



MINISTRY OF SOCIAL DEVELOPMENT

*Te Manatū Whakahiato Ora*



THE STATISTICAL REPORT

FOR THE YEAR ENDING JUNE 2006

# THE STATISTICAL REPORT

FOR THE YEAR ENDING JUNE 2006

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## Section 1 Introduction

### Introduction to the *Statistical Report*

This report presents a range of information about the use of financial assistance and employment services provided by the Ministry of Social Development (MSD). Within this report, information about the use of MSD assistance is also placed into a broader population context. We anticipate that the information contained in the report will be of value to anyone working in the social services sector, whether in a policy, research or service delivery capacity.

This report is based on information held in the client databases of MSD's service lines, and is focused on the period since 1 July 2001. Some of the statistics presented in this report are also available for earlier years, on request from MSD's Decision Support team.

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

## Section 2 Assistance provided by Work and Income

### Introduction

This section summarises information on the use of financial assistance and employment services offered by MSD's Work and Income service line. Sections 3 and 4 contain more detailed information about eligibility for, and use of, the assistance provided by Work and Income. Information about the use of financial assistance provided by MSD's StudyLink service line is outlined in Section 5.

Income tests, work tests and client development processes applied when providing benefits and pensions are briefly described in Appendix 1. Appendix 2 outlines the definition of official unemployment, and reasons for differences between the number of registered job seekers and the number of people officially unemployed. Appendix 3 contains additional information about the ages of people receiving or covered by Work and Income assistance.

### Conventions in this report

#### Focus on working aged clients

Information in Section 3 concerning the use of main benefits is focused on working aged clients. This report defines "working aged" clients as aged 18–64 years, to reflect the minimum age of eligibility for most main benefits and the age of qualification for New Zealand Superannuation. To maintain consistency with earlier reports in this series, total numbers of recipients of main benefits over all age groups are also shown. If required, more information can be obtained from MSD's Decision Support team.

#### Naming of financial assistance

This report uses the term "main benefit" to refer to the group of benefits previously referred to as "income-tested benefits". This change in terminology reflects a new MSD reporting convention.

Throughout this report, financial assistance is referred to:

- by the official name (as at the end of June 2006) of a specific type of financial assistance (eg Domestic Purposes Benefit – Sole Parents), or
- as part of broad groups of main benefits that are delivered for similar purposes (defined in Section 3).

The official names for financial assistance used in this report have been current since at least 1 July 2001. Where the official name for assistance has changed over time (eg Community Wage – Job Seeker to Unemployment Benefit), this is noted within the relevant section of the report.

#### Information sources

The report refers to SWIFTT and SOLO as data sources. SWIFTT is the system used by Work and Income to record information about recipients of financial assistance and the assistance they receive. MSD holds a comprehensive record of information collected in SWIFTT since 1996. SOLO is the system used by Work and Income to record information about registered job seekers and about employment services being provided. It contains a comprehensive record of information collected since 1999. MSD also holds some information for earlier years concerning financial services, employment services and registered job seekers.



### Statistics shown in the report

Trends over time in the numbers of people receiving assistance from Work and Income are shown as numbers receiving services at the end of June. This approach aims to show both broad trends over time in service use and the actual numbers of clients receiving services.

Please note, however, that this approach gives no information about numbers receiving Work and Income assistance at other times of the year. Large numbers of people may be granted assistance from Work and Income, and later cease receiving that assistance, without being reflected in numbers receiving benefits at the end of June. Assistance provided to such clients is, however, reflected in statistics showing assistance granted, assistance ceased, and expenditure on assistance. Because of this, the difference between assistance granted and assistance ceased during the financial year will not correspond to the change from June to June in numbers of people receiving assistance.

All data showing trends in the use of main benefits excludes spouses, partners and dependants of people receiving these benefits. Data on the use of pensions includes non-qualified spouses receiving pensions, but excludes any other dependants of the client. This report therefore does not indicate the total number of people, or the proportion of the population, who are dependent on benefits or pensions.

It should also be noted that around 2% of work services clients are not registered job seekers, and are excluded from job seeker statistics. These clients consist of:

- vacation workers
- people already working full-time but seeking to change jobs.

This report therefore does not indicate the total number of people, or total proportion of the population, who are work services clients.

All percentages shown in tables are rounded to one decimal place. Because of rounding, percentages may not add to 100.0%.

