowance – Telephone Support is only available to people who:

- were receiving a Telephone Subsidy as at 31 March 1999
- would lose their entitlement to a subsidy if they were assessed under the Disability Allowance criteria effective from 1 April 1999.

Income, asset and residency tests apply.

## Numbers assisted by a Disability Allowance

### Some clients may be receiving an allowance for more than one member of their household

This information may therefore differ from other published information concerning the number of Disability Allowance recipients.

### The number assisted by a Disability Allowance decreased between 2011 and 2012

This decrease (see table DA.1) largely reflected changes in the number of clients receiving main benefits. The number receiving a Disability Allowance and being paid New Zealand Superannuation or a Veteran's Pension remained relatively constant, as did the number of allowance recipients in working families (see table DA.3).



**table DA.1: Numbers of people assisted by a Disability Allowance**

	People for whom a Disability Allowance was paid <sup>1</sup>				
	2008	2009	2010	2011	2012
Total assisted by allowance	233,595	245,432	254,263	252,085	247,064

Note

1. The number of clients recorded in SWIFTT as being assisted by a Disability Allowance at the end of June.

### The number of grants of Disability Allowance decreased between 2009/2010 and 2011/2012

This decrease (see table DA.2) largely reflected the patterns in the number of grants of main benefits. The number of allowances granted to working families, and the number granted to recipients of New Zealand Superannuation or Veteran's Pension, each remained relatively constant (see table DA.4).

**table DA.2: Numbers of Disability Allowances granted**

	Grants of Disability Allowances <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total allowances granted	78,864	81,510	84,910	76,501	73,017

Note

1. The number of successful applications for a Disability Allowance recorded in SWIFTT during years ended June.

### A relatively small number of those aged 18 or over were receiving a Disability Allowance

In 2012, an estimated 5.6% of those aged 18 or over were receiving a Disability Allowance, down slightly from 5.8% in 2010. The likelihood of receiving a Disability Allowance increased with age for those aged 40 or over. Twenty-one percent of those aged 65 or over were receiving an allowance, making this group much more likely than younger people to do so.

## More information about people receiving a Disability Allowance

### Around one in two of the people assisted by a Disability Allowance were receiving New Zealand Superannuation or Veteran's Pension

Between 2010 and 2012, 51% of the people assisted by a Disability Allowance were receiving New Zealand Superannuation or Veteran's Pension (see table DA.3). Another 23% were receiving an Invalid's Benefit.

**table DA.3: Financial assistance paid to clients assisted by a Disability Allowance, or to their caregivers**

Financial assistance paid at the end of June	People for whom a Disability Allowance was paid <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	921	1,961	2,952	3,234	2,972
Domestic Purposes Benefits	16,930	19,206	20,781	20,522	19,343
Sickness Benefits	19,941	24,215	27,465	27,513	27,395
Invalid's Benefit	58,992	60,357	60,531	58,962	56,678
Other main benefits <sup>2</sup>	5,426	5,213	4,923	4,454	4,073
New Zealand Superannuation and Veteran's Pension	124,330	127,066	129,678	129,569	129,090
None of the above assistance <sup>3</sup>	7,055	7,414	7,933	7,831	7,513
<b>Total</b>	<b>233,595</b>	<b>245,432</b>	<b>254,263</b>	<b>252,085</b>	<b>247,064</b>

## Notes

1. The number of clients recorded in SWIFTT as being assisted by a Disability Allowance at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, and clients entitled to a Disability Allowance through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

**Two in five of the grants of Disability Allowance were for clients receiving an Invalid's Benefit or a Sickness Benefit, or for their dependants**

Between 2009/2010 and 2011/2012, 41% of these grants assisted clients receiving a Sickness Benefit or an Invalid's Benefit, or who were the dependants of caregivers receiving one of those benefits (see table DA.4). Another 24% of these grants assisted people receiving New Zealand Superannuation or their dependants.

**table DA.4: Financial assistance paid to clients covered by a Disability Allowance granted, or paid to their caregivers**

Financial assistance paid when Disability Allowance granted	Grants of Disability Allowances <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	2,638	4,115	5,978	6,176	5,949
Domestic Purposes Benefits	9,868	10,726	10,680	9,196	8,008
Sickness Benefits	19,802	22,645	24,119	21,483	20,576
Invalid's Benefit	14,894	11,609	11,146	9,577	8,746
Other main benefits <sup>2</sup>	3,374	3,249	3,263	3,206	3,395
New Zealand Superannuation or Veteran's Pension	20,060	20,787	20,744	18,178	18,224
None of the above assistance <sup>3</sup>	8,228	8,379	8,980	8,685	8,119
<b>Total</b>	<b>78,864</b>	<b>81,510</b>	<b>84,910</b>	<b>76,501</b>	<b>73,017</b>

## Notes

1. The number of successful applications for a Disability Allowance recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, and clients entitled to a Disability Allowance through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

# Child Disability Allowance

## Costs covered

A Child Disability Allowance is a fortnightly payment made to the principal caregiver of a child who:

- requires constant care and attention because of a physical, sensory, psychiatric or intellectual disability
- is likely to need care permanently or for more than 12 months.

This allowance covers the costs of providing care for the child, rather than the direct costs arising from the child's disability (which are covered by a Disability Allowance). Between 2010 and 2012, 14% of the children assisted by a Child Disability Allowance were also assisted by a Disability Allowance.

## Eligibility

To be eligible for a Child Disability Allowance, the caregiver must be:

- a New Zealand citizen or permanent resident of New Zealand
- ordinarily resident in New Zealand.

In addition, the child covered by the allowance must be:

- a dependent child of the carer receiving the allowance
- ordinarily resident in New Zealand.

The allowance is not means tested.

## Recent administrative changes

From April 2007, Child Disability Allowance payments were no longer suspended if recipients did not return their annual review forms.

Since mid-2008, case manager decisions on eligibility for the Child Disability Allowance have been improved by:

- a requirement for fuller medical information
- case managers being able to consult with Regional Health Advisors when making decisions about eligibility.

## Numbers of children assisted by a Child Disability Allowance

### The number of children assisted by a Child Disability Allowance decreased between 2009 and 2012

This decrease (see table CD.1) largely reflected the reduced use of the Child Disability Allowance by working families. This in turn reflected a combination of changes in economic conditions and the administrative reforms outlined above. These administrative reforms affected the number assisted by the allowance through:

- an increased number of clients not retaining their allowance, due to parents not confirming their children still met the eligibility criteria for the allowance
- reductions from mid-2008 in the proportion of applications for the allowance being granted, following the administrative reforms noted above.

**table CD.1: Numbers of children assisted by a Child Disability Allowance**

	Children assisted by a Child Disability Allowance <sup>1</sup>				
	2008	2009	2010	2011	2012
Total children assisted	43,185	45,767	43,883	39,253	36,894

Note

1. The number of children recorded in SWIFTT as being assisted by a Child Disability Allowance at the end of June.

### The number of grants of Child Disability Allowance decreased between 2009/2010 and 2011/2012

This decrease (see table CD.2) reflected at least in part the impact on the number of allowances granted of administrative changes introduced from July 2008.

**table CD.2: Numbers of Child Disability Allowances granted**

	Children for whom a Child Disability Allowance was granted <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total allowances granted	11,027	10,900	8,941	7,112	6,702

Note

1. The number of successful applications for a Child Disability Allowance recorded in SWIFTT during years ended June.

### A relatively small number of children aged under 18 were assisted by a Child Disability Allowance

In 2012, an estimated 3.4% of children aged under 18 were assisted by an allowance, down from 4.0% in 2010. Children aged 5–13 were more likely than younger or older children to be assisted by an allowance.

## More information about children assisted by a Child Disability Allowance

### Reduced use by working families drove the decrease in allowances received

The decreased number of Child Disability Allowances received largely reflected a decrease in the use of the allowance by working families (see table CD.3).

### Three in five of the children assisted by a Child Disability Allowance were cared for by working families

Between 2010 and 2012, 61% of the children assisted by a Child Disability Allowance were in working families (see table CD.3). Another 29% of these children had caregivers receiving a Domestic Purposes Benefit.

**table CD.3: Financial assistance paid to caregivers of children assisted by a Child Disability Allowance**

Financial assistance paid to caregivers at the end of June	Children assisted by a Child Disability Allowance <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	250	661	746	649	510
Domestic Purposes Benefits	11,950	13,212	12,956	11,390	10,528
Sickness Benefits	809	970	940	828	749
Invalid's Benefit	2,219	2,197	1,928	1,636	1,492
Other main benefits <sup>2</sup>	418	418	322	275	272
New Zealand Superannuation or Veteran's Pension	232	284	287	262	291
None of the above assistance <sup>3</sup>	27,307	28,025	26,704	24,213	23,052
<b>Total</b>	<b>43,185</b>	<b>45,767</b>	<b>43,883</b>	<b>39,253</b>	<b>36,894</b>

#### Notes

1. The number of children recorded in SWIFTT as being assisted by a Child Disability Allowance at the end of June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, and clients entitled to a Child Disability Allowance through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

### Four in five of the children assisted by a Child Disability Allowance were aged under 14

Between 2010 and 2012, 81% of the children assisted by a Child Disability Allowance were aged under 14. This included 33% who were aged 5–9, and 28% aged 10–13.

### About one in two of the children for whom an allowance was granted were cared for by working families

Between 2009/2010 and 2011/2012, 52% of the children for whom a Child Disability Allowance was granted were in working families (see table CD.4). Another 35% had caregivers receiving a Domestic Purposes Benefit.

**table CD.4: Financial assistance paid to caregivers of children for whom a Child Disability Allowance was granted**

Financial assistance paid when Child Disability Allowance granted	Children for whom a Child Disability Allowance was granted <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	133	214	267	226	218
Domestic Purposes Benefits	3,750	3,735	3,163	2,526	2,375
Sickness Benefits	366	387	277	243	233
Invalid's Benefit	496	469	368	332	251
Other main benefits <sup>2</sup>	157	137	111	82	92
New Zealand Superannuation or Veteran's Pension	58	67	48	51	51
None of the above assistance <sup>3</sup>	6,067	5,891	4,707	3,652	3,482
<b>Total</b>	<b>11,027</b>	<b>10,900</b>	<b>8,941</b>	<b>7,112</b>	<b>6,702</b>

## Notes

1. The number of successful applications for a Child Disability Allowance recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, and clients entitled to a Child Disability Allowance through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

# Training Incentive Allowance

## Costs covered

A Training Incentive Allowance provides non-taxable assistance to people undertaking employment-related training. The training must:

- enhance and improve their work skills
- improve their prospects of gaining sustainable paid employment.

The allowance contributes toward the fees, course costs and associated costs (eg transport, childcare) faced by trainees and students. It may be paid as:

- a lump sum
- an ongoing entitlement, or
- a combination of the two.

A Training Incentive Allowance may be used to fund the education and training included in an individual's employment plan or Personal Development and Employment Plan. Personal Development and Employment Plans were introduced in March 2003 for people receiving a Domestic Purposes Benefit or a Widow's Benefit, and were replaced by employment plans from September 2010.

From May 2009, the Training Incentive Allowance was no longer available to clients undertaking qualifications at National Certificate of Educational Achievement (NCEA) Level 4. Since February 2011, assistance with training costs for these courses has been available to recipients of a Domestic Purposes Benefit – Sole Parent through Domestic Purposes Benefit – Sole Parent Study Assistance (see next section 'Sole Parent Study Assistance').

## Eligibility

The Training Incentive Allowance is available to people who are receiving:

- a Domestic Purposes Benefit
- a Widow's Benefit, or
- an Invalid's Benefit.

From 1 January 2007, in addition to the above criteria, clients are required to be involved in courses that:

- attract Student Achievement Component funding or other government funding, or
- are explicitly specified courses considered to meet quality and relevance criteria but are not Student Achievement Component funded.

Quality and relevance criteria for courses are specified by the Tertiary Education Commission's quality and relevance standards for Student Loans and Student Allowances. Courses that meet these criteria but are not Student Achievement Component funded include:

- Training Opportunities courses
- secondary school courses
- university pre-employment courses.



## Numbers granted a Training Incentive Allowance

### The number granted a Training Incentive Allowance once or more in the calendar year decreased between 2009 and 2011

This decrease (see table TI.1) followed comparatively little change between 2007 and 2009. This pattern reflected a combination of:

- the focus of Work and Income on moving clients into work
- the introduction of Domestic Purposes Benefit – Sole Parent Study Assistance in early 2011.

### Four in five recipients of a Training Incentive Allowance were receiving a Domestic Purposes Benefit

Between 2007 and 2011, around 81% of clients granted a Training Incentive Allowance were receiving a Domestic Purposes Benefit (see table TI.1).

**table TI.1: Main benefits received by clients granted a Training Incentive Allowance**

Type of main benefit received when first Training Incentive Allowance payment in the year was granted	Clients granted a Training Incentive Allowance <sup>1</sup>				
	2007	2008	2009	2010	2011
Domestic Purposes Benefits	10,961	10,120	9,898	5,051	3,181
Invalid's Benefit	2,378	2,435	2,256	1,085	631
Widow's Benefit	198	157	144	71	42
<b>Total</b>	<b>13,537</b>	<b>12,712</b>	<b>12,298</b>	<b>6,207</b>	<b>3,854</b>

Note

1. The number of clients with one or more successful applications for a Training Incentive Allowance recorded in SWIFTT during years ended December.

# Sole Parent Study Assistance

## Costs covered

Sole Parent Study Assistance provides non-taxable, interest-free recoverable assistance to people undertaking courses at NCEA Level 4 or above. A maximum of \$500 of assistance is available per year.

The course undertaken must:

- improve the client's prospects of gaining paid employment in a field relevant to the course (including offering reasonable employment opportunities at the end of the course)
- attract Student Component Funding or other approved Government funding
- be appropriate for the client given their circumstances.

Assistance can be paid toward study costs. Study costs are the necessary and reasonable costs of attending the course, and include:

- books and stationery
- course equipment and materials (including internet costs and computers)
- transport (costs of public transport, or reasonable costs of private transport)
- childcare (reasonable costs of informal childcare, or costs of care with a registered provider above those covered by childcare assistance available)
- disability-related costs not covered by other assistance available
- other costs necessary for attending the course.

Sole Parent Study Assistance is not available for course fees. In general, Student Loans are available to pay for the fees of courses eligible for Sole Parent Study Assistance.

Sole Parent Study Assistance was introduced in February 2011.

## Eligibility

Sole Parent Study Assistance is available to people who:

- are receiving a Domestic Purposes Benefit – Sole Parent
- have used all their course-related costs entitlement (if any) under the Student Loans Scheme
- are enrolled in a training course at NCEA Level 4 or above which will improve their skills and increase their chances of getting paid work.

Sole Parent Study Assistance cannot be paid to people who are:

- receiving, or who are entitled to receive, a Training Incentive Allowance, or
- studying for a post-graduate diploma or certificate, a Bachelor's degree with Honours, a Master's degree, or a doctorate.

## Numbers receiving Sole Parent Study Assistance

A total of 986 clients received Sole Parent Study Assistance in 2011/2012. Three in five (59%) of these clients were aged 25–39, while another 22% were aged 18–24.

Sole Parent Study Assistance cost a total of \$422,000 in 2011/2012.

# Temporary Additional Support and Special Benefit

## Temporary Additional Support

### Costs covered

Temporary Additional Support is used as a last resort. It is used to help a client meet living costs that:

- are regular and essential
- cannot be met from the client's income or from other resources.

This assistance is available to cover essential and unavoidable ongoing regular costs. These costs may include:

- purchases of essential household furniture or appliances
- telephone rentals
- repayments for previously purchased vehicles where there is no suitable public transport available and the vehicles are required:
  - for employment reasons, or
  - because of disability in the family
- employment-related costs (eg childcare, public transport and vehicle costs)
- accommodation costs not covered by the Accommodation Supplement
- health and disability costs where:
  - costs are not met through the Disability Allowance, or
  - clients or their families are not eligible for the Disability Allowance.

Some of the above items have limits on the number of items that can be purchased using Temporary Additional Support and on the payment amounts made under that programme.

This assistance is available for a maximum of 13 weeks, but it may be approved for a shorter period. Clients with an ongoing deficiency of income may reapply after receiving it for 13 weeks.

Temporary Additional Support was introduced from 1 April 2006.

### Eligibility

To receive Temporary Additional Support, clients must:

- be aged 16 or over
- meet asset and residency tests
- ensure they are receiving all other assistance available to them
- show they face a deficiency of income after having taken reasonable steps to reduce their costs and to increase their incomes.

## Special Benefit

Before 1 April 2006, a Special Benefit could be paid to people receiving a main benefit and to other low-income earners. To receive one, a client had to have:

- a deficiency between their ongoing income and their costs
- individual circumstances that warranted them receiving a Special Benefit.

From 1 April 2006, Temporary Additional Support replaced Special Benefit for new applicants. Any Special Benefit paid after this date either:

- had been granted before 1 April 2006, or
- was granted after 1 April 2006 to maintain Special Benefit payments when clients continued to receive a Special Benefit after their entitlement to assistance was reviewed.

## Numbers receiving Temporary Additional Support or a Special Benefit

### The number receiving Temporary Additional Support or a Special Benefit decreased slightly between 2010 and 2012

This decrease (see table TS.1) followed increases between 2008 and 2010. This pattern largely reflected changes in the number of clients receiving a main benefit.

**table TS.1: Numbers receiving Temporary Additional Support or a Special Benefit**

	Clients receiving Temporary Additional Support or a Special Benefit <sup>1,2</sup>				
	2008	2009	2010	2011	2012
Total receiving assistance	42,514	58,016	63,910	61,028	60,211

#### Notes

1. The number of clients recorded in SWIFTT as receiving Temporary Additional Support or a Special Benefit at the end of June.
2. Special Benefits shown are restricted to ongoing (weekly) Special Benefits, and exclude Special Benefits paid as lump sums.

### The number of clients granted Temporary Additional Support or a Special Benefit remained relatively flat between 2009/2010 and 2011/2012

This pattern (see table TS.2) largely reflected the changes in grants of main benefits outlined earlier.

**table TS.2: Numbers granted Temporary Additional Support or a Special Benefit**

	Clients granted Temporary Additional Support or a Special Benefit <sup>1,2</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total granted assistance	117,276	201,384	266,012	269,514	273,689

#### Notes

1. The number of successful applications for Temporary Additional Support or a Special Benefit recorded in SWIFTT during years ended June.
2. The information on Special Benefits shown is restricted to ongoing (weekly) Special Benefits, and excludes Special Benefits paid as lump sums.

### **Since its implementation in 2006, Temporary Additional Support has become the main form of ongoing hardship assistance paid**

Eighty-eight percent of clients receiving ongoing hardship assistance in 2012 were receiving Temporary Additional Support. This compared with 83% in 2010. As time passes since the implementation of Temporary Additional Support, fewer clients are eligible to receive a Special Benefit.

### **Virtually all of the ongoing hardship assistance granted since 2006 has been Temporary Additional Support**

This reflected the restricted eligibility for a Special Benefit from 1 April 2006.

### **Relatively small numbers of people aged 18 or over were receiving Temporary Additional Support or a Special Benefit**

Between 2009 and 2012, around 1.8% of people aged 18 or over were receiving Temporary Additional Support or a Special Benefit. Those aged 25–64 were slightly more likely than younger or older people to be receiving this assistance.

This reflected the ages of the recipients of Domestic Purposes Benefits, Sickness Benefits and Invalid's Benefits, who are the main recipients of Temporary Additional Support or a Special Benefit.

### **More information about clients receiving Temporary Additional Support or a Special Benefit**

#### **Two in five clients receiving Temporary Additional Support or a Special Benefit were receiving a Sickness Benefit or an Invalid's Benefit**

Between 2009 and 2012, 39% of the clients receiving Temporary Additional Support or a Special Benefit were receiving a Sickness Benefit or an Invalid's Benefit (see table TS.3). Another 36% were receiving a Domestic Purposes Benefit.

**table TS.3: Financial assistance paid to clients receiving Temporary Additional Support or a Special Benefit**

Financial assistance paid at the end of June	Clients receiving Temporary Additional Support or a Special Benefit <sup>1,2</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	1,575	6,669	8,031	7,661	7,035
Domestic Purposes Benefits	17,181	21,387	23,565	21,889	21,201
Sickness Benefits	7,311	10,451	12,156	11,767	12,249
Invalid's Benefit	11,283	12,339	12,569	12,149	12,069
Other main benefits <sup>3</sup>	1,646	2,126	2,080	2,034	1,938
New Zealand Superannuation or Veteran's Pension	1,527	2,133	2,519	2,646	2,921
None of the above assistance <sup>4</sup>	1,991	2,911	2,990	2,882	2,798
<b>Total</b>	<b>42,514</b>	<b>58,016</b>	<b>63,910</b>	<b>61,028</b>	<b>60,211</b>

## Notes

1. The number of clients recorded in SWIFTT as receiving Temporary Additional Support or a Special Benefit at the end of June.
2. Special Benefits shown are restricted to ongoing (weekly) Special Benefits, and exclude Special Benefits paid as lump sums.
3. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
4. Includes clients receiving other supplementary benefits, and clients entitled to Temporary Additional Support or a Special Benefit through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

**One in three grants were to clients receiving Domestic Purposes Benefits**

Between 2009/2010 and 2011/2012, 33% of the clients granted this assistance were receiving a Domestic Purposes Benefit (see table TS.4). Another 21% were receiving Sickness Benefits, while 17% were receiving Unemployment Benefits.

**table TS.4: Financial assistance paid to clients granted Temporary Additional Support or a Special Benefit**

Financial assistance paid when Temporary Additional Support or Special Benefit granted	Clients granted Temporary Additional Support or a Special Benefit <sup>1,2</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	10,066	26,502	47,178	46,401	44,227
Domestic Purposes Benefits	42,071	70,125	88,436	89,121	89,113
Sickness Benefits	28,135	44,139	56,669	57,219	59,224
Invalid's Benefit	17,498	27,863	33,228	34,952	37,372
Other main benefits <sup>3</sup>	5,665	9,417	11,223	11,955	12,895
New Zealand Superannuation or Veteran's Pension	3,058	6,496	8,908	10,099	11,452
None of the above assistance <sup>4</sup>	10,783	16,842	20,370	19,767	19,406
<b>Total</b>	<b>117,276</b>	<b>201,384</b>	<b>266,012</b>	<b>269,514</b>	<b>273,689</b>

## Notes

1. The number of successful applications for Temporary Additional Support or a Special Benefit recorded in SWIFTT during years ended June.
2. The information on Special Benefits shown is restricted to ongoing (weekly) Special Benefits, and excludes Special Benefits paid as lump sums.
3. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
4. Includes clients receiving other supplementary benefits, and clients entitled to Temporary Additional Support or a Special Benefit through receiving an Unsupported Child's Benefit or an Orphan's Benefit.

# Residential Care Subsidy and Residential Support Subsidy

## Costs covered

Residential Care Subsidy helps with the costs of residential care for older people.

Residential Support Subsidy helps with the costs of contracted disability support and residential services for younger people.

These subsidies are paid by district health boards (DHBs) or the Ministry of Health directly to the providers of care. This report describes clients as 'receiving' a subsidy if a subsidy is paid to a care provider on their behalf.

## Residential Care Subsidy

### Eligibility

The Residential Care Subsidy provides funding for a person who:

- has been needs assessed by a DHB as having a health condition that requires long-term or lifelong residential care in a hospital or rest home
- is receiving care from a service provider contracted by the DHB.

To qualify for this funding, clients must be:

- aged 50–64 and be single with no dependent children
- aged 65 or over and have income and assets assessed as being at or below the relevant thresholds.

### Income and asset tests

MSD's Senior Services service line administers the income and asset tests to determine financial eligibility for a Residential Care Subsidy. An assessment of financial eligibility is separate from the DHB's needs assessment, which determines all other aspects of eligibility for a Residential Care Subsidy.

The income and asset tests apply to everyone receiving a Residential Care Subsidy, not just to MSD clients.

On 1 July 2005, the Social Security (Long-term Residential Care) Amendment Act 2004:

- significantly increased the asset thresholds<sup>3</sup>
- introduced an exemption for income derived from assets.

### Clients receiving a Residential Care Subsidy may be required to contribute to the costs of their care

Clients may be required to contribute to the costs of the care or services funded by the subsidy. All clients who meet the asset test and are eligible for the subsidy are also subject to an assessment of income. They may be required to contribute all, or part, of their income towards the cost of their care. This includes contributing part of any New Zealand Superannuation, pension or main benefit they receive, while retaining a personal allowance from those payments.

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<sup>3</sup> This was changed in Budget 2012 to increase each year in line with the CPI.



If the client agrees, Senior Services will assign the benefit contribution directly to the client's provider.

## Notes on the statistics in this section

People who are not MSD clients may receive this subsidy following an assessment by a DHB or a health provider. The information in this section should not be read as including all individuals eligible for, or taking up, this subsidy.

A finding of financial eligibility for Residential Care Subsidy indicates a successful application.

An assessment of financial eligibility follows the assessment of the medical need for care. Some clients may have been assessed for medical needs, and entered care, in the year before their financial eligibility was assessed.

## Numbers of MSD clients receiving and financially eligible for a Residential Care Subsidy

### The number of MSD clients receiving a Residential Care Subsidy remained relatively flat between 2010 and 2012

This pattern (see table RS.1) continued the historically slow growth rate in the number of clients receiving this subsidy. It reflected at least in part the relatively flat number of MSD clients found to be financially eligible for a Residential Care Subsidy between 2009/2010 and 2011/2012 (see table RS.2).

### Three in four MSD clients receiving a subsidy were aged 80 or over

Between 2008 and 2012, 74% of MSD clients receiving a Residential Care Subsidy were aged 80 or over (see table RS.1). Another 13% were aged 75–79.

**table RS.1: Ages of MSD clients receiving a Residential Care Subsidy**

Age of client at the end of June	MSD clients receiving a Residential Care Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Under 60 years	59	50	52	45	50
60–64 years	160	149	153	150	154
65–69 years	618	629	626	670	633
70–74 years	1,350	1,400	1,401	1,383	1,485
75–79 years	2,529	2,490	2,582	2,526	2,541
80–84 years	4,129	4,187	4,155	4,265	4,254
85–89 years	4,708	4,906	5,087	5,121	5,177
90 years or over	4,776	4,656	4,999	5,050	5,299
<b>Total</b>	<b>18,329</b>	<b>18,467</b>	<b>19,055</b>	<b>19,210</b>	<b>19,593</b>

Note

1. The number of clients recorded in SWIFTT as having their main benefit or pension (less a personal allowance) paid to a health provider at the end of June under the Residential Care Subsidy scheme.

## Over two in three of the clients found to be financially eligible for a Residential Care Subsidy were aged 80 or over

Between 2009/2010 and 2011/2012, 71% of the clients found to be financially eligible for a Residential Care Subsidy were aged 80 or over (see table RS.2). Another 15% of these clients were aged 75–79.

**table RS.2: Ages of MSD clients found to be financially eligible for a Residential Care Subsidy**

Age of client when found to be eligible	Number of successful applications for a Residential Care Subsidy <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Under 60 years	46	40	62	61	56
60–64 years	96	89	118	129	149
65–69 years	363	449	624	653	622
70–74 years	614	707	1,054	1,037	1,135
75–79 years	1,108	1,341	2,033	1,823	1,936
80–84 years	1,746	2,131	3,225	3,324	3,130
85–89 years	1,803	2,212	3,614	3,555	3,691
90 years or over	1,284	1,573	2,526	2,499	2,862
<b>Total</b>	<b>7,060</b>	<b>8,542</b>	<b>13,256</b>	<b>13,081</b>	<b>13,581</b>

Note

1. The number of successful applications for a Residential Care Subsidy recorded in SWIFTT during years ended June. A successful application indicated the client was found to be financially eligible for a Residential Care Subsidy.

## Relatively small numbers of those aged 65 or over were MSD clients receiving a subsidy

In 2012, an estimated 3.2% of those aged 65 or over were MSD clients receiving a Residential Care Subsidy, down slightly from 3.4% in 2008.

## Those aged 80 or over were more likely than those in younger age groups to be a MSD client receiving a subsidy

Between 2008 and 2012, an estimated 10% of those aged 85–89, and between 21% and 24% of those aged 90 or over, were MSD clients receiving a Residential Care Subsidy. Over the same period, an estimated 0.4% of 65–69 year olds, and 1.0% of 70–74 year olds, were in the same position.

This pattern reflected:

- the growth in the population aged 65 or over, owing to population ageing
- people aged 80 or over being the most common age group using the subsidy.

## Residential Support Subsidy

### Eligibility

The Residential Support Subsidy provides funding for people with physical, intellectual or psychiatric disabilities (including those undertaking drug and alcohol rehabilitation).

No income and asset tests apply.

### Clients receiving a Residential Support Subsidy may be required to contribute to the costs of their care

Clients may be required to contribute to the costs of the care or services funded by the subsidy. These clients contribute a portion of any income they receive (less some exemptions). They contribute any New Zealand Superannuation, pension or main benefit they receive, while retaining a personal allowance from those payments.

If the client agrees, Senior Services will assign the benefit contribution directly to the client's provider.

### The statistics in this section are restricted to MSD clients

People who are not MSD clients may receive this subsidy following an assessment by a DHB or a health provider. The information in this section should not be read as including all individuals eligible for, or taking up, this subsidy.

### A successful application for a Residential Support Subsidy is recorded when a client takes up the subsidy

There is usually little delay between when clients are recorded as taking up a Residential Support Subsidy and when clients begin to receive the services being funded.

## Numbers of MSD clients receiving a Residential Support Subsidy

### The number of MSD clients receiving a Residential Support Subsidy remained relatively flat between 2011 and 2012

This pattern (see table RS.3) followed four years which reflected the historic pattern of slow growth in the number of clients receiving this subsidy.

**table RS.3: Numbers of MSD clients receiving a Residential Support Subsidy**

	MSD clients receiving a Residential Support Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Total clients receiving a subsidy	8,618	8,813	9,080	9,240	9,271

Note

1. The number of clients recorded in SWIFTT as having their main benefit or pension (less a personal allowance) paid to a health provider at the end of June under the Residential Support Subsidy scheme.

## The numbers taking up a Residential Support Subsidy increased

The number of clients taking up this subsidy increased between 2009/2010 and 2011/2012, following a decrease between 2007/2008 and 2009/2010 (see table RS.4). This pattern reflected a combination of:

- changes in the number of clients on benefits
- Work and Income's increased focus on moving clients into work if at all possible.

**table RS.4: Numbers of MSD clients taking up a Residential Support Subsidy**

	Number of clients taking up a Residential Support Subsidy <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Total clients taking up a subsidy	5,552	4,902	4,825	4,958	5,011

Note

1. The number of clients recorded in SWIFTT as taking up a Residential Support Subsidy during years ended June.

## A very small number of working-age people were receiving a subsidy

Between 2008 and 2012, around 0.3% of working-age people were receiving a subsidy, with those aged 40 or over slightly more likely than those aged under 40 to do so.

## More information about clients receiving a Residential Support Subsidy

### Nearly all MSD clients receiving a Residential Support Subsidy were receiving an Invalid's Benefit

Between 2008 and 2012, 86% of MSD clients receiving a Residential Support Subsidy were receiving an Invalid's Benefit (see table RS.5).

Most of the remaining clients were receiving New Zealand Superannuation or a Sickness Benefit.

**table RS.5: Financial assistance paid to MSD clients receiving a Residential Support Subsidy**

Financial assistance paid at the end of June	MSD clients receiving a Residential Support Subsidy <sup>1</sup>				
	2008	2009	2010	2011	2012
Unemployment Benefits	0	0	0	0	1
Domestic Purposes Benefits	11	13	16	18	16
Sickness Benefits	408	478	469	522	524
Invalid's Benefit	7,526	7,619	7,847	7,894	7,888
Other main benefits <sup>2</sup>	53	54	47	42	43
New Zealand Superannuation and Veteran's Pension	620	646	699	761	798
None of the above assistance <sup>3</sup>	0	3	2	3	1
<b>Total</b>	<b>8,618</b>	<b>8,813</b>	<b>9,080</b>	<b>9,240</b>	<b>9,271</b>

## Notes

1. The number of clients recorded in SWIFTT as having their main benefit or pension (less a personal allowance) paid to a health provider at the end of June under the Residential Support Subsidy scheme.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.

**Over one in two of the clients receiving a Residential Support Subsidy were aged 40–64**

Between 2008 and 2012, 56% of the clients receiving a Residential Support Subsidy were aged 40–64. Twenty-three percent of clients receiving a subsidy in 2012 were aged 25–39, compared with 27% in 2008.

**Between 2008/2009 and 2011/2012, clients taking up a subsidy became more likely to be receiving a Sickness Benefit**

Forty-nine percent of clients taking up a Residential Support Subsidy in 2011/2012 were receiving a Sickness Benefit (see table RS.6). This compared with 42% in 2008/2009.

The proportion of clients taking up a subsidy who were receiving an Invalid's Benefit decreased from 50% to 43% over the same period (see table RS.6).

**table RS.6: Financial assistance paid to MSD clients taking up a Residential Support Subsidy**

Financial assistance paid when Residential Support Subsidy is taken up	Number of clients taking up a Residential Support Subsidy <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	3	0	2	1	1
Domestic Purposes Benefits	96	107	117	121	134
Sickness Benefits	1,766	2,069	2,127	2,398	2,453
Invalid's Benefit	3,443	2,464	2,299	2,162	2,167
Other main benefits <sup>2</sup>	40	50	30	30	32
New Zealand Superannuation or Veteran's Pension	203	206	243	241	222
None of the above assistance <sup>3</sup>	1	6	7	5	2
<b>Total</b>	<b>5,552</b>	<b>4,902</b>	<b>4,825</b>	<b>4,958</b>	<b>5,011</b>

## Notes

1. The number of clients recorded in SWIFTT as taking up a Residential Support Subsidy during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.

# Hardship assistance

# Background

## Purpose of hardship assistance

Work and Income delivers hardship assistance to people who have immediate and essential needs for specific items or services.

Those who may be eligible for this assistance include:

- people earning low incomes from employment
- people receiving a pension or main benefit from Work and Income.

## What kinds of hardship assistance are available?

Hardship assistance is paid as a one-off payment to meet specific essential expenses. This assistance can be provided as:

- Special Needs Grants
- Recoverable Assistance Payments
- advance payments of benefits being received by the client.

Hardship assistance may be:

- paid to the client, or to another person or organisation who provides goods or services to the client
- recoverable or non-recoverable.

Clients are required to pay back recoverable assistance to Work and Income.

## Recent administrative changes

From August 2008, the maximum amount available for Special Needs Grants for food was doubled. This may have slowed growth in the number of Special Needs Grants made for food, as clients with proven needs were able to receive larger amounts per payment than previously.

From September 2010, clients requiring hardship assistance more than three times in a 12-month period are required to show they have taken reasonable steps to increase their income, to reduce their costs, or to improve their financial management. This may include undertaking budgeting activities.



# Costs covered and eligibility criteria

## Special Needs Grants

### What costs are covered?

Special Needs Grants are one-off payments made to those who have immediate or emergency needs and who have no other way of paying to meet those needs. Most Special Needs Grants are non-recoverable. Recoverable Special Needs Grants have to be repaid to Work and Income.

### Who can receive this assistance?

Special Needs Grants are available both to people who are receiving a main benefit and to people who are not.

As well as lump-sum payments to meet a range of specific expenses, Special Needs Grants include re-establishment grants targeted at particular groups of clients. Clients who may be eligible for re-establishment grants include:

- released prisoners
- refugees
- sole parents who have been victims of domestic violence.

Residency, income and cash asset tests apply.

## Recoverable Assistance Payments

### What costs are covered?

Recoverable Assistance Payments were introduced in 1996 to replace most recoverable Special Needs Grants for people not receiving a benefit.

These payments provide non-taxable, interest-free recoverable financial assistance to non-beneficiaries. The aim is to enable them to meet essential immediate needs for specific items and services.

Clients may have access to Recoverable Assistance Payments up to a maximum value of six weeks' worth of an Invalid's Benefit or the maximum amount allowed for specific cost categories.

### Who may receive a Recoverable Assistance Payment?

Any low-income earner may apply for a Recoverable Assistance Payment for immediate and essential expenses.

When approving a Recoverable Assistance Payment, Work and Income staff must:

- consider whether such a payment would best meet the immediate need
- investigate other sources of assistance
- investigate the client's ability to repay the payment.

## Income, asset and residency tests

To receive a Recoverable Assistance Payment, a client must:

- meet income and cash asset tests
- be able to identify a particular immediate need for an essential item or service
- meet residency requirements.