### Expenditure information in the report

Expenditure data presented in this report differ from official MSD expenditure data, do not reflect state sector financial reporting conventions, and should not be cited as official MSD expenditure data. These differences arise because of:

- smoothing of expenditure data presented in Sections 3, 4 and 7. This aims to give figures which are comparable across time, despite changes in operations, policy or accounting practice
- the treatment of debt established. This is deducted from expenditure figures shown in Sections 2 and 7, but not from expenditure figures in Sections 3 and 4
- the use in Sections 3 and 4 of expenditure information which has been adjusted to standardised payment periods
- the inclusion in expenditure data in Sections 3 and 7 of expenditure on selected supplementary benefits.

In this report, the presentation of expenditure information which differs from official MSD expenditure information reflects the aim of showing:

- the “net gain” to clients from receiving financial assistance paid by Work and Income
- expenditure series which allow meaningful comparison between points in time, regardless of significant change in both operational policies and accounting conventions.

Official MSD expenditure data is available from the *MSD Annual Report*.

### Treatment of civil unions

MSD service lines treat clients who are in a civil union in the same way as clients who are married or living as married. All references in this report to clients who are married or living as married should be read as including clients who are in a civil union.

## Benefits, pensions and hardship assistance

### Types of benefits

Benefits are available to people with little or no income, and are paid to enable recipients to meet their living costs and to participate in the community. Two types of benefits can be distinguished:

- main benefits
- supplementary benefits.

### Main benefits

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

- have insufficient income from all sources to support themselves and any dependants
- meet the eligibility criteria for that benefit.

The level of income below which a main benefit can be provided depends on the type of benefit applied for and the circumstances of the client. A main benefit may also be work tested.

For information on eligibility for particular main benefits, see Section 3 of this report. See Appendix 1 for additional information about income testing, work testing and client development approaches applied when providing some main benefits.

Main benefits comprise:

- Unemployment Benefits, Unemployment Benefits – Hardship, Unemployment Benefits – Training, Unemployment Benefits – Hardship – Training, Unemployment Benefits – Hardship – Students, Independent Youth Benefits, and Emergency Benefits
- Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone, and Emergency Maintenance Allowances
- Sickness Benefits and Sickness Benefits – Hardship
- Invalid's Benefits
- Widow's Benefits.

Transitional Retirement Benefits were also main benefits until they were abolished on 1 April 2004.

### *Payment rates for main benefits*

The standard weekly rates of main benefits are increased yearly on 1 April, to reflect change in the Consumers Price Index (CPI) over the previous year. The rates for main benefits current from 1 April 2006 are listed in table 2.1.

Please note that:

- some clients may receive their main benefit payments fortnightly, at double the rate shown in table 2.1
- the rates shown in table 2.1 are maximum rates unless stated otherwise (the amount a person actually receives will depend on their income from other sources)
- where a couple are married or living as married, each partner receives one-half of the main benefit payment (as noted earlier, numbers of main benefit recipients shown in this report include only one partner from each such couple)
- from 1 April 2005 the child component of main benefits (ie the additional payment for children) was removed from main benefits and included in Family Support (see table 2.2 for current rates of Family Support). This change was part of the Working for Families package.

table  
2.1**Weekly payment rates for main benefits (payable from 1 April 2006)**

Main benefit	Status <sup>1</sup>	Weekly payment rate <sup>2,3</sup> Number of children	
		None	1 or more
Unemployment Benefit	Married, each	\$144.92	\$144.92
	Single 25+	\$173.92	
	Single 18–24	\$144.92	
	Single 18–19 (Living at Home)	\$115.94	
	Sole parent		\$249.10
Independent Youth Benefit		\$144.92	
Sickness Benefit granted after 1 July 1998	Married, each	\$144.92	\$144.92
	Single 25+	\$173.92	
	Single 18–24	\$144.92	
	Single 18–19 (Living at Home)	\$115.94	
	Sole parent		\$249.10
Sickness Benefit granted before 1 July 1998 <sup>4</sup>	Married, each	\$144.92	\$144.92
	Single 25+	\$173.92	
	Single 18–24	\$147.34	
	Single 18–19 (Living at Home)	\$115.94	
	Sole parent		\$249.10
Invalid's Benefit <sup>5</sup>	Married, each	\$181.16	\$181.16
	Single 18+	\$217.38	
	Single 16–17	\$175.91	
	Sole parent		\$285.57
Domestic Purposes Benefit <sup>5</sup>	Sole Parent		\$249.10
	Women Alone	\$181.16	
Domestic Purposes Benefit – Care of Sick or Infirm <sup>5,6</sup>	Single 18+	\$217.38	
	Single 16–17	\$175.91	
	Sole parent		\$285.57
	Half married rate	\$181.16	
Emergency Maintenance Allowance	Age 16–17 (Living at Home)		\$115.94
	Age 16–17 (Away from Home)		\$249.10
	18 or over		\$249.10
Widow's Benefit <sup>5</sup>		\$181.16	\$249.10