Income and asset limits, and the maximum payment amounts available, vary according to the age and circumstances of the applicant (see table HA.1). In exceptional circumstances, a client may be granted a payment if their cash assets exceed the limit shown in this table.

**table HA.1: Income limits, cash asset limits and maximum payments for Recoverable Assistance Payments (applicable from 1 April 2012)**

Client category	Cash asset limit <sup>1</sup>	Income limit <sup>1,2</sup>	Maximum payment <sup>1,2</sup>
Single person 16–17 years	\$1,025.11	\$24,347.96	\$1,243.92
Single person 18 years or over	\$1,025.11	\$27,983.80	\$1,537.14
Married couple with or without children	\$1,708.10	\$40,644.24	\$2,561.88
Sole parent with one child	\$1,708.10	\$33,956.52	\$2,019.30
Sole parent with two or more children	\$1,708.10	\$35,744.96	\$2,019.30

### Notes

1. The asset limits, income limits and maximum payments are applicable from 1 April 2012.
2. The income limits and maximum payments shown are gross of income tax.

The maximum Recoverable Assistance Payments apply for a number of purposes. The maximum payments applicable from 1 April 2012 are shown in table HA.2.

**table HA.2: Maximum Recoverable Assistance Payments for specific purposes (applicable from 1 April 2012)**

Payment purpose		Status <sup>1</sup>	Maximum payment <sup>2</sup>
Ambulance subscription fees			\$200.00
Attendance at funerals and tangihanga			\$200.00
Beds, chairs and tables			\$200.00
Bonds and rent			\$600.00
Car repairs			\$400.00
Car seats and safety helmets			\$200.00
Clothing		Single client without children	\$150.00
		Married without children	\$300.00
		Single or married with children	\$400.00
Dentures, glasses, contact lenses and hearing aids			\$1,000.00
Driver licences	Renewals	Client aged under 75 years	\$43.90
		Client aged 75 or over	\$18.70
		Client aged 75 or over who requires an On-Road Safety Test	\$60.50
	New	Learner licence	\$96.10
		Restricted licence	\$137.00
		Full licence	\$111.70
	Reinstatement of driver's licence		
Electricity, gas or water			\$200.00
Fire, loss or burglary			\$1,000.00
Other emergency payments			\$200.00
School costs			\$200.00
School stationery			\$200.00
School uniforms (for each dependent child)			\$300.00
Telephone installation			\$200.00
Tenancy tribunal fees			\$20.44
Travel for stranded persons			\$200.00
Washing machines and fridges			\$400.00

## Notes

1. 'Married' includes people who are married, living as married or in a civil union.
2. The maximum payments shown are applicable from 1 April 2012.

## **Benefit advances**

### **What costs are covered?**

Benefit advances of up to six weeks' worth of the main benefit received are available to all recipients of a main benefit.

Advance payments of main benefits enable benefit recipients to meet one-off needs that:

- are immediate and essential
- cannot be met from their regular incomes.

The advance is recovered:

- from subsequent payments of the benefit, or
- through ongoing repayments if the client ceases to receive a benefit.

# Use of lump-sum hardship assistance

## Overall trends

### **Numbers receiving benefits and other financial assistance affected the numbers receiving hardship assistance**

Trends in the number receiving hardship assistance were affected by changes in overall incomes and costs faced by individual families.

Since October 2004, the introduction and expansion of the Working for Families package contributed to a reduction in the use of hardship assistance by families with children. This occurred at the same time as the levels of assistance available for childcare costs (eg the Childcare Subsidy and OSCAR Subsidy) have risen.

The maximum amount available for food grants was increased in August 2008. This allowed clients to receive larger grants at one time, and may have slowed increases and reinforced decreases in the number of these payments.

### **Numbers of lump-sum hardship assistance payments decreased between 2010/2011 and 2011/2012**

This decrease (see table HA.3) followed increases between 2007/2008 and 2009/2010. This pattern was driven by changes in non-recoverable Special Needs Grants and benefit advances, and reflected a combination of:

- changes in the number of clients receiving main benefits
- the August 2008 increase in the maximum amount available for food grants, which may have reinforced decreases in the number of these payments.

### **Over one in two of the lump-sum hardship assistance payments were non-recoverable Special Needs Grants**

Fifty-four percent of the lump-sum hardship assistance payments provided in 2011/2012 were non-recoverable Special Needs Grants (see table HA.3). This compared with 58% in 2010/2011.

There was a corresponding increase (from 35% to 38%) in the proportion which were benefit advances, which are recoverable.

**table HA.3: Types of lump-sum hardship assistance payments made**

Type of lump-sum hardship assistance	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Non-recoverable lump-sum hardship assistance<sup>1</sup></b>				
<b>Special Needs Grants (non-recoverable)</b>	<b>362,505</b>	<b>526,873</b>	<b>642,612</b>	<b>641,568</b>	<b>461,717</b>
	<b>Recoverable lump-sum hardship assistance<sup>1</sup></b>				
Special Needs Grants (recoverable)	19,982	35,724	35,018	37,732	34,019
Recoverable Assistance Payments	28,315	34,862	34,860	30,935	29,208
Benefit advances	299,552	371,432	434,574	387,327	327,508
<b>Total recoverable assistance</b>	<b>347,849</b>	<b>442,018</b>	<b>504,452</b>	<b>455,994</b>	<b>390,735</b>
	<b>All lump-sum hardship assistance<sup>1</sup></b>				
<b>Total</b>	<b>710,354</b>	<b>968,891</b>	<b>1,147,064</b>	<b>1,097,562</b>	<b>852,452</b>

Note

1. The number of lump-sum hardship assistance payments recorded in SWIFTT during years ended June.

## Use of Special Needs Grants and benefit advances

### The combined number of Special Needs Grants and benefit advances decreased between 2009/2010 and 2011/2012

This decrease (see table HA.4) followed increases between 2007/2008 and 2009/2010. This pattern largely reflected changes in the number of clients receiving a main benefit.

### Over one in three recipients of Special Needs Grants and benefit advances were receiving a Domestic Purposes Benefit

In 2011/2012, 34% of recipients of Special Needs Grants and benefit advances were receiving a Domestic Purposes Benefit (see table HA.4). This compared with 37% in 2009/2010. Over the same period, another 30% were receiving Sickness Benefits or an Invalid's Benefit.

**table HA.4: Financial assistance paid to clients receiving a Special Needs Grant or benefit advance**

Financial assistance paid when Special Needs Grant or benefit advance provided	Payments of Special Needs Grants and benefit advances <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	51,200	96,798	158,492	149,245	117,884
Domestic Purposes Benefits	260,799	346,224	410,680	385,141	283,178
Sickness Benefits	108,693	150,451	178,374	169,749	138,580
Invalid's Benefit	116,242	144,478	156,953	148,864	116,881
Other main benefits <sup>2</sup>	26,987	35,550	39,458	35,462	30,980
New Zealand Superannuation or Veteran's Pension	26,968	35,460	43,025	43,921	37,129
None of the above assistance <sup>3</sup>	91,150	125,068	125,222	134,245	98,613
<b>Total</b>	<b>682,039</b>	<b>934,029</b>	<b>1,112,204</b>	<b>1,066,627</b>	<b>823,245</b>

## Notes

1. The number of Special Needs Grants and benefit advances recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.

## Reasons for hardship payments

### A decreasing proportion of the Special Needs Grants and benefit advances provided were for food

Forty-six percent of Special Needs Grants and benefit advances in 2011/2012 were for food (see table HA.5). This compared with 52% in 2010/2011. The proportion of these payments for 'other emergency situations' increased from 30% to 33% over the same period.

This pattern largely reflected changes in the number of clients receiving main benefits.

**table HA.5: Purposes of Special Needs Grants and benefit advances**

Purpose of Special Needs Grant or benefit advance	Number of Special Needs Grants and benefit advances <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Advances	8,040	10,450	11,522	9,216	6,892
Ambulance subscription fees	0	0	0	504	1,353
Disabled civilian amputee <sup>2</sup>	161	162	166	222	121
Domestic violence programme	0	0	0	310	464
Driver licence	0	2,884	5,646	6,172	7,099
Effluent treatment	0	346	410	352	317
Food	285,460	432,902	549,204	553,854	382,105
Health-related assistance	14,629	17,368	18,907	14,083	9,122
Medical and associated costs	82,822	96,567	110,976	104,469	89,202
Other emergency situations	248,273	321,167	354,874	316,547	274,312
People affected by benefit stand-downs	548	2,778	3,453	8,681	7,754
Re-establishment accommodation element	647	754	746	722	748
Re-establishment grants	11,480	11,758	11,989	11,602	10,917
Rural sector (including Civil Defence emergencies and drought relief)	240	617	556	660	18
Sickness Benefit/Invalid's Benefit assessment travel	100	145	145	141	163
School education costs	26,158	32,206	38,811	34,904	28,697
Transfer to New Zealand Superannuation	166	316	454	680	1,207
Urgent house repairs and maintenance	2,787	3,446	4,028	3,395	2,499
Other reasons <sup>3</sup>	528	163	317	113	254
<b>Total</b>	<b>682,039</b>	<b>934,029</b>	<b>1,112,204</b>	<b>1,066,627</b>	<b>823,244</b>

## Notes

1. The number of Special Needs Grants and benefit advances recorded in SWIFTT during years ended June.
2. These payments were created as Special Needs Grants but were later transferred to another payment code.
3. Includes items (Home Help payments and terminal benefit arrears) which were created as Special Need Grants but were later transferred to other payment codes.



# Employment services

# Background

## Services available

Work and Income provides a range of employment and training assistance to help clients to gain paid employment.

This assistance may be of varying intensity. Less intensive assistance includes:

- one-to-one help with job search and preparation to enter employment
- referrals of clients to vacancies notified to Work and Income.

More intensive employment and training assistance includes:

- employment or training assistance that helps clients to prepare for work, to find jobs or to enter employment
- subsidies (paid for a limited period) that help employers with the costs of wages paid to clients, training, mentoring and in-work support
- assistance for clients to set up their own businesses, including access to business development advice and to subsidies (paid for a limited period) that help with initial capital requirements and operating costs
- Transition to Work assistance, which helps clients to meet the costs of finding, taking up and staying in paid employment.

## Were any work services introduced specifically in response to the recession?

In July 2009, Work and Income introduced:

- Job Ops
- Job Ops with Training
- Community Max.

All these programmes were closed to new participants on 30 June 2011. However, some clients who began participating in these programmes before 30 June 2011 continued to do so during the year ended June 2012.

These services were replaced by Job Streams from 1 July 2012.

## Who is eligible?

Work and Income helps a range of people to find and stay in paid work.

To qualify for less intensive assistance, a client must be:

- a New Zealand citizen or permanent resident (ie not be in New Zealand unlawfully or on a temporary permit)
- ordinarily resident in New Zealand
- of working age (18–64 years)
- actively seeking or preparing for work.

In addition, to qualify for more intensive work assistance, a client must generally be:

- in receipt of a main benefit
- disadvantaged in the local labour market and at risk of long-term benefit receipt.

Where appropriate, intensive work services may be provided to clients who are aged under 18, or who are not receiving a main benefit, but who are:

- disadvantaged in the local labour market
- at risk of long-term benefit receipt.

## **Who can receive intensive work services because of disadvantage in the labour market?**

A range of factors is taken into account in determining whether a person can receive intensive work services because they are disadvantaged in the labour market. These factors include:

- barriers the person may have to taking up employment
- length of any previous time in receipt of a benefit
- circumstances contributing to the person being unemployed (eg redundancy, recent release from prison)
- type of employment the person is seeking
- local labour market conditions (what is realistic for the person)
- the person's skill levels and qualifications and the relevance of these to local labour market opportunities
- length of any previous time out of the labour market resulting in a lack of labour market experience.

## **Can people already working receive work services?**

Work services may also be provided to support people who are currently working. These work services are provided to help the client to:

- seek another job (eg where redundancy is pending), or
- keep the job they are in (eg where health or disability issues may otherwise threaten the person's future in the job).

Work and Income offers a range of other services to help job seekers into paid employment. These services include job search skills, work confidence programmes and opportunities for on-the-job training.

# Job Search Service

## Introduction

The Job Search Service is a 13-week programme to help:

- keep people in work
- support people back into work as quickly as possible.

The programme involves:

- seminars
- planning and assessment sessions
- monitoring clients' job search progress.

The Job Search Service is based on group job search activities and was progressively rolled out across all Work and Income sites during the year ended June 2006. Enhancements were made to the Job Search Service in November 2009.

## How the Job Search Service works

The Job Search Service has several components. Different modules provide clients with details of:

- local job opportunities
- how Work and Income can help them to get and stay in employment
- the benefit application process if they have not already applied for a benefit
- their obligations and what is expected of them while they receive a benefit.

Clients are offered modules likely to address their needs as identified at their first assessment.

## Who is eligible?

Clients applying for a work-tested benefit may be required to participate in the Job Search Service as a pre-benefit obligation. Clients applying for a non-work-tested benefit are also encouraged to attend.

The Job Search Service is not mandatory for all clients but may be assigned as a pre-benefit obligation.

## Support available to participants

A client may be supported in their job search activity through:

- phone contact with Work and Income staff members
- seminar attendance, or
- additional assistance co-ordinated by a case manager.

Assistance co-ordinated by a case manager may include:

- general job skills or work readiness training
- training in skills relevant to a specific occupation, or
- addressing the role of attitude and motivation in job search activity.

## What happens at the end of the programme?

The Job Search Service is a 13-week programme. Clients may be granted an Unemployment Benefit and complete a service plan agreement during this time.

The service plan sets out the actions the clients will take to:

- get work, or
- become work ready.

Clients are required to undertake these activities based on their individual circumstances.

If a client is receiving an Unemployment Benefit at the conclusion of the Job Search Service, they are transitioned into Case Management Support. In Case Management Support, the client receives a more intensive job search service.

# Transition to Work assistance

## Introduction

Transition to Work assistance is paid to help clients to:

- make a successful transition from being on a benefit to being in employment
- stay in employment.

Transition to Work assistance is available to clients seeking or taking up paid work. It consists of:

- Transition to Work Grants
- New Employment Transition Grants
- Seasonal Work Assistance.

## Transition to Work Grants

### Introduction

A Transition to Work Grant is available to help clients with the costs of seeking or taking up paid work. This assistance is available to people who meet the qualifying criteria and have an essential cost because of their job search, job interview or job offer.

Transition to Work Grants replaced Work Start Grants and Pathways Payments from April 2007.

### Who is eligible?

A Transition to Work Grant may be available to:

- clients receiving a main benefit
- students
- other people who meet the qualifying criteria and either:
  - face small gaps between jobs (up to four weeks), or
  - are re-entering the workforce.

To receive a Transition to Work Grant, a client is required to:

- be aged 18 or over, or aged under 18 and have exceptional circumstances
- have a verified job interview or job offer (excluding self-employment) for a position involving a minimum number of hours of employment a week
- have an essential cost because of the job interview or job offer
- be unlikely to make the transition into paid work or to be able to attend the interview without receiving a Transition to Work Grant.

A person aged under 18 may be treated as being in exceptional circumstances if they:

- have a school early-leaving exemption
- have one or more dependent children
- are married, living as married or living in a civil union
- rely on government financial assistance, or
- are in extreme hardship.

Clients generally cannot receive a Transition to Work Grant if they are entering self-employment.

### **Income, asset and residency tests and other requirements**

Income, asset and residency tests apply.

Income and asset limits for a Transition to Work Grant are shown in table TW.1.

**table TW.1: Income and asset limits for Transition to Work Grants (applicable from 1 April 2012)**

<b>Status of client</b>	<b>Income limit<sup>1</sup></b>	<b>Asset limit</b>
Single 16–17 years	\$468.23	\$1,025.11
Single 18 years or over	\$538.15	\$1,025.11
Married with or without children	\$781.62	\$1,708.10
Sole parent, one child	\$653.01	\$1,708.10
Sole parent, two or more children	\$687.98	\$1,708.10

Note

1. The income limits shown are weekly and gross of income tax.

Parental cash assets and income are taken into account if the client is:

- aged under 18
- a dependent child
- not receiving an Independent Youth Benefit<sup>4</sup>.

### **Costs which may be met by a Transition to Work Grant**

The costs that may be met by a Transition to Work Grant are:

- the additional costs of seeking or entering employment (eg clothes, transport)
- specific transition-to-work costs related to relocation
- living costs incurred between the last benefit payment and the first pay from a new job.

A maximum of \$1,500 in Transition to Work Grants is available in any 52-week period.

<sup>4</sup> Independent Youth Benefits were paid until 20 August 2012, when they were replaced by Youth Payments/Young Parent Payments.

### **Can a Transition to Work Grant be paid in connection with part-time work?**

A Transition to Work Grant may be paid to a client seeking part-time work when it is reasonable and appropriate for the client to be seeking part-time work. This may apply when:

- there is no suitable full-time work available
- the client is working with Work and Income to progress towards full-time employment, or
- the client is unable to work full-time but is able to work limited hours.

The part-time position must involve at least 15 hours of work a week.

In these circumstances, a Transition to Work Grant may be paid for:

- job placement costs
- job search costs.

In other circumstances, the position must involve at least 30 hours of work a week.

## **Work Start Grant**

Transition to Work Grants replaced Work Start Grants from April 2007.

Before April 2007, a Work Start Grant was available to meet the essential costs of taking up paid employment or attending a job interview. After April 2007, Work Start Grants were incorporated into the assistance delivered as Transition to Work Grants.

A Work Start Grant was non-taxable, non-recoverable assistance available to a client aged 16 or over who, without help to meet the costs involved, would not be able to:

- enter paid employment, or
- attend job interviews.

Job interviews and job offers needed to be for positions involving at least 15 hours of work a week.

In any 52-week period, a maximum of \$300 worth of grants was available in most circumstances. Residency, income and cash asset tests applied.

A maximum of up to \$550 worth of grants in any 52-week period was available when a client obtained a grant for:

- relocation
- safety equipment, or
- bridging finance.

To receive a Work Start Grant, a client was required to:

- be aged 16 or over
- have an essential cost because of the job interview or job offer
- have a verified job interview or a verified job offer (excluding self-employment)
- be unlikely, without receiving a Work Start Grant, to:
  - make the transition into paid work, or
  - be able to attend the interview.

Residency, income and cash asset tests applied.



## Pathways Payment

Transition to Work Grants replaced Pathways Payments from April 2007.

A Pathways Payment helped clients who entered paid employment with the living costs they encountered between the cancellation of their benefit and the receipt of:

- their first wages or salary payments, or
- their first payments as self-employed people.

To be eligible, clients had to:

- have a dependent child or children
- have received one or more main benefits for a continuous period of 12 months or more before entering paid employment.

The Pathways Payment was equal to two weeks' payment (after tax) of the benefit cancelled to enter paid work. If a client with a debt to Work and Income received a Pathways Payment, their debt repayments were suspended for a period of three months.

A Pathways Payment was non-taxable, non-recoverable, and not subject to asset tests.

After April 2007, Pathways Payments were incorporated into Transition to Work Grants.

## New Employment Transition Grant

### Introduction

The New Employment Transition Grant provides a payment to clients with a dependent child or children during the first six months after their benefit is stopped due to employment.

A payment can be made when the client is unable to work because they, their partner (if any) or their dependent child becomes sick or because of a break down in childcare arrangements.

A New Employment Transition Grant is available to help replace income lost through:

- personal illness
- the need to care for a sick partner or spouse
- the need to care for a child because of:
  - sickness
  - a breakdown in childcare arrangements.

New Employment Transition Grants are available:

- to clients with one or more dependent children
- during the first six months after the clients stop receiving a benefit to enter employment.

The maximum daily rate of a New Employment Transition Grant is limited to the lesser of:

- the actual loss of gross income
- \$67.50 a day (from 1 April 2012).

A total of no more than \$675 (from 1 April 2012) in New Employment Transition Grants may be paid to a client within the six-month qualifying period.

Grants are non-taxable and non-recoverable.

## Who is eligible?

A client must be unable to work because of:

- illness (their own, or that of a partner, spouse or child who requires their care)
- a breakdown in childcare arrangements or sickness.

To receive a New Employment Transition Grant because of illness, the client must have:

- no paid sick leave available, or
- exhausted their entitlement to paid sick leave.

A client in self-employment must also declare that:

- they have been unable to be involved in their business in the period because of their illness, the illness of their partner, spouse or child, or the breakdown in childcare arrangements
- there was in fact a loss of income (rather than a delay of income because work was re-scheduled)
- provision was not available from the business to cover the loss of income.

Residency and cash asset tests apply to all New Employment Transition Grants.

## Seasonal Work Assistance

### Introduction

Seasonal Work Assistance is available to replace income lost when a client is unable to undertake seasonal horticultural work because of adverse weather conditions.

This assistance is non-taxable and non-recoverable.

### Who is eligible?

Seasonal Work Assistance is available:

- to clients working in horticultural industries included in a list approved by MSD's Chief Executive
- during the first six months after clients stop receiving a benefit because they have begun seasonal horticultural work.

At the end of June 2012, this assistance was available to people working in the fruit, vegetable, wine, flower, hops, hemp, tobacco, olive and nursery plant industries.

Residency, income and cash asset tests apply.

### Payment rates for Seasonal Work Assistance

The amount of Seasonal Work Assistance payable depends on:

- the client's family circumstances
- the actual net income lost during the week.

The amount of assistance to be paid per week is the lesser of:

- the actual net income lost for the week, or
- the maximum weekly payment of Seasonal Work Assistance the client may receive.

The maximum weekly payments available as at 1 April 2012 are shown in table TW.2.

**table TW.2: Maximum rates of Seasonal Work Assistance payable (applicable from 1 April 2012)**

Hours of work lost (over one week)	Maximum weekly payment		
	Single person	Sole parent	Married person, or person in civil union (each applicant)
1–8 hours	\$46.00	\$83.00	\$83.00
9–16 hours	\$92.00	\$166.00	\$166.00
17–24 hours	\$138.00	\$249.00	\$249.00
25–32 hours	\$184.00	\$332.00	\$332.00
33–40 hours	\$230.00	\$415.00	\$415.00
Over 40 hours	\$230.00	\$415.00	\$415.00

A total of no more than \$830 in Seasonal Work Assistance may be paid to a client within the six-month qualifying period.

## Payments of Transition to Work assistance

Trends in the payments of Transition to Work assistance largely reflected trends in the number of clients entering paid work. This in turn reflected a combination of changes in economic conditions and the emphasis by Work and Income on helping clients to get and stay in paid work.

### **Note – statistics show the number of payments of assistance, not the number of clients receiving it**

Some clients may have received more than one payment of Transition to Work assistance during the same financial year. The number of payments for a period will therefore be greater than the number of clients receiving assistance.

## Transition to Work Grants, Work Start Grants and Pathways Payments provided

### **The number of payments decreased slightly between 2010/2011 and 2011/2012**

This decrease (see table TW.3) followed increases between 2008/2009 and 2010/2011. This pattern largely reflected:

- changes in the number receiving a main benefit
- the impact of this on the number cancelling a main benefit to enter paid work.

**table TW.3: Types of expenditure met by Transition to Work Grants, Work Start Grants and Pathways Payments provided**

Type of assistance	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
	<b>Work Start Grants<sup>1</sup></b>				
<b>Total Work Start Grants<sup>1</sup></b>	<b>38</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Transition to Work Grants<sup>2</sup></b>				
Bridging finance – benefit recipient	6,516	6,432	8,409	8,094	8,527
Bridging finance – other	7,876	7,375	7,789	8,115	8,116
Job placement costs	52,202	49,866	64,334	65,489	64,243
Job search costs	13,952	17,062	26,320	29,145	28,213
Unspecified	0	0	0	0	1
<b>Total Transition to Work Grants<sup>2</sup></b>	<b>80,546</b>	<b>80,735</b>	<b>106,852</b>	<b>110,843</b>	<b>109,100</b>
	<b>All payment types<sup>3</sup></b>				
<b>Total payments made (all types)</b>	<b>80,584</b>	<b>80,737</b>	<b>106,852</b>	<b>110,843</b>	<b>109,100</b>

## Notes

1. The number of Work Start Grants recorded in SWIFTT during years ended June. Work Start Grants were superseded by Transition to Work Grants from April 2007.
2. The number of Transition to Work Grants recorded in SWIFTT during years ended June. Transition to Work Grants were available from April 2007.
3. Total Work Start Grants, Transition to Work Grants, and Pathways Payments recorded. There were no Pathways Payments recorded in the period covered in the table.

**New Employment Transition Grants provided****The number of New Employment Transition Grants provided decreased between 2010/2011 and 2011/2012**

This decrease (see table TW.4) followed an increase between 2009/2010 and 2010/2011. This pattern reflected at least in part changes in the number receiving main benefits and the impact of this on the number leaving benefits to enter paid work.

**table TW.4: Numbers of New Employment Transition Grants provided**

	New Employment Transition Grants provided <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
<b>Total</b>	<b>841</b>	<b>655</b>	<b>458</b>	<b>531</b>	<b>409</b>

Note

1. The number of New Employment Transition Grants paid during years ended June.

## Seasonal Work Assistance payments provided

### The number of Seasonal Work Assistance payments remained relatively flat between 2010/2011 and 2011/2012

This pattern (see table TW.5) followed increases between 2008/2009 and 2010/2011. This pattern reflected a combination of:

- stormy weather patterns during 2010/2011
- changes in the number receiving main benefits and the impact of this on the number cancelling main benefits to enter paid work.

**table TW.5: Numbers of Seasonal Work Assistance payments provided**

	Seasonal Work Assistance payments provided <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
<b>Total</b>	<b>1,754</b>	<b>1,184</b>	<b>1,834</b>	<b>2,256</b>	<b>2,342</b>

Note

1. The number of Seasonal Work Assistance payments made during years ended June.

# Course Participation Assistance

## Background

### What is Course Participation Assistance?

Course Participation Assistance helps clients to pay the costs of participating in employment-related training.

The courses or programmes attracting this assistance are generally less than 12 weeks long. Course Participation Assistance can only be considered for longer courses when the courses do not qualify for Student Loans or Student Allowances.

Course Participation Assistance may be paid to cover:

- course or tuition fees
- transport
- childcare, or
- the care of other dependants.

This assistance:

- contributes towards the actual and reasonable costs of participating in training
- is non-taxable and non-recoverable.

Course Participation Assistance was introduced on 1 April 2007.

### Who can receive Course Participation Assistance?

To receive Course Participation Assistance, a client must:

- be receiving a main benefit or be on stand-down for one
- be attending a short-term employment-related course or programme
- have specific costs because they are participating in that course or programme.

The following factors are also taken into account:

- whether the client would be unable to participate in the course or programme without Course Participation Assistance
- whether the course or programme is:
  - appropriate to the client's personal situation and skill development needs
  - in line with the client's service plan and is a progression towards employment
  - likely to improve the chances of the client gaining employment.

The course or programme the client is attending must be:

- provided and approved by Work and Income
- supplied by a provider contracted to Work and Income
- attached to a specific vacancy listed by Work and Income, and Work and Income must consider it appropriate to match the client with the vacancy (eg Work and Income is advised of a vacancy for a truck driver, and the client needs their heavy trade licence to apply), or
- specifically recognised by Work and Income in conjunction with a partnership initiative (eg Job Partnerships with Industry).

## Income and asset tests

Income and asset tests apply.

The income and asset limits for receiving Course Participation Assistance are shown in table CP.1.

**table CP.1: Income and asset limits for Course Participation Assistance (applicable from 1 April 2012)**

Client status <sup>1</sup>	Income limit <sup>2</sup>	Asset limit
Single, 16–17 years	\$468.23	\$1,025.11
Single, 18 years or over	\$538.15	\$1,025.11
Married, with or without children	\$781.62	\$1,708.10
Sole parent, one child	\$653.01	\$1,708.11
Sole parent, two or more children	\$687.98	\$1,708.11

Notes

1. 'Married' includes clients who are married, living as married, or in a civil union.
2. The income limits shown are weekly incomes before tax.

## Payment rates for Course Participation Assistance

Maximum assistance levels have been set for each of the costs covered by Course Participation Assistance. These maximum payments are shown in table CP.2.

**table CP.2: Maximum payments of Course Participation Assistance (available from 1 April 2012)**

Purpose	Maximum payment <sup>1</sup>
Tuition and enrolment fees (per course)	\$200.00
Transport costs (per week) <sup>2</sup>	\$60.00
Caring costs (per week) <sup>2,3</sup>	\$80.00

Notes

1. Maximum weekly payments available from 1 April 2012. These maximums cannot be exceeded, and clients cannot receive more than \$1,000 in Course Participation Assistance in a 12-month period.
2. Some clients receive help with both transport and caring costs. The combined amount of assistance paid toward these costs cannot exceed \$80 a week.
3. May be available to cover the costs of formal or informal care arrangements for children, disabled people or older people. Childcare costs covered exclude any costs met by a Childcare Subsidy, an OSCAR Subsidy or a Child Disability Allowance.

## Numbers receiving Course Participation Assistance

### The number of clients receiving Course Participation Assistance remained relatively flat between 2010/2011 and 2011/2012

This pattern (see table CP.3) followed an increase between 2007/2008 and 2010/2011. This pattern reflected a combination of:

- changes in the number receiving a main benefit
- changes in the demand for financial assistance with the costs of education or training.

### Three in five recipients of this assistance were receiving an Unemployment Benefit

Sixty-one percent of those receiving Course Participation Assistance in 2011/2012 were receiving an Unemployment Benefit (see table CP.3). This compared to 67% in 2009/2010. There was a corresponding increase in the proportion of recipients being paid an 'other main benefit'.

These changes reflected patterns in the receipt of main benefits.

**table CP.3: Financial assistance paid to clients receiving a payment of Course Participation Assistance**

Financial assistance paid when Course Participation Assistance received	Number of payments of Course Participation Assistance <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Unemployment Benefits	1,540	2,751	5,782	5,914	5,640
Domestic Purposes Benefits	776	773	906	1,373	1,337
Sickness Benefits	525	722	810	663	689
Invalid's Benefit	288	269	357	268	193
Other main benefits <sup>2</sup>	495	807	823	822	1,325
New Zealand Superannuation or Veteran's Pension	0	0	1	0	0
None of the above assistance <sup>3</sup>	0	0	0	0	84
<b>Total</b>	<b>3,624</b>	<b>5,322</b>	<b>8,679</b>	<b>9,040</b>	<b>9,268</b>

#### Notes

1. The number of payments of Course Participation Assistance recorded in SWIFTT during years ended June.
2. Comprises Unemployment Benefit – Training, Unemployment Benefit – Hardship – Training, Unemployment Benefit – Student Hardship, Independent Youth Benefit, Widow's Benefit and Emergency Benefit.
3. Includes clients receiving other supplementary benefits, an Unsupported Child's Benefit or an Orphan's Benefit.



## What the payments covered

### Course Participation Assistance payments became less likely to be for fees

Fifty-two percent of the Course Participation Assistance payments in 2011/2012 were for fees (see table CP.4). This compares with 69% in 2009/2010. There was a corresponding increase in the proportion of payments for transport (from 30% to 47%).

Since the introduction of Course Participation Assistance in 2007/2008, caring costs have accounted for a very small proportion of assistance payments.

**table CP.4: Reasons for payments of Course Participation Assistance**

Reason for payment	Number of payments of Course Participation Assistance <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Caring	78	83	70	57	37
Fees	2,066	3,115	6,005	5,755	4,856
Transport	1,480	2,124	2,604	3,228	4,375
<b>Total</b>	<b>3,624</b>	<b>5,322</b>	<b>8,679</b>	<b>9,040</b>	<b>9,268</b>

Note

1. The number of payments of Course Participation Assistance recorded in SWIFTT during years ended June.



# Superannuation and pensions

# Introduction

This section outlines information on:

- War Disablement Pension
- New Zealand Superannuation
- Veteran's Pension.

# War Disablement Pension

## Introduction

A War Disablement Pension is paid to people with disabilities resulting from military service. This pension aims, in part, to acknowledge its recipients' contributions to society as members of the armed forces.

Since 1 July 2008, the War Disablement Pension has been administered by Veterans' Affairs New Zealand (VANZ). Before July 2008, MSD administered the War Disablement Pension.

For further information on the War Disablement Pension since 1 July 2008, see the VANZ website <http://www.veteransaffairs.mil.nz>.

# New Zealand Superannuation

## Eligibility

New Zealand Superannuation is available to people who:

- have reached the age of eligibility (currently 65 years)
- meet other eligibility criteria (eg residency).

New Zealand Superannuation may be paid to people who:

- do not meet the eligibility criteria, but
- are married<sup>5</sup> to qualified recipients of New Zealand Superannuation.

People receiving New Zealand Superannuation on this basis do so as a 'non-qualified spouse'.

## Income and residency tests

New Zealand Superannuation is not income tested, except when a non-qualified spouse is included in the payment.

Clients receiving New Zealand Superannuation may receive supplementary benefits to help them meet the necessary costs of living. These supplementary benefits are income tested and/or asset tested, the same as they are for other clients receiving supplementary benefits.

Residency tests apply to New Zealand Superannuation. To meet residency requirements, a client must have been present and resident in New Zealand<sup>6</sup>:

- for 10 years since they were aged 20, including
- five years since they were aged 50.

People who do not meet these residency requirements may be eligible to receive an Emergency Benefit if they:

- have reached the qualifying age for New Zealand Superannuation
- are in hardship.

## Historical changes in the administration of New Zealand Superannuation

On 1 April 1992, the qualifying age for New Zealand Superannuation was increased from 60 years to 61 years. The qualifying age then increased by three months every six months from 1 April 1993 until it was fixed at 65 years from 1 April 2001.

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5 'Married' includes clients who are married, living as married or in a civil union.

6 New Zealand currently has eight Social Security Agreements with other countries. Residence and/or contributions in one of these countries can be used in some situations to help meet the New Zealand residence requirements.

## Payment rates for New Zealand Superannuation

Payment rates for New Zealand Superannuation are set by legislation. At the 'M' tax rate, the combined after-tax amount of New Zealand Superannuation payable to a married couple must be between 65% and 72.5% of the after-tax average ordinary-time weekly wage.

A single person living alone receives 65% of the rate payable to a married couple. A single person sharing accommodation receives 60% of the married couple rate.

Where one spouse or partner is a non-qualified spouse, there are two options available:

- the qualified spouse or partner only may receive payment at half the married couple rate of the pension, without an income test, or
- both the qualified and the non-qualified spouses may receive the non-qualified spouse rate of the pension, subject to an income test.

A client may at any time choose to include or exclude their non-qualifying spouse from their pension payment.

New Zealand Superannuation payments are made gross of tax. Recipients pay tax on this pension at the rate appropriate to their financial circumstances.

Table NZ.1 shows rates for New Zealand Superannuation payable from 1 April 2012.

**table NZ.1: Weekly payment rates for New Zealand Superannuation (payable from 1 April 2012)**

Status <sup>1</sup>	Payment rate excluding tax paid at 'M' rate <sup>2,3</sup>	Payment rate excluding tax paid at 'S' rate <sup>2,3</sup>
Married, each, both qualify <sup>4</sup>	\$268.40	\$249.55
Married, each, only one qualifies <sup>5,6</sup>	\$255.09	\$236.24
Single, living alone <sup>4</sup>	\$348.92	\$330.07
Single, living with others <sup>4</sup>	\$322.08	\$303.23

### Notes

1. 'Married' includes people who are married, living as married or in a civil union.
2. All amounts shown are weekly rates, payable from 1 April 2012. Payments of New Zealand Superannuation are made fortnightly at double the rates shown above.
3. The rates shown are exclusive of Working for Families Tax Credits paid by Inland Revenue.
4. The rates shown for single people or where both partners qualify are not income tested.
5. Where one spouse or partner is a non-qualified spouse (eg they are under the qualifying age or do not meet residency requirements), the amount paid is income tested. As an alternative, the qualified spouse or partner can opt to receive payment for themselves only, receiving a payment of half the married rate but without an income test.
6. For applications accepted before 1 October 1991, payments are made at the rate shown as 'Married, each, both qualify'.

## Numbers receiving New Zealand Superannuation

### The number receiving New Zealand Superannuation increased between 2008 and 2012

This increase (see table NZ.2) reflected the impact of:

- an increasing number of people qualifying for New Zealand Superannuation as the population ages
- recipients of New Zealand Superannuation living longer, so there was not a matching increase in cessations of New Zealand Superannuation.

### Over one in two of those receiving New Zealand Superannuation were aged 65–74

Over this period, 56% of New Zealand Superannuation recipients were aged 65–74 (see table NZ.2). Another 11% of these clients were aged 85 or over.