**Notes**

- 1 "Married" includes people who are married, living as married, or in a civil union.
- 2 Rates shown are the net amount set by regulations, and apply from 1 April 2006. Tax at the "M" rate is calculated retrospectively and paid to Inland Revenue.
- 3 Rates shown exclude Family Support payments. Benefit recipients with dependent children qualify for Family Support, a programme funded by Inland Revenue. See table 2.2 for rates of Family Support.
- 4 People who have received a Sickness Benefit since before 1 July 1998 receive the old (higher) Sickness Benefit rates.
- 5 Some recipients are paid weekly, while others are paid fortnightly at double the indicated rates.
- 6 Only the caregiver receives payment.

**Supplementary benefits**

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

- people receiving a main benefit or pension
- 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 are available to assist with accommodation costs, with childcare costs, with health-related or medical-related costs and with meeting some other urgent and essential needs.

Supplementary benefits may be paid on an ongoing basis or as one-off payments. Eligibility for supplementary benefits usually depends on income and assets.

For more information about eligibility for supplementary benefits, see Section 4 of this report.

### Payment rates for supplementary benefits

Table 2.2 shows maximum weekly rates for a selection of the main supplementary benefits available. In some cases, the payment actually made may be less than the amount shown. This occurs because the level of supplementary benefit paid depends on the costs incurred by the client, or because other income is taken into account.

table  
2.2

#### Weekly payment rates for selected supplementary benefits (payable from 1 April 2006)

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	\$75.00
Training Incentive Allowance	Maximum weekly rate (Maximum per year \$3,528.00)	\$88.20
Disability Allowance	Maximum amount	\$51.04
Child Disability Allowance	Fixed rate	\$38.46
Childcare Subsidy <sup>6</sup>	Maximum amount	\$165.50
Unsupported Child's Benefit and Orphan's Benefit (per child) <sup>7</sup>	Child aged 14 years or over	\$133.05
	Child aged 10–13 years	\$124.24
	Child aged 5–9 years	\$115.42
	Child aged under 5 years	\$97.76
Family Support <sup>8,9</sup>	First child or only child 15 years or under	\$72.00
	Second or subsequent child 0–12 years	\$47.00
	Second or subsequent child 13–15 years	\$55.00
	First child or only child 16 years and over	\$85.00
	Second or subsequent child 16 years or over	\$75.00

#### Notes

- 1 This is a selection of the more common types of supplementary benefits. These benefits may be received in combination with some main benefit or pension, and may also be available to low-income earners.
- 2 All rates payable from 1 April 2006.
- 3 Maximum amounts of Accommodation Supplement available are subject to household circumstances and to income and asset tests. Amounts shown are payments per 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 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 hours subsidised and income.
- 7 Some recipients are paid weekly, while others are paid fortnightly at double the indicated rates.
- 8 Administered by Inland Revenue, but payments to Work and Income clients may be made through Work and Income.
- 9 Payments under this programme are not included in the expenditures reported in this publication. See the Inland Revenue *Annual Report* for information on expenditures under this programme.

### Pensions

Most pensions are paid to people who have reached retirement age. Pensions aim in part to acknowledge recipients' contribution to society, either as citizens or as members of the armed forces.

Two types of pensions are paid by Work and Income:

- New Zealand Superannuation – available to people who have reached the age of eligibility (currently 65 years) and who meet other eligibility criteria (eg residency). People who do not meet the eligibility criteria but who are married to a qualified recipient of New Zealand Superannuation may receive this pension as a “non-qualified spouse”
- Veteran's Pension – available to ex-service personnel who are:
  - aged 65 years or over and qualified for a War Disablement Pension, or
  - aged under 65 years and unable to work because of a disability.

Surviving spouses of Veteran's Pension recipients may choose to continue receiving a Veteran's Pension at the single person rate.

Eligibility for a War Disablement Pension, and the rate at which a War Disablement Pension may be paid, are determined through an assessment of the level of disability that the client has as a result of military service. This assessment is carried out by a board of assessors who are independent of MSD. War Disablement Pensions are not income tested or asset tested, and clients may receive one along with income from any other source, including other benefits, pensions or income from employment.

Pensions are not income tested except where:

- a non-qualified spouse is receiving New Zealand Superannuation or a Veteran's Pension, or
- a qualified Veteran's Pension recipient is aged under 65 years.

Clients receiving pensions are eligible to receive supplementary benefits from Work and Income to assist with meeting necessary costs of living. Supplementary benefits paid to people receiving pensions are income tested and asset tested in the same way as for other clients.

For more information about eligibility criteria for New Zealand Superannuation and Veteran's Pensions, see Section 3 of this report.

### *Payment rates for pensions*

The payment rates for New Zealand Superannuation and Veteran's Pensions 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, while a single person sharing accommodation receives 60% of that rate.

Table 2.3 shows rates payable for New Zealand Superannuation and Veteran's Pensions as at 1 April 2006.

table  
2.3

### **Weekly payment rates for New Zealand Superannuation and Veteran's Pensions (payable from 1 April 2006)**

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	\$203.00	\$192.03
Married, each, only one qualifies <sup>4</sup>	\$193.57	\$182.60
Married, each, only one qualifies, and application accepted before 1 October 1991 <sup>4</sup>	\$203.00	\$192.03
Single, living alone	\$263.90	\$252.93
Single, living with others	\$243.00	\$232.63

#### Notes

- <sup>1</sup> "Married" includes people who are married, living as married, or in a civil union.
- <sup>2</sup> All amounts shown are weekly rates, payable from 1 April 2006. New Zealand Superannuation and Veteran's Pension payments are made fortnightly at double the indicated rates.
- <sup>3</sup> Rates shown are exclusive of Family Support payments (if any) made by Inland Revenue.
- <sup>4</sup> 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. The qualified spouse can opt to receive the "Married" rate where only one partner qualifies. Rates shown for single people or where both partners qualify are not income tested.

### Hardship assistance

Work and Income delivers hardship assistance to people who have insufficient income and assets to meet specified and necessary costs of living from their own resources. People with a low income from employment and people receiving a benefit or pension from Work and Income may be eligible to receive this assistance.

Hardship assistance may be paid as:

- an ongoing payment (Temporary Additional Support or a Special Benefit) to people whose outgoings exceed their income on an ongoing basis, or
- one-off lump sums to meet specific essential expenses.

Hardship assistance provided as lump sums 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 repay recoverable assistance back to Work and Income).

### Employment services

Work and Income provides access to a range of support services and training opportunities that assist work services clients in obtaining ongoing paid employment. These include:

- one-to-one assistance with job search and preparation to enter employment
- employment or training programmes that assist clients to prepare for work, to find a job, or to enter employment
- referral of clients to vacancies that are notified to Work and Income
- subsidies (paid for a limited period) that assist employers with the cost of wages paid to a client they hire
- assistance for clients to set up their own business, including access to business development advice and to subsidies (paid for a limited period) that assist with initial capital requirements or operating costs
- Transition to Work assistance, which assists clients with meeting the costs of finding, taking up and retaining paid employment.

### Registered job seekers

All registered job seekers must be:

- working less than 30 hours per week
- seeking to work more hours
- available for and actively seeking work.

Since 2001, between 97% and 99% of work services clients have been registered job seekers, while the others have comprised:

- vacation workers
- people already in full-time work (ie working 30 or more hours per week) who are seeking to change jobs.

The number of registered job seekers is an administrative statistic that differs from, and is usually higher than, the number of officially unemployed. See Appendix 2 for a definition of the officially unemployed, and for information about the difference between this group and registered job seekers.

### Transition to Work assistance

Transition to Work assistance helps work services clients with meeting the costs of seeking or taking up paid work. In addition, clients who have recently taken up paid work may be eligible for financial assistance:

- to meet living costs while waiting for their first pay
- to replace lost income when:
  - they are unable to engage in seasonal horticultural work because of adverse weather
  - they are unable to work because of illness (their own or that of a dependent), or because of a breakdown in childcare arrangements.

## Overall trends in use of financial assistance and employment services

There have been decreases since 2002 in the total numbers of (see table 2.4):

- clients receiving a main benefit
- registered job seekers.

These decreases were apparent among clients of all ages and among working aged clients, and reflect a number of factors, including:

- improved economic conditions (reflected in falling official unemployment levels)
- demographic changes, including an ageing population, people having children later in life, and increased immigration
- changes in MSD policies and in Work and Income operational processes, including:
  - the removal of work-test requirements for recipients of Domestic Purposes Benefits and Widow's Benefits from 10 March 2003, and replacement of these requirements with the Personal Development and Employment Plan process
  - Work and Income placing an increased emphasis on supporting job seekers into paid work and on the ongoing support of clients who have obtained paid work.

Increases since 2002 in the number of people receiving a pension (see table 2.4) reflect the combined impact of:

- ageing of the New Zealand population, which results in New Zealand Superannuation pensions granted each year exceeding cessations of New Zealand Superannuation over the same period
- fixing (from 1 April 2001) of the eligibility age for New Zealand Superannuation.