**table NZ.2: Ages of clients receiving New Zealand Superannuation**

Age of client at the end of June	Clients receiving New Zealand Superannuation <sup>1</sup>				
	2008	2009	2010	2011	2012
Under 60 years <sup>2</sup>	3,179	3,226	3,273	3,441	3,513
60–64 years <sup>2</sup>	9,781	9,909	10,105	10,340	10,472
65–69 years	158,186	165,498	171,680	176,441	188,129
70–74 years	117,332	122,396	130,506	140,538	150,117
75–79 years	97,581	97,821	98,498	99,337	101,912
80–84 years	71,026	72,895	74,585	76,866	78,101
85–89 years	38,431	40,222	41,984	43,421	44,882
90 years or over	18,760	18,791	19,889	20,855	21,807
<b>Total</b>	<b>514,276</b>	<b>530,758</b>	<b>550,520</b>	<b>571,239</b>	<b>598,933</b>

#### Notes

1. The number of clients recorded in SWIFTT as receiving New Zealand Superannuation at the end of June.
2. Clients receiving New Zealand Superannuation while under the qualifying age of 65 years are non-qualified spouses.

### Four in five of the clients granted New Zealand Superannuation were previously independent of the benefit system

Eighty-one percent of clients granted New Zealand Superannuation in 2011/2012 had not received a pension or a main benefit in the previous four years (see table NZ.3). This compared with 76% in 2007/2008.

There was a corresponding fall in the proportion of these clients who transferred from a pension or a main benefit (from 18% to 15%).



**table NZ.3: Periods since clients granted New Zealand Superannuation last received financial assistance**

Period since client last received any pension or main benefit	New Zealand Superannuation pensions granted <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
None (clients transferring from another pension or from a main benefit)	7,252	7,458	7,454	7,742	8,549
Under 1 year	681	699	687	723	858
1–2 years	548	660	568	503	651
2–4 years	991	1,027	1,047	987	935
Had not received financial assistance in the previous 4 years	30,048	34,747	36,769	38,352	45,666
<b>Total</b>	<b>39,520</b>	<b>44,591</b>	<b>46,525</b>	<b>48,307</b>	<b>56,659</b>

Note

1. The number of successful applications for New Zealand Superannuation recorded in SWIFTT during years ended June.

### Almost all people aged 65 or over were receiving New Zealand Superannuation

In 2012, an estimated 95.7% of people aged 65 or over were receiving New Zealand Superannuation, up from 93.2% in 2008<sup>7</sup>.

See table OT.3 for trends since 1940 in the number of clients receiving New Zealand Superannuation.

### Those aged 65–69 were more likely than older people to be receiving New Zealand Superannuation

This reflected both growth in the number of people aged 80 or over and patterns in the use of Veteran's Pension. Reflecting the ageing of those receiving Veteran's Pension, the proportion of those aged 90 or over receiving New Zealand Superannuation decreased between 2008 and 2012 (from 92.2% to 85.9%) while the proportion of those aged 65–90 doing so increased.

7 A small number of people aged 65 years or over do not receive New Zealand Superannuation. This group mainly comprises people who do not meet the eligibility criteria for New Zealand Superannuation (usually because they do not meet the residency criteria) or who choose not to apply for personal reasons.

# Veteran's Pension

## Background

Veteran's Pension was introduced on 1 April 1990 and replaced the former War Veterans' Allowance, War Pension, War Service Pension and Economic Pension.

## Historical changes in the funding of Veteran's Pension

On 1 July 1999, the funding for Veteran's Pension was transferred from Vote Work and Income to Vote Veterans' Affairs – Work and Income. In subsequent years, the funding of Veteran's Pension remained in Vote Veterans' Affairs.

Funding for Veteran's Pension is now in Vote Veterans' Affairs – Social Development.

## Eligibility

Veteran's Pension is available to ex-service personnel who have served in a war or an emergency and who are:

- aged 65 or over and qualified for a War Disablement Pension
- aged under 65 and unable to work because of a disability<sup>8</sup>.

To qualify for a Veteran's Pension, these clients must also:

- have reached the qualifying age for New Zealand Superannuation and be receiving a War Disablement Pension of at least 70%, or
- have not reached the qualifying age for New Zealand Superannuation and have a physical or psychological disability from any cause that means they are:
  - permanently unable to work
  - unable to work for two years or more.

Surviving spouses or partners of Veteran's Pension recipients may choose to continue receiving a Veteran's Pension at the single person rate.

A policy change in 1992 allowed veterans receiving New Zealand Superannuation to transfer to a Veteran's Pension.

## Income and residency tests

Veteran's Pension is not income tested except where:

- a non-qualified spouse is receiving a Veteran's Pension, or
- a qualified Veteran's Pension recipient is aged under 65.

Qualified recipients aged under 65 who have no spouse included in their pension are subject to a personal earnings test only.

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<sup>8</sup> If a veteran is eventually able to return to work, the Veteran's Pension is subject to abatement based on his or her employment outcome.

Clients receiving a Veteran's Pension may receive supplementary benefits to help them meet the necessary costs of living. These supplementary benefits are income tested and/or asset tested in the same way as for clients receiving supplementary benefits while being paid New Zealand Superannuation or a main benefit.

## Veteran's Pension payment rates

The payment rates for Veteran's Pension are set by legislation. At the 'M' tax rate, the combined after-tax amount of Veteran's Pension payable to a married couple must be between 65% and 72.5% of the after-tax average ordinary-time weekly wage. A single person living alone receives 65% of the rate payable to a married couple, while a single person sharing accommodation receives 60% of the married couple rate.

Veteran's Pension payments are taxable.

Table VP.1 shows rates for Veteran's Pension payable from 1 April 2012.

**table VP.1: Weekly payment rates for Veteran's Pension (payable from 1 April 2012)**

Status <sup>1</sup>	Payment rate excluding tax paid at 'M' rate <sup>2,3</sup>	Payment rate excluding tax paid at 'S' rate <sup>2,3</sup>
Married, each, both qualify <sup>4</sup>	\$268.40	\$249.55
Married, each, only one qualifies <sup>5,6</sup>	\$255.09	\$236.24
Single, living alone <sup>4</sup>	\$348.92	\$330.07
Single, living with others <sup>4</sup>	\$322.08	\$303.23

### Notes

1. 'Married' includes people who are married, living as married or in a civil union.
2. All the amounts shown are weekly rates, payable from 1 April 2012. Payments of Veteran's Pension are made fortnightly at double the rates shown above.
3. The rates shown are exclusive of Working for Families Tax Credits paid by Inland Revenue.
4. The rates shown for single people or where both partners qualify are not income tested.
5. Where one partner is a non-qualified spouse (eg they are under the qualifying age or do not meet residency requirements), the amount paid is income tested. As an alternative, the qualified spouse can opt to receive payment for themselves only, at the married rate where only one partner qualifies, but without an income test. The exception is if the qualified partner is under 65 years, and then a personal earnings test applies.
6. For applications accepted before 1 October 1991, payments are made at the rate shown as 'Married, each, both qualify'.

## Numbers receiving a Veteran's Pension

### The number receiving a Veteran's Pension decreased slightly between 2009 and 2012

This pattern (see table VP.2) reflected a combination of:

- a reduction in the number of veterans who have served in a recognised war or emergency
- the reduction in the number of transfers from New Zealand Superannuation or a main benefit to Veteran's Pension
- the ageing client base.

Table VP.3 shows the reduction in the number of veterans becoming newly eligible for a Veteran's Pension or transferring from New Zealand Superannuation.

### Over three in five Veteran's Pension recipients were aged 80 or over

Between 2008 and 2012, 64% of Veteran's Pension recipients were aged 80 or over (see table VP.2). Another 22% were aged 70–79.

**table VP.2: Ages of clients receiving a Veteran's Pension**

Age of client at the end of June	Clients receiving a Veteran's Pension <sup>1</sup>				
	2008	2009	2010	2011	2012
Under 60 years	218	183	138	129	121
60–64 years	462	482	469	394	298
65–69 years	770	851	872	890	902
70–74 years	930	966	978	981	1,023
75–79 years	1,514	1,478	1,273	1,175	1,106
80–84 years	3,029	2,734	2,331	1,969	1,658
85–89 years	2,954	3,245	3,221	3,081	2,759
90 years or over	859	1,077	1,251	1,434	1,682
<b>Total</b>	<b>10,736</b>	<b>11,016</b>	<b>10,533</b>	<b>10,053</b>	<b>9,549</b>

Note

1. The number of clients recorded in SWIFTT as receiving a Veteran's Pension at the end of June.

The reduction in grants of Veteran's Pension (see table VP.3) was driven in large part by the reduction in transfers to Veteran's Pension. The ageing client base means the number of client deaths is more than the number of new clients.

**table VP.3: Periods since clients granted a Veteran's Pension last received financial assistance**

Period since client last received any pension or main benefit	Grants of a Veteran's Pension <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
None (clients transferring from another pension or a main benefit)	1,439	1,017	413	364	321
Under 1 year	6	5	6	3	5
1–2 years	4	3	0	4	0
2–4 years	17	15	6	3	3
Had not received financial assistance in the previous 4 years	151	203	157	126	120
<b>Total</b>	<b>1,617</b>	<b>1,243</b>	<b>582</b>	<b>500</b>	<b>449</b>

Note

1. The number of successful applications for a Veteran's Pension recorded in SWIFTT during years ended June.

### Small numbers of those aged 65 or over were receiving a Veteran's Pension

In 2012, an estimated 1.5% of those aged 65 or over were receiving a Veteran's Pension, down from 1.9% in 2008.

**Those aged 90 or over became more likely to be receiving a Veteran's Pension**

Between 2008 and 2012, the proportion of those aged 90 or over receiving a Veteran's Pension increased (from 4.2% to 6.6%). This pattern largely reflected the ageing of World War Two veterans and their partners or spouses.

See table OT.3 for trends since 1990 in the number of clients receiving a Veteran's Pension.



# **Child, Youth and Family**

# Introduction

## What Child, Youth and Family does

Child, Youth and Family works closely with families to help them find their own solutions, so they can:

- deal with their problems
- make the changes they need so their children will be safe and well cared for
- achieve their goals for the family.

When children need secure, loving, long-term homes, Child, Youth and Family will work with family and whanau, caregivers, and adoptive parents to find them one.

When young people offend, Child, Youth and Family works with them to get back on track and make good decisions in the future. Child, Youth and Family will organise a conference for the young person, their family and the victim of their offending to meet and talk about the impact of their actions. Child, Youth and Family will then help them get back on track for a successful future.

Child, Youth and Family partners up with hundreds of social services providers to get the message to communities – ‘Together we can help all our children be safe, strong and thrive!’



## Further information

Follow the link below for more information about the work of Child, Youth and Family.

Find out more about the work of Child, Youth and Family – national and local level data



# Services to students

# Introduction

## Services delivered through StudyLink

MSD provides Student Support payments to students through its StudyLink service line<sup>9</sup>.

### What assistance is available for students through StudyLink?

The assistance available to students through StudyLink comprises:

- Student Allowances (including Accommodation Benefit where eligible)
- Student Loans
- benefits, supplementary assistance and emergency assistance through Work and Income
- some scholarships
- job search assistance during study breaks<sup>10</sup>.

### Who is eligible to receive this assistance?

In general terms, eligibility depends on:

- being enrolled in an approved course at an approved education provider
- the age and circumstances of the student and their family.

Further information on eligibility or entitlement for each type of assistance is provided in the following sections.

This report provides statistics for services to students covering the calendar years 2007 to 2011. The eligibility and entitlement descriptions are those that existed in 2011, except where otherwise stated.

Current eligibility and entitlement criteria, which differs in some important respects from the period covered by this report, is available at [www.studylink.govt.nz](http://www.studylink.govt.nz).

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<sup>9</sup> Students may also be eligible for some types of support through Work and Income.

<sup>10</sup> MSD contracts Student Job Search to help tertiary students looking for holiday and in-term employment. Work and Income also helps students in areas where Student Job Search is not available.

# Student Allowance

## Costs covered by Student Allowances

The Student Allowance Scheme provides help with living costs for:

- New Zealand students studying full-time towards recognised tertiary qualifications
- New Zealand students studying full-time at secondary school.

The scheme was introduced in 1989. Its aim is to prevent costs from being a barrier to full-time education for students from low-income and middle-income groups.

## Eligibility and entitlement overview

For current Student Allowance eligibility criteria, please go to [www.studylink.govt.nz](http://www.studylink.govt.nz).

To receive a Student Allowance, a student must be:

- enrolled as a full-time student (with some exceptions for limited full-time study)
- undertaking a recognised programme at an approved education provider.

In addition, students must be aged 18 or over. There are some exceptions for 16–17 year olds.

A student who is not studying full-time may be eligible for a Student Allowance. This occurs if their education provider supports their application to study less than full-time for any one of the following reasons:

- the student has an illness, disability or some other sufficient cause beyond their control that stops them studying full-time
- it is considered in their best interests, or
- the student is studying more than half of a full-time course and the study will complete a recognised programme.

A student usually has a lifetime limit of 200 weeks' entitlement to a Student Allowance for tertiary study. A student may receive an extension to their 200-week limit if they:

- are enrolled in a Recognised Long Programme<sup>11</sup> or an 'equivalent' long programme as approved by the Ministry of Education
- are retraining for employment in a programme of national interest<sup>12</sup>, or
- need further weeks beyond the 200-week limit because of special circumstances.

There is a separate limit of 92 weeks' entitlement to Student Allowance for study at secondary school<sup>13</sup>. A student may receive an extension to their 92-week secondary school limit if they need further weeks beyond the 92-week limit because of special circumstances.

11 A 'Recognised Long Programme' is a programme recognised by the Tertiary Education Commission as normally taking more than 200 weeks to complete, such as a Bachelor of Engineering/Master of Engineering, for which a Student Allowance can be paid for up to 250 weeks. This exemption will be removed from 1 January 2013.

12 This exemption will be removed from 1 January 2013.

13 Before 1 January 2011, there was no limit to the number of weeks of entitlement for study at secondary school.

## Income and residency tests

To receive a Student Allowance, a student must be:

- a New Zealand citizen
- ordinarily resident in New Zealand, and:
  - have lived in New Zealand for at least two years
  - have been entitled under the Immigration Act 2009 to reside indefinitely in New Zealand for at least two years
- a refugee entitled to reside indefinitely in New Zealand under the Immigration Act 2009
- entitled to reside indefinitely in New Zealand and sponsored into New Zealand by a family member, who at the time was recognised as a refugee and held a residence visa under the Immigration Act 2009, or
- recognised as a protected person and entitled to reside indefinitely in New Zealand under the Immigration Act 2009.

Income tests are also applied to Student Allowances. These tests consider the income of the student and either:

- the student's spouse or partner<sup>14</sup> (if the couple has supported children or they are both at least 24 years of age), or
- one or both of the student's parents (if the student is childless and under 24 years of age).

Before 1 January 2009, the age limit referred to in these income tests was 25 years, not 24 years.

Where there are circumstances that mean it would be inappropriate to expect the student to receive support from one or both parents, the income of the student's parent(s) is not considered.

## Students must meet an academic standard to continue to receive a Student Allowance

To secure continued access to a Student Allowance, a student must:

- continue to meet course requirements
- pass more than half the work of a full-time course.

## Payment rates

A Student Allowance is available at different rates depending on the circumstances of the student.

Compared with students living away from home, the Student Allowance is paid at a reduced rate for students who are:

- living in a parental home, or
- living in recognised relationships with an earning spouse or partner.

Table SA.1 shows the maximum net rate (at tax rate 'M') at which Student Allowances were paid between 1 April 2011 and 31 March 2012.

The maximum rates of Student Allowance, the parental income threshold<sup>15</sup> and the personal and couple thresholds are adjusted from 1 April each year to reflect the change in the Consumer Price Index (CPI).

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14 Since 1 April 2007, clients in same-sex de facto relationships have been treated the same as married, civil union and opposite-sex de facto couples for Student Allowance purposes.

15 From 1 April 2012 to 31 March 2016, the parental income threshold will be maintained at the level resulting from the 2012 adjustment.

**table SA.1: Maximum payment rates for Student Allowance (effective from 1 April 2011)<sup>1</sup>**

Type of Student Allowance	Status	Net amount per week <sup>1</sup>
<b>Single</b>		
Single – parentally income tested <sup>2,3</sup>	Away from home	\$170.80
	At home	\$136.64
Single – not parentally income tested	Away from home	\$204.96
	At home	\$163.96
Independent circumstances allowance		\$170.80
Student with dependent child(ren)		\$293.58
<b>Couple</b>		
Both students	One eligible	\$204.96
	Both eligible (each)	\$170.80
Student with dependent spouse or partner, no children		\$341.60
Both students with dependent child(ren)	One eligible	\$293.58
	Both eligible (each)	\$170.80
Student with dependent spouse or partner and child(ren)		\$341.60
Student with earning spouse or partner, with or without dependent child(ren)	Away from home	\$110.31
	At home	\$74.05

## Notes

1. The payment rates applicable during the 2011 academic year ended December. When this report entered production, this was the latest academic year for which complete information was available.
2. Where the maximum amount of Student Allowance payable depends on the income of the student's parent(s), the Student Allowance is abated by the student's personal income in excess of the threshold in the same way as for other students.
3. Allowances for students aged 16–24 were subject to the parental income test until 31 December 2008. From 1 January 2009, the age band where this test applied was reduced to test parents' incomes for Student Allowances for students aged 16–23.

## Numbers receiving a Student Allowance

### The number receiving a Student Allowance increased slightly between 2010 and 2011

This increase (see table SA.2) slowed from that apparent between 2008 and 2010. This pattern reflected a combination of:

- changes in student numbers, which may have in part reflected changes in employment options during the economic recession and the slow recovery which has followed
- an increase in 2008 in the threshold for the parental income test for students under 25 years, which made more students aged under 25 eligible to receive a Student Allowance.

## A small majority of Student Allowance recipients were receiving parentally income tested assistance

Between 2009 and 2011, 55% of Student Allowance recipients were single and had their allowance parentally income tested (see table SA.2). Another 29% were single but did not have their allowance parentally income tested.

An increase in 2008 in the threshold for the parental income test for students under 25 years made more students under 25 eligible to receive an allowance.