Increases since 2004 in the number of people receiving one or more supplementary benefits, a Special Benefit, or Temporary Additional Support (see table 2.4) largely reflect the impact of the introduction of the Working for Families package. This package extended eligibility for Accommodation Supplements and for Childcare Subsidies to more low- and middle-income working families.

table  
2.4

### Trends in the number of people receiving financial assistance from Work and Income, and in the number of registered job seekers

Client group	Clients receiving financial assistance from Work and Income or registered as job seekers <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
All recipients of a main benefit <sup>2</sup>	352,742	344,670	320,121	301,389	291,241
Working aged recipients of a main benefit <sup>2</sup>	342,933	334,173	309,360	290,466	280,299
All registered job seekers	167,717	144,576	107,590	83,633	77,470
Working aged registered job seekers	164,413	141,200	104,360	80,869	75,020
Pension recipients <sup>3,4</sup>	458,022	465,150	473,089	484,086	498,297
Recipients of one or more supplementary benefits, a Special Benefit or Temporary Additional Support <sup>5,6</sup>	437,556	442,801	437,473	450,002	464,017

#### Notes

- 1 Numbers of clients recorded in SWIFTT or SOLO as receiving assistance from Work and Income at the end of June.
- 2 All counts of recipients of main benefits in this report exclude partners, spouses and children of people receiving main benefits.
- 3 All counts of pension recipients in this report include qualified recipients and non-qualified spouses receiving pensions, but exclude other dependants.
- 4 All counts of pension recipients in this report exclude recipients of War Disablement Pensions. This is to avoid double counting of people receiving both a War Disablement Pension and another benefit or pension.
- 5 Includes some clients receiving one or more supplementary benefits as well as Temporary Additional Support or a Special Benefit. Statistics on clients receiving one or more supplementary benefits include clients receiving an Unsupported Child's Benefit or an Orphan's Benefit.
- 6 These clients may be receiving a pension or a main benefit, or may have a low income from paid employment or from some other source.

### Trends in the proportion of the New Zealand population receiving financial assistance or employment services from Work and Income

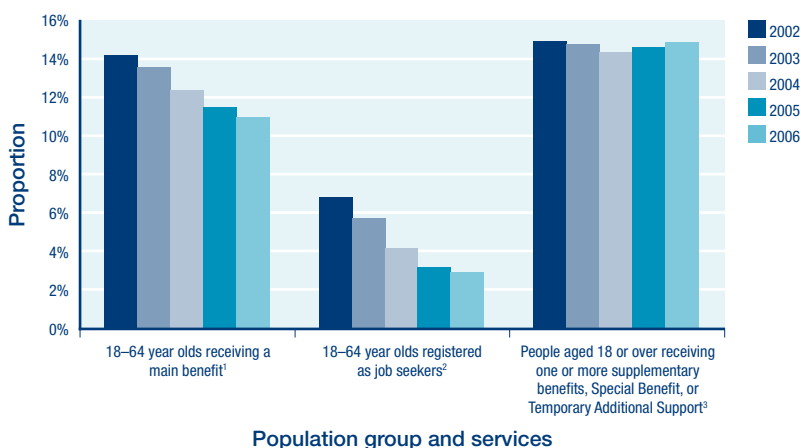
Decreases since 2002 in the proportions of working aged people in the New Zealand population who are receiving a main benefit and who are registered as job seekers (see figure 2.1) reflect the economic, operational and demographic factors outlined above.

Since 2002, working aged people have been significantly more likely to be receiving a main benefit than to be registered as a job seeker (see figure 2.1). This reflects the complexity of factors leading to a client receiving a main benefit.

Over the same period, around 14% of people aged 18 years or over have been receiving one or more supplementary benefits, a Special Benefit, or Temporary Additional Support (see figure 2.1).

figure  
2.1

### Trends in the proportion of working aged people receiving a main benefit, of working aged people registered as job seekers, and of people aged 18 years or over receiving one or more supplementary benefits, a Special Benefit or Temporary Additional Support



#### Notes

- 1 Proportion shows:
  - a numbers of 18–64 year olds recorded in SWIFTT as receiving a main benefit at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population aged 18–64 years at the end of June.
- 2 Proportion shows:
  - a numbers of 18–64 year olds registered in SOLO as job seekers at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population aged 18–64 years at the end of June.
- 3 Proportion shows:
  - a numbers of people aged 18 years or over recorded in SWIFTT as receiving one or more supplementary benefits (including an Unsupported Child's Benefit or an Orphan's Benefit), a Special Benefit or Temporary Additional Support at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population aged 18 years or over at the end of June.

See table A3.1 (Appendix 3) for a summary of the SWIFTT data underlying figure 2.1.

Since 2002, around 94% of people aged 65 years or over have been receiving New Zealand Superannuation or a Veteran's Pension.



## Summary information on use of main benefits

### Trends in the number of clients receiving a main benefit

Decreases since 2002 in the number of clients receiving a main benefit (see table 2.5) reflect the combination of economic changes, demographic changes, policy changes and operational factors outlined above.

Since 2002, virtually all recipients of main benefits have been working aged. Around 36% of the working aged recipients of main benefits over this period were aged 25–39 years, while between 27% and 30% were aged 40–54 years. Over this period, around 19% of recipients of main benefits were aged 55–64 years (see table 2.5).

table  
2.5

### Trends in the age of recipients of a main benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged clients receiving a main benefit<sup>1</sup></b>				
18–19 years	17,396	16,438	13,508	11,763	11,042
20–24 years	45,112	42,854	36,590	33,123	31,352
25–29 years	42,255	39,776	35,878	32,900	31,419
30–34 years	43,954	42,208	38,506	34,911	32,458
35–39 years	41,822	40,623	37,762	35,805	34,483
40–44 years	37,159	37,434	35,774	34,154	33,035
45–49 years	28,602	28,934	28,018	27,511	27,937
50–54 years	25,277	24,981	24,399	23,946	23,884
55–59 years	26,598	27,268	26,265	25,351	25,099
60–64 years	34,758	33,657	32,660	31,002	29,590
<b>Total working aged clients</b>	<b>342,933</b>	<b>334,173</b>	<b>309,360</b>	<b>290,466</b>	<b>280,299</b>
	<b>Other clients receiving a main benefit<sup>1</sup></b>				
<b>Total other clients</b>	<b>9,809</b>	<b>10,497</b>	<b>10,761</b>	<b>10,923</b>	<b>10,942</b>
	<b>All clients receiving a main benefit<sup>1</sup></b>				
<b>Total</b>	<b>352,742</b>	<b>344,670</b>	<b>320,121</b>	<b>301,389</b>	<b>291,241</b>

Note

<sup>1</sup> Numbers of clients recorded in SWIFTT as receiving a main benefit at the end of June.

Since 2002, the proportion of working aged clients receiving a main benefit who are receiving an unemployment-related benefit has decreased from 35% to 16%, while the proportions receiving carer's benefits, sickness-related benefits and Invalid's Benefits have each increased (see table 2.6). Over the same period, between 48% and 53% of these clients have received their benefit for over two years, while the proportion who had received their benefit for over four years has increased (from 29% to 35%) (see table 2.7). This reflects the higher proportion of recipients of main benefits who are receiving longer-term benefits such as Invalid's Benefit or carer's benefits.

table  
2.6

## Trends in the type of main benefit received by working aged clients

Type of main benefit received at the end of June	Working aged clients receiving a main benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	118,553	103,867	73,572	55,342	45,498
Carer's benefits <sup>3</sup>	107,414	108,690	108,893	105,647	101,641
Sickness-related benefits <sup>4</sup>	36,024	39,490	43,698	45,176	47,072
Invalid's Benefit	63,214	67,130	70,807	73,186	75,349
Widow's Benefit	8,647	8,526	8,261	7,637	7,001
Transitional Retirement Benefit <sup>5</sup>	5,104	2,094	0	0	0
Emergency Benefit	3,977	4,376	4,129	3,478	3,738
<b>Total</b>	<b>342,933</b>	<b>334,173</b>	<b>309,360</b>	<b>290,466</b>	<b>280,299</b>

## Notes

- 1 Numbers of working aged clients recorded in SWIFTT as receiving a main benefit at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to those in training, and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone, and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.

table  
2.7

## Trends in the length of current spells receiving a main benefit, for working aged clients

Length of current spell at the end of June	Working aged clients receiving a main benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	77,925	74,258	65,202	57,892	55,897
6 months – 2 years	101,242	96,975	84,357	79,504	74,831
2–4 years	63,939	57,848	55,720	52,118	50,530
Over 4 years	99,827	105,092	104,081	100,952	99,041
<b>Total</b>	<b>342,933</b>	<b>334,173</b>	<b>309,360</b>	<b>290,466</b>	<b>280,299</b>

## Note

- 1 Numbers of working aged clients recorded in SWIFTT as receiving a main benefit at the end of June.