**table SA.2: Types of Student Allowance received**

Type of Student Allowance received	Students receiving a Student Allowance <sup>1</sup>				
	2007	2008	2009	2010	2011
Single – parentally income tested away from home	21,158	23,202	26,872	31,921	32,668
Single – parentally income tested at home	12,704	14,031	18,280	21,041	22,702
Single – not parentally income tested away from home	14,467	14,845	20,249	24,067	24,937
Single – not parentally income tested at home	1,987	2,110	3,456	3,404	3,669
Single – student in independent circumstances	2,121	2,071	2,205	2,078	2,109
Single – student with dependent child(ren)	1,572	1,583	1,868	2,243	2,425
Couple – both students <sup>2</sup>	1,622	1,279	1,512	1,647	1,395
Couple – student with dependent spouse or partner <sup>2</sup>	5,524	5,288	6,497	7,400	7,196
Couple – student with earning spouse or partner <sup>2</sup>	1,350	1,296	1,699	2,147	2,176
<b>Total</b>	<b>62,505</b>	<b>65,705</b>	<b>82,638</b>	<b>95,948</b>	<b>99,277</b>

### Notes

1. The number of students recorded as receiving a Student Allowance during years ended 31 December.
2. Includes couples both with and without children.

## Accommodation Benefit

The Accommodation Benefit is a contribution towards accommodation costs. It is part of the Student Allowance Scheme and is therefore separate and different from the Accommodation Supplement.

Students are generally entitled to an Accommodation Benefit only if they:

- are eligible for a Student Allowance
- live away from the parental home.

A student is not entitled to an Accommodation Benefit if they (or their partner) rent a property owned or managed by Housing New Zealand Corporation.

The exact rate of Accommodation Benefit available depends on the region where the student lives. The maximum payments of Accommodation Benefit available are:

- \$60 a week for single students with a child or children
- \$40 a week for other students.



# Student Loan

## Purpose of a Student Loan

The Student Loan Scheme<sup>16</sup> was introduced in 1992 to provide financial support for students who would otherwise not be able to afford to take up tertiary study.

A student loan includes the following components:

- course fees
- course-related costs (eg textbooks)
- living costs.

## What levels of assistance are provided by a Student Loan?

Table SL.1 sets out the limits that apply to each of the components of a Student Loan.

**table SL.1: Maximum amounts available for a Student Loan, by component (applicable from 1 April 2011)**

Component	Maximum amount available
Tuition fees	Total cost
Course-related costs (annual)	\$1,000.00
Living costs (weekly)	\$172.51

The living cost component of a Student Loan is reduced by the amount of any Student Allowance the student receives.

## Eligibility and entitlement

For current Student Loan eligibility criteria, please go to [www.studylink.govt.nz](http://www.studylink.govt.nz).

A Student Loan is available to people who are:

- undertaking a recognised programme at an approved education provider
- enrolled:
  - full-time or approved limited full-time
  - part-time for 32 weeks or longer, or
  - part-time for less than 32 weeks, with a course load of 0.25 equivalent full-time study (EFTS)<sup>17</sup> or more.

16 For more details about the Student Loan Scheme, see the Student Loan Scheme Annual Report, published by the Ministry of Education, available at [www.educationcounts.govt.nz/publications/series/2555](http://www.educationcounts.govt.nz/publications/series/2555).

17 The EFTS value is a measure of the amount of study or the workload involved in undertaking a particular course. A year of full-time study is usually between 0.8 EFTS and 1.2 EFTS. The EFTS value is determined by the Tertiary Education Commission (TEC).

Students studying between 0.25 and 0.3 EFTS can access a Student Loan for fees only<sup>18</sup>.

People who are not eligible to receive a Student Loan include those who are:

- currently bankrupt, or
- in courses already paid for by the Government (such as Training Opportunities and Youth Guarantee).

People involved in the No Asset Procedure or subject to a Summary Instalment Order are eligible to receive a Student Loan.

A student will generally have a lifetime limit or a maximum of 7 equivalent full-time students (EFTS) of entitlement to a Student Loan. A student who has used 7 EFTS may be entitled to access the Student Loan in the following situations:

- a student who has used less than 7 EFTS may access a Student Loan for a further course, or enrolment even if that course will take them over the 7 EFTS limit
- a student who has completed part of a post-graduate qualification may access up to an additional 1 EFTS to complete that qualification
- a student may access up to an additional 3 EFTS for doctoral study, less any of the additional EFTS entitlement they have used to complete a post-graduate qualification.

A student can only access each of the additional entitlements (above) once, to a total maximum of 10 EFTS (plus any additional study that took them over the 7 EFTS limit).

The EFTS count includes all courses for which the student accessed any part of a Student Loan, for study commencing on or after 1 January 2010, unless the student formally withdrew from a course and received a full refund of their tuition fees.

In Budget 2011, a number of significant policy changes to Student Loans were announced. The current eligibility criteria can be viewed at [www.studylink.govt.nz](http://www.studylink.govt.nz).

## Residency requirements

To be eligible to access a Student Loan, a student must be:

- a New Zealand citizen
- ordinarily resident in New Zealand, and
  - have lived in New Zealand for at least two years
  - have been entitled under the Immigration Act 2009 to reside indefinitely in New Zealand for at least two years
- a refugee entitled to reside indefinitely in New Zealand under the Immigration Act 2009
- entitled to reside indefinitely in New Zealand and sponsored into New Zealand by a family member, who at the time was recognised as a refugee and held a residence visa under the Immigration Act 2009, or
- recognised as a protected person and entitled to reside indefinitely in New Zealand under the Immigration Act 2009.

Student Loans are not income tested.

## General eligibility and entitlement

Some of the above groups are only eligible to access a Student Loan to pay course fees. Others may also access a Student Loan for course-related costs or living costs.

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<sup>18</sup> Between 1 January 2005 and 1 January 2007, students studying between 0.25 and 0.3 EFTS could only access a Student Loan (for fees only) if their courses had a vocational or employment component.

To access a Student Loan for living costs, students must meet the above eligibility criteria and be enrolled in full-time courses, or have StudyLink's approval to study with limited full-time status.

Students enrolled in courses that are part-time and 32 weeks or longer can only receive a Student Loan for fees and course-related costs<sup>19</sup>.

Students enrolled in courses that are part-time and less than 32 weeks long can only receive a Student Loan for fees.

Prisoners are eligible to access a Student Loan for compulsory fees and course-related costs, subject to the agreement of the prison authority. Prisoners are not able to receive living costs. People on home detention can access living costs.

Recipients of a main benefit may not be able to continue to receive that benefit when studying full-time. Those eligible to do so may be able to access a Student Loan for compulsory fees and course-related costs, depending on the amount of any Training Incentive Allowance paid towards these costs.

## Number and characteristics of Student Loan recipients

### Note – the Student Loan statistics below reflect drawings in a calendar year only

This information does not reflect:

- drawings students may have made against Student Loans in earlier years, or
- the total levels of debt students had accumulated through the Student Loan Scheme.

**table SL.2: Numbers of students receiving a Student Loan, by amount**

Annual amount drawn	Number of students <sup>1</sup>				
	2007	2008	2009	2010	2011
Under \$5,000	66,813	64,944	69,613	65,764	59,652
\$5,000 – < \$10,000	64,962	69,218	80,736	93,857	94,837
\$10,000 – < \$15,000	37,567	39,633	42,715	45,346	43,747
\$15,000 – < \$20,000	3,149	3,288	4,102	5,553	6,689
\$20,000 – < \$30,000	736	798	997	1,218	1,543
\$30,000 – < \$40,000	220	195	228	267	298
\$40,000 – < \$50,000	133	161	125	143	132
\$50,000 or over	211	296	222	337	432
<b>Total</b>	<b>173,791</b>	<b>178,533</b>	<b>198,738</b>	<b>212,485</b>	<b>207,330</b>

Note

1. The number of students recorded as receiving a Student Loan during years ended 31 December.

<sup>19</sup> From 1 January 2012, part-time students studying for more than 32 weeks are not entitled to course-related costs.

**table SL.3: Types of Student Allowance received by students with a Student Loan**

Type of Student Allowance received when drawing made	Students making drawings against a Student Loan <sup>1</sup>				
	2007	2008	2009	2010	2011
Single – parentally income tested <sup>2</sup> away from home	18,436	20,154	23,912	28,731	29,408
Single – parentally income tested <sup>2</sup> at home	10,052	11,281	14,803	17,566	19,148
Single – not parentally income tested away from home	11,899	11,869	17,062	20,466	21,145
Single – not parentally income tested at home	1,577	1,649	2,878	2,822	3,111
Single – student in independent circumstances	1,745	1,656	1,886	1,801	1,831
Single – student with dependent child(ren)	1,227	1,235	1,542	1,896	2,063
Couple – both students <sup>3</sup>	1,303	986	1,107	1,276	1,138
Couple – student with dependent spouse or partner <sup>3</sup>	3,813	3,649	4,733	5,507	5,243
Couple – student with earning spouse or partner <sup>3</sup>	1,072	1,049	1,446	1,860	1,902
Not receiving any Student Allowance	122,667	125,005	129,369	130,560	122,341
<b>Total</b>	<b>173,791</b>	<b>178,533</b>	<b>198,738</b>	<b>212,485</b>	<b>207,330</b>

## Notes

1. The number of students recorded as accessing a Student Loan during years ended 31 December.
2. Students aged 16–24 to 31 December 2008, and students aged 16–23 from 1 January 2009.
3. Includes couples both with and without children.

### **Around one in two of the students accessing a Student Loan were attending universities**

From 2007 to 2011, between 51% and 53% of students accessing a Student Loan were attending universities (see table SL.4). The proportion of students accessing Student Loans who were attending institutes of technology and polytechnics increased slightly over this period (from 23% to 28%) (see table SL.4).

**table SL.4: Types of institutions attended by students with a Student Loan**

Type of institution	Students with a Student Loan <sup>1</sup>				
	2007	2008	2009	2010	2011
University <sup>2</sup>	91,432	94,585	103,674	109,001	105,076
Institute of technology or polytechnic	40,415	42,009	50,686	57,686	58,845
Private training establishment	35,270	35,151	35,677	35,802	34,057
Wānanga	3,477	3,422	4,490	5,626	5,569
More than one institution <sup>3</sup>	3,197	3,366	4,211	4,370	3,783
<b>Total</b>	<b>173,791</b>	<b>178,533</b>	<b>198,738</b>	<b>212,485</b>	<b>207,330</b>

## Notes

1. The number of students accessing a Student Loan during years ended 31 December.
2. 'University' included colleges of education until 2007. Between 1991 and 2007, colleges of education were incorporated into universities.
3. Students can enrol to study at more than one institution at the same time. Students shown here were enrolled in more than one institution at the time of making drawings against a Student Loan.

## Number of borrowers accessing each component

### Note – the number of students using each component does not add to the total number of students making drawings

Most borrowers used more than one Student Loan component (eg course fees and living costs) during the same academic year. Adding the number of students using each component would count many students more than once.

### The number of students using each component decreased slightly in 2011

This decrease (see table SL.5) followed the growth between 2007 and 2010 (and particularly between 2008 and 2010) in the use of each component. This pattern may have reflected in part:

- a depressed labour market during the recession
- the removal of interest from most Student Loans from 1 April 2006
- changes in the total number of students accessing Student Loans, particularly the steep increases between 2008 and 2010 followed by a slight decline in 2011.

**table SL.5: Numbers of students accessing each Student Loan component**

Component	Number of students <sup>1</sup>				
	2007	2008	2009	2010	2011
Course fees	160,855	166,112	185,745	198,575	193,851
Course-related costs	103,651	105,046	124,944	144,382	142,258
Living expenses	87,175	88,850	97,229	101,529	100,971

## Note

1. The number of students accessing a Student Loan component during years ended 31 December.

# Scholarships

## Background

Since 2004, StudyLink has been involved in the administration or payment of the following scholarships:

- Step Up Scholarships (established 2004, disestablished 2009)
- Bonded Merit Scholarships (established 2006, disestablished 2009).

While no new Step Up or Bonded Merit scholarships have been granted since 2009, students already awarded these scholarships will continue to receive them for the full tenure, as long as they continue to meet the terms and conditions of the scholarship.

For more information about eligibility for the above scholarships, the costs covered, and their terms and conditions, see *The Statistical Report for the year ending June 2010*.

StudyLink is also involved in the payment of:

- Family and Community Services (FACS) Study Awards
- NZQA Monetary Awards<sup>20</sup>
- TeachNZ Scholarships.

The recipients of these scholarships are decided by FACS, NZQA and the Ministry of Education respectively.

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<sup>20</sup> These were known as the Top Scholar Scheme between 2005 and 2007. The Top Scholar Scheme replaced 'A' and 'B' Bursaries in 2005.

# Benefits available to students

## Unemployment Benefit – Student Hardship

Unemployment Benefit – Student Hardship is paid weekly to help students meet living costs during their study breaks. The amounts paid depend on the students' personal situations, such as age, living arrangements, income and assets.

To qualify for an Unemployment Benefit – Student Hardship, a student generally needs to be:

- aged 18 or over
- aged 16–17 and living with a partner, or
- aged 16–17 and approved for the Independent Circumstances Allowance administered by StudyLink.

All applicants for an Unemployment Benefit – Student Hardship generally need to:

- meet asset and residency tests
- actively seek full-time work during their study breaks
- register with Student Job Search or Work and Income as part of their search for work.

In addition, the applicant generally needs to:

- have received a Student Allowance during the academic year
- be entitled to receive a Student Allowance during the next academic year, or
- be suffering hardship.

For statistics about the use of Unemployment Benefit – Student Hardship, see 'Other unemployment-associated benefits'.

## Supplementary assistance

The following supplementary assistance is available to students:

- Accommodation Supplement
- Student Allowance Transfer Grant
- Community Services Card
- Away from Home Allowance
- Training Incentive Allowance
- Working for Families Tax Credit
- Transition to Work Grant
- Disability Allowance
- Child Disability Allowance
- Childcare Subsidy and OSCAR Subsidy
- Emergency assistance (eg Temporary Additional Support, Special Needs Grant).



# Student Job Search

MSD contracts Student Job Search to:

- help tertiary students looking for holiday and in-term employment
- help administer the Unemployment Benefit – Student Hardship.

Work and Income also helps students in areas where Student Job Search is not available<sup>21</sup>.

During the summer holiday period, StudyLink, Work and Income and Student Job Search work together on a range of initiatives to help tertiary students to get employment. This includes Student Job Search and Work and Income exchanging information at a regional level about relevant job opportunities, and promoting work opportunities to students.

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21 On 30 September 2011, Student Job Search (SJS) made changes to its delivery model, including closing its regional offices. Students can go online at [www.sjs.co.nz](http://www.sjs.co.nz) to view all SJS job listings and can contact SJS through its 0800 number.

System changes during the first quarter of 2012 provided a range of new services aimed at increasing the number of students engaging with SJS to secure jobs and the quantity and value of jobs employers register with SJS. These services included:

- alerts for jobs matching students
- online job applications
- volunteer jobs to support students to gain work experience
- graduate jobs.

# Student Allowance Transfer Grant

## Costs covered

A Student Allowance Transfer Grant is available to clients (or their partners) if they are in hardship during the stand-down week between stopping a Student Allowance and starting to receive a main benefit.

These grants are non-recoverable and non-taxable.

These grants were introduced on 1 October 2002.

## Eligibility

To qualify for a Student Allowance Transfer Grant, a client must be applying for a main benefit because their Student Allowance will stop for one of the following reasons:

- the client is no longer a secondary or tertiary student
- the client is sick, injured or on a break of three weeks or more
- the client's course of study has ended
- the tertiary provider has lost its accreditation.

In addition, the client must:

- have a dependent partner or one or more dependent children
- be in hardship (ie have cash assets less than the maximum allowed and no other means of supporting themselves).

Clients must apply for a Student Allowance Transfer Grant before the end date for which a Student Allowance is payable, or within five working days after this date.

## Income and asset tests apply

The income and asset limits for these grants depend on the circumstances of the client (see table TG.1).

**table TG.1: Asset and income limits for Student Allowance Transfer Grant (applicable from 1 April 2012)**

Circumstances of client <sup>1</sup>	Income limit <sup>2</sup>	Asset limit <sup>3</sup>
Married couple, without dependent children	\$413.46	\$1,708.10
Married couple, with dependent children	None	\$1,708.10
Sole parent, with one child	None	\$1,346.00
Sole parent, with two or more children	None	\$1,445.89

Notes

1. 'Married' includes people who are married, living as married or in a civil union.
2. Income limits (per week before tax) at 1 April 2012.
3. Asset limits at 1 April 2012.

## Payment rate for Student Allowance Transfer Grant

The amount of Student Allowance Transfer Grant payable is one week of the main benefit applied for (after tax), less:

- any abatement due to income
- the amount of any other assistance received for ordinary living expenses (eg for food).

## Numbers of Student Allowance Transfer Grants

### The number of grants paid increased between 2008/2009 and 2011/2012

This increase (see table TG.2):

- reflected the increase in the number of students during the same period
- followed a relatively stable number of grants between 2007/2008 and 2008/2009.

**table TG.2: Numbers of clients paid a Student Allowance Transfer Grant**

	Payments of Student Allowance Transfer Grant <sup>1</sup>				
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
<b>Total</b>	<b>1,110</b>	<b>1,123</b>	<b>1,540</b>	<b>2,005</b>	<b>2,150</b>

Note

1. The number of Student Allowance Transfer Grants provided during years ended June.

### Almost all the recipients of a Student Allowance Transfer Grant between 2007/2008 and 2011/2012 were taking up other main benefits

The overwhelming majority of these students were transferring to an Unemployment Benefit – Student Hardship.

The use of and expenditure on Student Allowance Transfer Grants is highly seasonal, with nearly 90% of these grants made between November and January.

This reflects the fact most recipients of Student Allowance Transfer Grants are students who:

- are seeking financial assistance while looking for jobs over the summer break
- intend to return to study.



# Other services

# Community Services Card

## Introduction

The Community Services Card entitles the holder to:

- higher subsidies for after-hours and out-of-town general practitioners' (doctors') fees than are otherwise available
- subsidised prescriptions for cardholders who do not belong to a PHO (primary health organisation)
- subsidised access to some other health services provided by public hospitals
- access to a number of other health services.

## Eligibility

To receive a Community Services Card, a person must be receiving a low to middle income.

This may be from:

- an income tested benefit
- New Zealand Superannuation or Veteran's Pension, a private or overseas pension
- Student Allowance, or
- employment, a business or investments.