Since 2002, around 48% of the working aged recipients of a main benefit have identified as New Zealand European, and around 30% as Māori (see table 2.8).

table  
2.8

### Trends in the ethnicity of working aged recipients of a main benefit

Recorded ethnicity at the end of June	Working aged clients receiving a main benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Māori	102,504	101,359	94,714	89,822	87,003
Pacific peoples	25,156	24,614	22,903	21,526	20,853
Other ethnic groups	37,387	45,683	42,161	39,131	37,276
New Zealand European	169,879	158,351	144,890	135,224	130,259
Not coded	8,007	4,166	4,692	4,763	4,908
<b>Total</b>	<b>342,933</b>	<b>334,173</b>	<b>309,360</b>	<b>290,466</b>	<b>280,299</b>

Note

<sup>1</sup> Numbers of working aged clients recorded in SWIFTT as receiving a main benefit at the end of June.

### Trends in main benefits granted

Decreases since 2001/2002 in the annual number of main benefits granted (see table 2.9) largely reflect improved economic conditions. Virtually all of the main benefits granted over this period have been provided to working aged clients (see table 2.9).

table  
2.9

### Overall trends in the number of main benefits granted

	Main benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	277,778	263,683	241,483	218,491	206,128
Other clients	8,611	8,855	8,760	8,808	8,111
<b>Total</b>	<b>286,389</b>	<b>272,538</b>	<b>250,243</b>	<b>227,299</b>	<b>214,239</b>

Note

<sup>1</sup> Numbers of successful applications for main benefits recorded in SWIFTT during years ended June.

Since 2001/2002, around 39% of the main benefits granted to working aged clients were provided to clients who had not received a main benefit in the previous 12 months, while around 28% involved transfers from another benefit or district (see table 2.10). Over this period, unemployment-related benefits accounted for a decreasing proportion of main benefits granted to working aged clients (50% in 2005/2006, compared with 64% in 2001/2002), while the proportions accounted for by carer's benefits and sickness-related benefits each increased (see table 2.11). These changes reflect patterns in benefit use.

table  
2.10

## Trends in the length of period since working aged clients granted a main benefit last received any main benefit

Period since client last received any main benefit	Main benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts, or transferring from the same type of benefit) <sup>2,3</sup>	74,345	70,309	69,348	61,276	56,342
Under 6 months	50,709	48,635	44,724	41,253	37,241
6–12 months	43,274	40,247	35,491	32,419	28,313
12–18 months	12,683	12,532	11,136	10,696	10,682
18 months – 2 years	10,047	9,918	8,893	8,120	8,281
2–4 years	18,313	17,736	16,765	15,250	15,960
Had not received a main benefit in previous four years	68,407	64,306	55,126	49,477	49,309
<b>Total</b>	<b>277,778</b>	<b>263,683</b>	<b>241,483</b>	<b>218,491</b>	<b>206,128</b>

## Notes

- 1 Numbers of successful applications from working aged clients for main benefits recorded in SWIFTT during years ended June.
- 2 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.
- 3 Transfers from the same type of benefit may occur when clients receiving hardship assistance become eligible for statutory benefits (eg a transfer from a Sickness Benefit – Hardship to a Sickness Benefit), or may reflect a change in client circumstances (eg a client completing a training course may transfer from an Unemployment Benefit – Training to an Unemployment Benefit payable to an unemployed person).

table  
2.11

## Trends in the type of main benefits granted to working aged clients

Type of main benefit granted	Main benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	178,866	161,841	134,572	115,508	103,945
Carer's benefits <sup>3</sup>	36,692	36,782	36,604	35,304	34,142
Sickness-related benefits <sup>4</sup>	41,273	43,343	47,663	47,259	47,517
Invalid's Benefit	10,577	10,562	11,044	10,898	10,841
Widow's Benefit	1,992	2,123	1,981	1,953	1,780
Transitional Retirement Benefit <sup>5</sup>	3,573	2,977	1,242	0	0
Emergency Benefit	4,805	6,055	8,377	7,569	7,903
<b>Total</b>	<b>277,778</b>	<b>263,683</b>	<b>241,483</b>	<b>218,491</b>	<b>206,128</b>

## Notes

- 1 Numbers of successful applications from working aged clients for main benefits recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to those in training, and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone, and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.

## Trends in main benefits cancelled

Reductions since 2001/2002 in the number of main benefits cancelled each year (see table 2.12) reflect the reduction in total numbers receiving a main benefit. Since 2001/2002, virtually all cancellations of main benefits have been by working aged clients (see table 2.12).

table  
2.12

### Overall trends in the number of cancellations of main benefits

	Main benefits cancelled <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	290,908	275,021	267,766	239,818	214,388
Other clients	8,042	8,422	9,220	9,508	8,685
Total	298,950	283,443	276,986	249,326	223,073