Cardholders must also be:

- aged 18 or over (with exceptions for some 16–17 year olds)
- either:
  - permanent legal residents of New Zealand and normally live here, or
  - holders of, or applicants for, either refugee status or protected person status.

## Some people receive a card automatically, while others need to apply

Community Services Cards are automatically issued to people receiving income-tested financial assistance.

Applications for a Community Services Card (to complete income tests for a card) are required from:

- people who are working
- people receiving New Zealand Superannuation.

## What Community Services Cards are used for

### Services from doctors

Cardholders can receive treatment and prescriptions at reduced costs by using the card.

### Doesn't everyone have low-cost access through their own doctor without a card?

Since 1 July 2007, everyone enrolled with a primary health organisation (PHO) can receive low-cost or reduced-cost services from their own PHO without using a card.

People use a Community Services Card when they:

- need treatment away from home
- need access to urgent medical care from an accident and medical centre or other after-hours service provider
- are new patients enrolled with primary health care providers, including those patients changing from one PHO to another.

Without a card, these patients would be treated as casual patients and charged higher fees for services.

## Other services obtainable using a Community Services Card

Other services are targeted to cardholders. These include:

- family planning – cardholders aged 22 or over pay a reduced fee for a general consultation
- travel assistance for specialist appointments – cardholder status is considered in conjunction with travel distance and age to qualify for the Ministry of Health’s National Travel Assistance Scheme
- oral health – cardholders get free or reduced-cost emergency dental services for the relief of pain and infection (for many low-income people this is their only access to dental care)
- home help – district health boards (DHBs) and MSD use the card to get access to home help for people following needs assessments by needs assessment and service co-ordination agencies
- spectacle subsidy for children – the Ministry of Health pays up to an annual maximum amount towards the price of spectacles and eye examinations for children 15 years and under covered by a Community Services Card
- other health services are targeted to cardholders by individual DHBs – these services include post-hospital discharge home support
- home insulation – government agencies target households that include one or more cardholders for the provision of retrofitted insulation in their houses
- travel assistance for pregnancy termination – Work and Income provides travel assistance to cardholders referred by their primary health care providers for the termination of a pregnancy.

Some local councils and private organisations also offer discounts to Community Services Card holders.

## Numbers of Community Services Cards on issue

### The number of cards on issue decreased between 2011 and 2012

This decrease (see table CS.1) largely reflected a reduction in the number of benefit recipients and Working for Families Tax Credit recipients holding cards.

Of the people holding Community Services Cards at June 2012 (see table CS.1):

- 43% were receiving a main benefit
- 27% were receiving New Zealand Superannuation
- 15% were receiving Working for Families Tax Credits.

**table CS.1: Categories of clients holding a Community Services Card**

Category of client	Community Services Cards on issue <sup>1,2</sup>				
	2008	2009	2010	2011	2012
Low-income earners and students not receiving a Student Allowance <sup>3</sup>	45,080	35,526	31,236	26,128	23,159
Family Support/Family Tax Credit recipients <sup>4</sup>	189,533	189,914	180,592	164,366	150,389
Veteran's Pension recipients	7,869	10,041	9,924	9,588	8,944
Student Allowance recipients <sup>3</sup>	36,506	46,756	66,445	80,898	81,606
Main benefit recipients <sup>5</sup>	359,238	411,402	442,498	434,972	421,772
New Zealand Superannuation recipients <sup>6</sup>	288,438	272,920	266,605	262,851	265,872
Residential Care Subsidy recipients	19,062	25,082	24,899	24,278	25,231
Working families not receiving any of the above assistance	12,642	13,188	13,836	13,254	13,447
<b>Total</b>	<b>958,368</b>	<b>1,004,829</b>	<b>1,036,035</b>	<b>1,016,335</b>	<b>990,420</b>

## Notes

1. The number of Community Services Cards on issue at the end of June. Cards are issued to adults in family units and to children receiving a Child Disability Allowance. A family unit can be a single person or a couple and their dependent children, if any. A card can be used until the expiry date even if the client's circumstances change.
2. The number of Community Services Cards on issue has been revised owing to improvements in statistics. The table now includes cards issued to children receiving a Child Disability Allowance and unexpired cards being used following changes in clients' circumstances.
3. Since June 2003, most students receiving a Student Allowance have had a card automatically issued. Students not entitled to a Student Allowance must apply as low-income earners.
4. 'Family Tax Credit' includes both Group 1 (unabated) and Group 2 (abated) recipients who have been subsidised at Group 1 levels since July 1993. This assistance was known as Family Support until 2005.
5. 'Main benefit recipients' includes students receiving an Unemployment Benefit – Student Hardship or an Emergency Benefit, and includes children receiving a Disability Allowance who have their own card.
6. Because of the income testing of Community Services Cards, not all recipients of New Zealand Superannuation are eligible to receive a card.



# SuperGold Card

## Assistance available using the SuperGold Card

The SuperGold Card is a discount and concessions card issued to all eligible seniors and veterans. It is issued to recognise the contributions seniors and veterans have made, and continue to make, to New Zealand society.

The SuperGold Card was launched on 29 August 2007, and gives access to:

- discounts and offers from a wide range of businesses
- government funded free off-peak public transport concessions
- services and discounts from local councils.

## How long are SuperGold Cards valid for?

Before June 2010, SuperGold Cards had an expiry date three years after issue.

Since June 2010, SuperGold Cards have been issued with no expiry dates unless they are endorsed to show a Community Services Card entitlement. Cards endorsed with a Community Services Card entitlement continue to have expiry dates of between one and three years after issue, depending on the cardholder's income proximity to the threshold.

## Photo SuperGold Cards are available

Since October 2007, SuperGold Card holders have the option of having their photograph added to their card.

Two percent (14,711) of the 596,718 SuperGold Card holders at the end of June 2012 had a photograph added to their card.

## Use of transport concessions

Free off-peak travel on buses, trains and ferries, excluding inter-regional travel, has been available to SuperGold Card holders since 1 October 2008. This concession is funded by the Ministry of Transport.

Over 35 million free off-peak trips have been taken by SuperGold Card holders between 1 October 2008 and the end of June 2012.

In the year from July 2011 to June 2012, over 10 million free off-peak trips were taken.

## Eligibility

To be eligible for a SuperGold Card a person must be:

- aged 65 or over, or
- aged under 65 and receiving either:
  - a Veteran's Pension (in their own right or as a non-qualified spouse), or
  - New Zealand Superannuation as a non-qualified spouse
- legally and ordinarily resident in New Zealand.

## Community Services Cards and SuperGold Cards are combined for users of both cards

Recipients of New Zealand Superannuation may be granted both a Community Services Card and a SuperGold Card and receive a combined card. These clients have their Community Services Card details printed on the reverse of their SuperGold Card.

New Zealand Superannuation clients are required to renew their entitlement to the Community Services Card on a regular basis depending on how close their income is to the threshold.

### The number of participating businesses accepting SuperGold Cards is growing

When the SuperGold Card was launched, there were 188 participating businesses providing discounts through 2,215 outlets around the country. At the end of June 2012, there were 3,665 participating businesses and 7,930 outlets.

## Numbers of SuperGold Cards on issue

### The number of SuperGold Cards on issue increased between 2008 and 2012

This increase (see table SG.1) reflected the ageing of the population, which meant more people became eligible for the card.

Between 2008 and 2012, the proportion of SuperGold Cards on issue which included a Community Services Card entitlement decreased from 61% to 51% (see table SG.1). This reflected the increase in the number of New Zealand Superannuation clients turning 65 years who continued to work, and whose income was above the Community Services Card threshold.

**table SG.1: Categories of current SuperGold Card holders**

SuperGold Cards with and without Community Services Card inclusion	Numbers of SuperGold Card holders <sup>1</sup>				
	2008	2009	2010	2011	2012
SuperGold Card with Community Services Card inclusion	321,293	311,132	303,312	299,873	301,580
SuperGold Card with no Community Services Card entitlement	203,915	227,751	252,871	273,958	295,138
<b>Total SuperGold Cards on issue</b>	<b>525,208</b>	<b>538,883</b>	<b>556,183</b>	<b>573,831</b>	<b>596,718</b>

Note

1. Number of SuperGold Card holders as at 30 June.

# International payments

## Provisions allowing overseas payments of financial assistance

There are three main provisions that allow financial assistance from New Zealand to be paid overseas. These are:

- social security agreements
- the special portability arrangement for Pacific countries
- general portability provisions.

All three provisions cover the payment of New Zealand Superannuation and Veteran's Pension.

Social security agreements also cover the payment of some main benefits.

## Social security agreements

### What do social security agreements do?

Migrants and emigrants can use periods of residence or social security contributions in countries with which New Zealand has a social security agreement to meet the residency requirements for some New Zealand benefits and pensions.

This means:

- people who have come to New Zealand from overseas may qualify for certain New Zealand benefits or pensions under social security agreements
- people may qualify for certain New Zealand benefits and pensions under social security agreements while residing overseas in countries that have a social security agreement with New Zealand.

### Countries New Zealand has a social security agreement with

New Zealand currently has social security agreements with:

- Australia
- the United Kingdom
- the Netherlands
- the Republic of Ireland
- Greece (the Hellenic Republic)
- Canada
- Denmark
- Jersey and Guernsey.

Details of the current agreements follow.

## Australia

This agreement covers:

- New Zealand Superannuation for recipients entitled in their own right
- Veteran's Pension for clients aged 65 or over
- Invalid's Benefit for people with severe disabilities.

Under this agreement, individual pensioners receive dual payments, one from each government. Payments are calculated according to the proportion of each individual's working life (between 20 and 65 years) spent in each country. The payment of New Zealand benefits and pensions in Australia also depends on the rate of Australian pension the person would be paid if they had not lived in New Zealand<sup>22</sup>. This is referred to as the 'capped' rate and may mean a person has a New Zealand entitlement to a nil rate of payment.

Periods of residence in New Zealand can help people going to Australia to qualify for the Australian benefits or pensions covered by the agreement. Conversely, periods of residence in Australia will help people coming to live in New Zealand to qualify for New Zealand benefits or pensions covered by the agreement.

For those clients living in New Zealand, payments are reduced by the rate of Australian pensions paid into New Zealand, and may also be reduced by pensions from a third party that clients are entitled to. Clients living in Australia may have their New Zealand entitlement reduced by pensions from a third country which clients are entitled to<sup>23</sup>.

At the end of June 2012, there were 9,592 people receiving Australian benefits and pensions in New Zealand. There were 30,504 people entitled to New Zealand benefits and pensions in Australia at that time<sup>24</sup>. Of these:

- 24,990 were entitled to New Zealand Superannuation
- 62 were entitled to a Veteran's Pension
- 5,452 were entitled to an Invalid's Benefit.

Benefit reimbursements are paid to Australia by New Zealand for benefits paid under the 1994 agreement with Australia. The 1994 agreement was superseded by the current agreement, which was ratified in 2002. The annual payment amounts are set out in Article 26 of the 2002 agreement and are scheduled to stop in 2015<sup>25</sup>.

The reimbursement for the financial year ending 30 June 2012 was NZD\$37.4 million (AUD\$29.2 million).

## The United Kingdom

Periods of residence in New Zealand can help people going to live in the United Kingdom (UK) to qualify for UK pensions and certain other social security payments. If living in New Zealand, periods of residence in the UK or contributions to the UK National Insurance Scheme can be used to meet residency criteria for some New Zealand benefits. Those living in New Zealand may also qualify for payments of UK pensions.

New Zealand payments are reduced by the amount of UK state pensions or benefits clients receive. At the end of June 2012, there were 49,193 people receiving both UK pensions and New Zealand entitlements.

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22 Australian assessments assume all New Zealand residence as time in Australia and subject the rate to means testing. It is this rate that is then compared with the proportional New Zealand rate calculated. New Zealand will pay the lower of the two rates. The rate of Australian pension is also subject to a means test.

23 This is only applicable to those clients who have used residence in the assessment of the New Zealand rate and excludes Australian citizens and Australian permanent residence visa holders.

24 This includes people entitled to assistance from New Zealand, but who qualify for payment at a nil rate of payment.

25 The final payment under this agreement will be a bulk payment for the aggregate reimbursable amount for the following five years.

As the UK agreement is a host agreement only, clients are generally not entitled to payments of New Zealand benefits or pensions in the UK if they move there permanently.

## **The Netherlands**

Periods of residence in New Zealand can help people to qualify for payments from New Zealand while they are living in the Netherlands. The rates of payment are based on whole months of residence in New Zealand since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension for people aged 65 or over
- Invalid's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers.

Periods of residence or insurance in the Netherlands can be used to meet the residency criteria for New Zealand benefits within the scope of the agreement. Conversely, periods of New Zealand residence can help people going to the Netherlands to qualify for Netherlands benefits or pensions covered by the agreement.

New Zealand payments are reduced by the amount of Netherlands state pensions or benefits clients receive while residing in New Zealand.

At the end of June 2012, there were 3,739 people in New Zealand entitled to Netherlands pensions. At the same date there were 1,233 people in the Netherlands entitled to New Zealand benefits and pensions. Of these people:

- 1,227 were entitled to New Zealand Superannuation
- 4 were entitled to a Widow's Benefit
- 2 were entitled to an Invalid's Benefit.

## **The Republic of Ireland**

Periods of residence in New Zealand can help people to qualify for payments from New Zealand while they are living in Ireland. The rates of payment are based on whole months of residence in New Zealand since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension
- Invalid's Benefit
- Orphan's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers.

Periods of insurance in Ireland can be used to meet the residency criteria for New Zealand benefits and pensions under the agreement. Periods of residence in New Zealand can help people to qualify for Irish benefits and pensions covered by the agreement.

New Zealand payments are reduced by the amount of Irish state pensions or benefits clients receive while residing in New Zealand. New Zealand payments into Ireland may be reduced by some Irish benefits and pensions, and by any benefits or pensions clients are entitled to receive from a third country.

At the end of June 2012, there were 228 people in New Zealand entitled to Irish pensions or benefits. At the same date there were 122 people in Ireland entitled to New Zealand benefits or pensions. Of these:

- 121 were entitled to New Zealand Superannuation
- 1 was entitled to a Widow's Benefit.

## Greece

Periods of residence in New Zealand can help people to qualify for payments from New Zealand while they are living in Greece. The rates of payment are based on whole years of residence in New Zealand since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension for people aged 65 or over
- Invalid's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers.

Orphan's Benefits and funeral grants may also be payable at the full New Zealand rates.

Periods of residence in New Zealand will also help people who have made limited social insurance contributions in Greece to qualify for Greek pensions.

Periods of residence and/or social insurance contributions in Greece may be used to help people to qualify for New Zealand benefits and pensions within the scope of the agreement.

New Zealand payments are reduced by the amount of Greek state pensions or benefits clients receive while residing in New Zealand. New Zealand payments into Greece are reduced by any benefits or pensions paid by a third country.

At the end of June 2012, there were 15 people in New Zealand entitled to social security payments from Greece. At the same date there were 339 people in Greece entitled to New Zealand benefits or pensions. Of these:

- 335 were entitled to New Zealand Superannuation
- 3 were entitled to an Invalid's Benefit
- 1 was entitled to a Widow's Benefit.

## Canada

Periods of New Zealand residence can help people to qualify for payments from New Zealand while living in Canada. The rates of payment are based on whole months of New Zealand residence since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension for people aged 65 or over
- Invalid's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers.

Periods of residence in New Zealand also help people who have made limited contributions to the Canadian scheme, or who have insufficient periods of Canadian residence to qualify for a Canadian pension.

Periods of residence or social insurance contributions in Canada can be used to meet the residency criteria for New Zealand benefits and pensions within the scope of the agreement.

New Zealand payments are reduced by the amount of Canadian state pensions or benefits clients receive while residing in New Zealand.

At the end of June 2012, there were 1,528 people in New Zealand entitled to Canadian pensions or benefits. At the same date there were 655 people in Canada entitled to New Zealand benefits or pensions. Of these:

- 642 were entitled to New Zealand Superannuation
- 10 were entitled to an Invalid's Benefit
- 2 were entitled to a Veteran's Pension
- 1 was entitled to a Widow's Benefit.

## Denmark

Periods of New Zealand residence can be used to help people to qualify for payments from New Zealand while living in Denmark. The rates of payment are based on whole months of New Zealand residence since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension for people aged 65 or over
- Invalid's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers.

Periods of residence in New Zealand also help Danish nationals who have made limited contributions to the Danish scheme, or who have insufficient periods of Danish residence to qualify for a Danish pension. To qualify for a Danish pension under the agreement, a person must be either a Danish citizen or a New Zealand citizen.

Periods of residence or social security contributions made in Denmark can be used to meet the residency criteria for New Zealand benefits and pensions within the scope of the agreement.

New Zealand payments are reduced by the amount of any Danish state pensions<sup>26</sup> or benefits clients receive while residing in New Zealand.

At the end of June 2012, there were 102 people in New Zealand entitled to Danish pensions or benefits. At the same date there were 64 people in Denmark entitled to New Zealand benefits or pensions. Of these:

- 63 were entitled to New Zealand Superannuation
- 1 was entitled to an Invalid's Benefit.

## Jersey and Guernsey

Periods of residence in New Zealand can help people to qualify to receive New Zealand payments while living in Jersey or Guernsey. The rates of payment are based on whole years of New Zealand residence since age 20 years. The payments covered are:

- New Zealand Superannuation for people who qualify in their own right
- Veteran's Pension
- Invalid's Benefit
- Widow's Benefit
- Domestic Purposes Benefits for widowers
- Sickness Benefits<sup>27</sup>.

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26 This includes pensions paid by the Arbejdsmarkedets Tillægspension (ATP).

27 The inclusion of Sickness Benefits in this agreement is solely to allow people to use contributions to the Jersey or Guernsey insurance schemes to qualify for a Sickness Benefit in New Zealand. Sickness Benefits are not paid outside New Zealand except to people who qualify under the Social Security Act 1964.

Periods of residence in New Zealand also help people who have made limited contributions to the Jersey or Guernsey insurance schemes to qualify for pensions available under those schemes.

Periods of contribution to the Jersey or Guernsey social insurance schemes help people to qualify for New Zealand benefits and pensions within the scope of the agreement.

New Zealand payments are reduced by the amount of Jersey or Guernsey state pensions or benefits clients are entitled to while residing in New Zealand. New Zealand payments into Jersey or Guernsey are reduced by any benefit or pension clients are entitled to from a third country.

At the end of June 2012:

- 100 people in New Zealand were entitled to Jersey pensions, and another 95 were entitled to Guernsey pensions
- 36 people in Jersey, and another 21 in Guernsey, were entitled to New Zealand Superannuation
- 1 person in Jersey was entitled to a Widow's Benefit.

## Special portability arrangement for Pacific countries

Periods of New Zealand residence can help people to qualify for New Zealand Superannuation or a Veteran's Pension while resident in one of 22 Pacific countries. Only people eligible in their own right can receive New Zealand Superannuation under this provision. Non-qualified spouses are not able to receive a payment under this provision.

Pacific countries covered by the arrangement are:

- American Samoa
- Cook Islands
- Federated States of Micronesia
- Fiji
- French Polynesia
- Guam
- Kiribati
- Marshall Islands
- Nauru
- New Caledonia
- Niue
- Northern Mariana Islands
- Palau
- Papua New Guinea
- Pitcairn Island
- Samoa
- Solomon Islands
- Tokelau
- Tonga
- Tuvalu
- Vanuatu
- Wallis and Fortuna.



Payment rates are based on a client's period of residence in New Zealand since the age of 20 years. People residing in New Zealand for:

- 10 years since the age of 20 years receive 50% of New Zealand Superannuation or a Veteran's Pension
- 11–20 years since the age of 20 years receive an additional 5% of New Zealand Superannuation or a Veteran's Pension for each year of residence over 10 years.

At the date of application, clients must be:

- both resident and present in New Zealand
- intending to live in one of the specified Pacific countries for 52 weeks or more.

At the end of June 2012, 589 people in 14 Pacific countries were entitled to payments under the special portability arrangement.

The significantly higher uptake of special portability as opposed to general portability reflected:

- the more generous residency and payment provisions of the special portability arrangement
- the proximity of Pacific countries
- the close family links that are often maintained even after a person immigrates to New Zealand from a Pacific country.

## General portability provisions

This provision applies to people who are:

- eligible to receive New Zealand Superannuation or a Veteran's Pension in their own right (ie they are not non-qualified spouses)
- living in countries that:
  - do not have social security agreements with New Zealand
  - are not covered under the special portability arrangement for Pacific countries
- travelling in one or more countries.

Applications under this provision must be made while the applicant is resident in New Zealand.

Before 5 January 2010, people living outside New Zealand could receive 50% of their New Zealand Superannuation or Veteran's Pension under this provision.

From 5 January 2010, clients can receive up to 100% of their New Zealand Superannuation or Veteran's Pension under this provision. The rate of payment depends on the proportion of the person's working life (between 20 and 65 years) spent in New Zealand.

The principal destinations are the People's Republic of China, the United States, Thailand, India and the Philippines.

At the end of June 2012, 466 people in 61 countries, and 116 people travelling in one or more countries, were entitled to a pension payment under the general portability provision.

## Total payments to New Zealanders living overseas

At the end of June 2012, 34,146 New Zealanders living overseas were entitled to payments of a New Zealand benefit or pension overseas<sup>28</sup>. Of these people:

- 28,602 were entitled to New Zealand Superannuation
- 5,468 were entitled to an Invalid's Benefit
- 68 were entitled to a Veteran's Pension
- 8 were entitled to a Widow's Benefit.

The number of people entitled to payments of New Zealand Superannuation, a pension or a main benefit while living overseas increased by 17,430 (104%) between 2008 and 2012. This increase was attributable to the number of clients who had moved from New Zealand to Australia. Growth in the number entitled to payments while in Australia accounted for 95% (or 16,582) of this increase.

## Foreign pensions paid into New Zealand

Some people receive a reduced rate of New Zealand Superannuation, Veteran's Pension or main benefit because they are also receiving overseas pensions while living in New Zealand.

### Numbers of MSD clients entitled to an overseas pension

#### The number of MSD clients entitled to overseas pensions increased between 2008 and 2012

The number of MSD clients entitled to overseas pensions increased by 28% (14,724 people) between 2008 and 2012. Clients entitled to Australian and United Kingdom (UK) pensions accounted for 85% of this increase.

#### A large but decreasing majority of MSD clients entitled to overseas pensions were entitled to pensions from the UK

In 2012, 73% of these clients were entitled to pensions from the United Kingdom, compared with 79% in 2008. Over the same period, the proportion of these clients who were entitled to a pension from:

- Australia increased from 9% to 14%
- the Netherlands remained around 6%.

Compared with 2008, in 2012 MSD clients were also entitled to more overseas pensions from Canada, the People's Republic of China, Germany, the United States of America and 51 other countries.

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28 This figure includes 567 clients living in Australia who qualified for payment at a nil rate of payment, and 348 other clients in different countries whose payments had been temporarily stopped as at 30 June 2012.

# Integrity Services

## Benefit fraud and abuse investigations

The Fraud Investigation<sup>29</sup> Unit and the Integrity Intervention Centre provide services to assure the integrity of the benefit system.

### How is fraud and abuse minimised and investigated?

These units use an intelligence-led approach to respond to risks of benefit fraud and abuse. This approach involves:

- scanning the environment for emerging threats
- using risk profiles to identify areas of vulnerability
- analysing the results of fraud investigations for future work.

This approach allows the efficient and effective targeting of clients who are most likely to commit benefit fraud or to abuse the benefit system.

The Ministry is focused on ensuring clients receive their correct entitlements to benefits. There is a multifaceted approach that responds to suspected fraud and uses our detection capabilities in the most efficient manner.

MSD does not tolerate any form of benefit fraud. In every case, the Ministry will seek to:

- recover all overpayments resulting from fraud and abuse
- prosecute clients where there is evidence of premeditated fraud.

### How we define fraud

The Ministry defines fraud as those cases where a client has been prosecuted. In the majority of cases, the investigation results in the benefit being adjusted or cancelled, and an overpayment established. The client may also receive a monetary penalty or a warning.

## Cases investigated and overpayments identified

### Benefit fraud is ever changing

The risk of benefit fraud is dynamic and tackling it is an ongoing priority. The Ministry constantly reviews its practices, processes and procedures to ensure the best deployment of resources to make the most gains. We have a centralised process, which means all fraud allegations from the public and suspicions from case managers are assessed for risk by the Integrity Intervention Centre (IIC).

If the risk is assessed as low or medium, the suspected fraud case is managed through the Integrity Intervention Centre. If the risk is assessed as high, it is forwarded to the National Fraud Investigation Unit (NFIU) for a full investigation and for prosecution when appropriate.

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29 Previously 'Benefit Control'.

## The number of cases has continued to trend downward since 2006/2007, but the value of overpayments is increasing

Although the volume of cases reviewed reduced between 2007/2008 and 2011/2012 (see table IS.1), the dollar value of overpayments in 2011/2012 exceeded the levels reached in 2007/2008.

Overpayments increased from \$39.8 million in 2010/2011 to \$41.8 million in 2011/2012, an increase of \$2 million (5%). This brought overpayments back to the levels established in 2006/2007.

These results are attributed to:

- the implementation of the Fraud Risk Workflow model in August 2009
- the ongoing improvements to the risk profiling of:
  - allegations from members of the public
  - fraud suspicions received from case managers.

Allegations and suspicions of benefit fraud are allocated to either a desk-based review at the Integrity Intervention or a full investigation at the appropriate National Fraud Investigation Unit. Cases assessed as at high risk of benefit fraud and investigated through the National Fraud Investigation Unit have high value overpayments, as the fraud is more likely to have been committed over a longer period of time.

In 2011/2012, just over 43% of the investigations were related to a relationship fraud and 27% of the investigations were related to people who were working but continuing to claim a full benefit.

**table IS.1: Fraud and abuse investigations and reviews completed, and overpayments identified<sup>1</sup>**

Financial year <sup>2</sup>	Number of investigations and reviews completed	Number of overpayments established	Value of overpayments (\$)
2007/2008	26,736	4,407	33,702,275
2008/2009	26,400	3,327	33,780,453
2009/2010	19,935	2,996	39,336,133
2010/2011	16,266	2,424	39,838,760
2011/2012	10,735	2,139	41,824,781

Notes

1. The figures include all the activities undertaken by the Fraud Investigation Unit, and include benefit, Student Allowance and Student Loan cases.
2. Financial years ended 30 June.

## Fraud prosecutions

### The number of prosecutions completed increased in 2011/2012

Following a decrease in 2010/2011, completed prosecutions increased from 690 to 742 in 2011/2012, an increase of 52 (8%). The prosecution success rate is at 96%.

Patterns in the number of prosecutions completed may reflect the patterns in both the volume of cases investigated and the serious nature of benefit fraud cases referred for a full investigation.

The fraud debt established in 2011/2012 was \$23.4 million<sup>30</sup>.

<sup>30</sup> Source: Legacy Audit Trail.

## Note – prosecutions do not relate to fraud debts established in the same year

There can be a lag between when a fraud debt is established and when the associated prosecution is completed. This means comparisons cannot readily be made between fraud prosecutions completed in a year and the fraud debt established in the same year.

**table IS.2: Fraud prosecutions completed**

Financial year <sup>1</sup>	Number of prosecution cases of benefit fraud completed
2007/2008	1,028
2008/2009	735
2009/2010	789
2010/2011	690
2011/2012	742

Note

1. Financial years ended 30 June.

## Data-matching programmes

The Integrity Intervention (which encompasses the National Data Match Centre) provides services to minimise errors and fraud in, and abuse of, the benefit system. This is done in part by matching information about Work and Income clients with information held by the following agencies:

- Inland Revenue
- Department of Corrections
- New Zealand Customs Service
- Department of Internal Affairs (matches with Births, Deaths and Marriages)
- Accident Compensation Corporation (ACC)
- Housing New Zealand Corporation.

## Data-matching cases investigated and overpayments identified

### Cases completed decreased between 2010/2011 and 2011/2012, while overpayments established increased

This result largely reflected significant changes made to enhance the Inland Revenue (IR) match.

Although the number of IR investigations decreased by 50% in 2011/2012, the quality of the information exchanged improved. This led to efficiency gains and improved productivity.

In addition to the improvements to the match, work-related allegations are now diverted through the IR match, making use of a process that is streamlined and more efficient than contacting employers directly.

The other matches are each performing well, with an increased focus on the New Zealand Customs Service match leading to more timely responses and reduced overpayments.

Overall between 2010/2011 and 2011/2012, there was a 33% decrease in the number of cases completed (from 106,408 to 71,629), but a 35% increase in the overpayments established (from \$34 million to \$46 million).

**table IS.3: Data-matching cases completed, and overpayments identified**

<b>Financial year<sup>1</sup></b>	<b>Number of cases completed</b>	<b>Overpayments established – amount (\$)</b>
2007/2008	67,838	31,316,452
2008/2009	54,582	20,007,833
2009/2010	74,030	27,870,841
2010/2011	106,408	34,293,370
2011/2012	71,629	46,018,298

Note

1. Financial years ended 30 June.

## Balances owed to the Crown by MSD clients

### How do people come to owe money to MSD?

The Ministry manages three main categories of money owed by clients:

- Recoverable assistance loans – these are interest-free loans to help beneficiaries and people on low incomes meet immediate and essential needs. They may be provided to help with costs such as school uniforms, fridges and washing machines.
- Overpayments – these occur when a client receives financial assistance to which they are not entitled.
- Fraud – this is established when the Ministry finds evidence of deliberate, planned and premeditated fraud. In all cases the Ministry prosecutes the individual.

### Activities to prevent clients owing balances to MSD

#### Most clients with balances owing owed small amounts

At 30 June 2012, 58% of clients with balances due owed less than \$1,000.

The Ministry works hard to minimise overpayments, by focusing on preventing overpayments in the first place. These prevention activities involve:

- highlighting and reiterating with clients their obligation to inform the Ministry as soon as possible of any changes in their circumstances
- making it easier for clients to advise of any changes in their circumstances
- adopting good practices and processes to make sure staff do things right for clients the first time
- data matching with other government departments to identify early if a client is being overpaid
- providing clients with good advice about the financial assistance available to them.

### How balances owed are repaid to the Ministry

#### A high proportion of MSD clients with balances owed are making repayments

At the end of the 2011/2012 year:

- Ninety-two percent of current clients with balances owed were repaying their balance. On average, these clients were repaying \$13.27 a week.
- Eighty-five percent of former clients with balances owed have either repaid their balances in full or were making repayments 12 months after the cancellation of their benefit. Former clients were repaying on average \$22.93 a week.

Repayment guidelines are in place to help clients repay their balances owed in appropriate timeframes. Repayments are accepted at a level the client can afford without causing financial hardship. To ensure repayment, a range of activities is undertaken, including:

- recovery directly from benefit, Student Allowance and New Zealand Superannuation payments
- deductions of money from clients' bank accounts and wages
- civil action, including caveats over property
- where appropriate, the recovery of money owed from assets confiscated by the Police as proceeds of crime.

## Recoverable assistance loans

### Recoverable assistance loan expenditure in 2011/2012 declined compared to the previous year

In 2011/2012, recoverable assistance loan expenditure was \$146.7 million (see table IS.4), a decrease of 10% (\$16 million) compared with the previous year.

The decline in expenditure reduced the amount recovered in the 2011/2012 year. The amount recovered in 2011/2012 was \$147.0 million, a decrease of 7% (\$11.8 million) compared to the previous year.

**table IS.4: Recoverable assistance loans established and recovered**

Financial year <sup>1</sup>	Recoverable assistance loans established and recovered (\$m)					
	Opening	Establishment	Recovery	Write-off	Adjustment	Closing
2007/2008	340.5	119.5	-106.8	-0.6	0.5	353.1
2008/2009	353.1	157.5	-132.3	-1.3	1.6	378.6
2009/2010	378.6	176.8	-145.7	-1.2	2.0	410.5
2010/2011	410.5	162.7	-158.7	-1.7	-1.5	411.3
2011/2012	411.3	146.7	-147.0	-2.7	-0.9	407.5

Note

1. Financial years ended 30 June.

## Overpayments

Overpayments include balances established through data-matching activities, fraud investigations, fraud prosecutions, and from clients changing their circumstances.

### The value of overpayments established in 2011/2012 increased compared to the previous year

The value of all overpayments established in 2011/2012 was \$231.8 million (see table IS.5), an increase of 6.5% (\$14.2 million) compared with the previous year. The increase was a result of increased overpayments detected by fraud investigations and data matching. Overpayments established other than by data matching or fraud investigations fell by \$2.0 million.

The value of overpayments recovered in 2011/2012 was \$142.4 million, an increase of 0.4% (\$0.6 million) compared with the previous year.



**table IS.5: Overpayments established and recovered**

Financial year <sup>1</sup>	Overpayments established and recovered (\$m)					
	Opening	Establishment	Recovery	Write-off	Adjustment	Closing
2007/2008	429.6	176.4	-134.3	-11.8	-13.4	446.5
2008/2009	446.5	172.7	-121.0	-6.7	-13.2	478.2
2009/2010	478.2	207.5	-145.6	-8.5	-12.0	519.6
2010/2011	519.6	217.6	-141.8	-6.7	-2.8	585.9
2011/2012	585.9	231.8	-142.4	-6.0	-7.8	661.5

Note

1. Financial years ended 30 June.

## Other balances owed

Other balances (see table IS.6) are those not associated with overpayments or recoverable assistance loans, such as Liable Parent Contribution, Maintenance and Major Repairs Advances. These programmes are no longer current and MSD is responsible for recovering the remaining balances owed.

Balances owed at the end of each year continue to decrease.

**table IS.6: Other balances owed and recovered**

Financial year <sup>1</sup>	Other balances owed and recovered (\$m)					
	Opening	Establishment	Recovery	Write-off	Adjustment	Closing
2007/2008	41.3	0.0	-7.3	-1.2	4.4	37.2
2008/2009	37.2	0.0	-7.3	-1.0	4.2	33.2
2009/2010	33.2	0.0	-7.4	-0.2	4.3	30.0
2010/2011	30.0	0.0	-2.8	-0.5	-2.6	24.1
2011/2012	24.1	0.0	-2.3	-0.3	-0.4	21.1

Note

1. Financial years ended 30 June.

## Clients with balances owed

### The number of clients with balances owed increased from 2007/2008

The number of clients with a balance owed has increased since 2007/2008. This is a result of increased recoverable assistance loans established (between 2007/08 and 2009/10) and overpayments established (since 2008/09).

The number of clients owing Liable Parent Contribution or Maintenance declines each year as these programmes are no longer current.

**table IS.7: Numbers of clients with balances owed, by category**

Financial year <sup>1</sup>	Number of clients with balances owed (000s)						
	Current clients <sup>2</sup>	Former clients <sup>3</sup>	Student <sup>4</sup>	Liable Parent Contribution <sup>5</sup>	Maintenance <sup>6</sup>	Other <sup>7</sup>	Total <sup>8</sup>
2007/2008	182	119	11	5	2	0.2	318
2008/2009	219	111	11	4	2	0.2	348
2009/2010	252	122	12	4	1	0.2	393
2010/2011	255	145	14	4	1	0.5	420
2011/2012	247	156	15	3	1	0.5	423

## Notes

1. Financial years ended 30 June.
2. Clients currently receiving financial assistance from MSD's Work and Income or Senior Services service lines who have balances owed.
3. Clients no longer receiving financial assistance from MSD's Work and Income or Senior Services service lines who have balances owed.
4. Clients with balances owed as a result of an overpayment of a Student Allowance or Student Loan that was not transferred to Inland Revenue for collection.
5. The Liable Parent Contribution Scheme ended in 1992. This number represents liable parents with arrears of payments.
6. The administration of Maintenance Orders and registered agreements ended in 1992. This number represents Crown Maintenance clients with arrears of payments.
7. 'Other' includes clients with balances owed for Major Repairs Advances and overpayments of Employment Training and Assistance. Major Repairs Advances ended in 1996. Employment Training and Assistance are programmes and services to help clients to move towards independence and range from work experience to wage subsidies, allowances and grants.
8. The total number of clients with balances owed may be overstated because of double-counting where a client has a balance owed in more than one category.

## Composition of balances owed

### Half of the balances were owed by current clients

Fifty-one percent of balances owed were owed by current clients and 44% by former clients (see figure IS.1).

Of the balances owed by current and former clients, 39% were due to recoverable assistance and 61% were due to overpayments (including fraud).

**figure IS.1: Composition of all balances owed at 30 June 2012**