Note

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

Since 2001/2002, around 36% of the cancellations of main benefits by working aged clients have reflected clients entering paid work, while around 26% reflected clients transferring to another benefit, pension or district (see table 2.13). Over this period, unemployment-related benefits accounted for a decreasing proportion of these cancellations (53% in 2005/2006, compared with 67% in 2001/2002), while an increasing proportion related to carer's benefits and sickness-related benefits (see table 2.14). These changes reflect patterns in benefit use.

table  
2.13

### Trends in the reason for working aged clients cancelling main benefits

Reason main benefit cancelled	Main benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>2</sup>	104,478	97,794	94,983	88,413	75,591
Transferred to another benefit, pension or district <sup>3,4</sup>	75,949	70,890	69,324	60,320	56,070
Qualified for New Zealand Superannuation <sup>3</sup>	2,353	2,326	1,768	1,565	1,569
Other <sup>2</sup>	108,128	104,011	101,691	89,520	81,158
Total	290,908	275,021	267,766	239,818	214,388

Notes

1 Numbers of cancellations by working aged clients of main benefits recorded in SWIFTT during years ended June.

2 Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.

3 "Transferred to another benefit [or] pension" includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as "Qualified for New Zealand Superannuation".

4 "Transferred to another ... district" represents cancellations undertaken so a client's benefit can be administered from a different Work and Income service centre. These changes may arise from a change of address by the client or from an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client's benefit, and therefore are not included above.

table  
2.14**Trends in the type of main benefits cancelled by working aged clients**

Type of main benefit cancelled	Main benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	195,221	180,279	167,674	137,069	113,315
Carer's benefits <sup>3</sup>	37,646	36,690	37,627	38,960	38,698
Sickness-related benefits <sup>4</sup>	38,368	39,905	42,608	45,219	44,742
Invalid's Benefit	5,821	6,389	7,158	7,961	8,082
Widow's Benefit	2,041	2,201	2,138	2,189	2,094
Transitional Retirement Benefit <sup>5</sup>	5,312	4,331	2,352	0	0
Emergency Benefit	6,499	5,226	8,209	8,420	7,457
<b>Total</b>	<b>290,908</b>	<b>275,021</b>	<b>267,766</b>	<b>239,818</b>	<b>214,388</b>

**Notes**

- 1 Numbers of cancellations by working aged clients of main benefits recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to those in training, and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone, and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.

**Trends in expenditure on pensions and main benefits**

Please note that expenditure data provided in tables 2.15 and 2.16 excludes expenditure on supplementary benefits paid to recipients of the main benefit shown, while expenditure data provided in Sections 3 and 7 of this report includes it.

Please note also that expenditure data provided in this report for unemployment-related benefits includes expenditure on:

- Emergency Benefits paid to unemployed people and trainees, which were available after 1 October 1998
- Emergency Unemployment Benefits paid to unemployed people prior to that time.

This aims to ensure a consistent series over time for expenditure on unemployment-related benefits. Numbers of clients receiving, granted or ceasing unemployment-related benefits provided earlier, however, exclude information about the use of the Emergency Benefit and the Emergency Unemployment Benefit. Use of these benefits is reported under the heading “Emergency Benefits” in this report.

Decreases since 2001/2002 in annual expenditure on main benefits (see table 2.15) largely reflect decreases in the use of these benefits. Carer's benefits accounted for around 36% of total expenditure on main benefits over this period. In the same period, the proportion of expenditure on main benefits accounted for by Invalid's Benefits increased (from 19% to 28%), while the proportion accounted for by unemployment-related benefits decreased (from 33% to 19%) (see table 2.15).

Increases since 2001/2002 in annual pension expenditure (see table 2.15) reflect both increases in the number of clients receiving pensions and adjustments to the rate at which pensions are paid. Over this period, New Zealand Superannuation has accounted for virtually all expenditure on pensions (see table 2.15).

table  
2.15**Trends in expenditure on pensions and main benefits**

Type of pension or main benefit	Expenditure on pensions and main benefits <sup>1,2,3</sup>				
	2001/2002 Amount (\$m)	2002/2003 Amount (\$m)	2003/2004 Amount (\$m)	2004/2005 Amount (\$m)	2005/2006 Amount (\$m)
Unemployment-related benefits and Emergency Benefit <sup>4,6</sup>	1,186	1,102	939	721	601
Carer's benefits <sup>4,7</sup>	1,250	1,260	1,303	1,283	1,220
Sickness-related benefits <sup>4,8</sup>	318	356	398	431	448
Invalid's Benefit <sup>4</sup>	698	766	817	858	888
Widow's Benefit <sup>4</sup>	77	79	78	74	68
Transitional Retirement Benefit <sup>4,5</sup>	81	40	9	0	0
Total expenditure on main benefits <sup>4</sup>	3,610	3,603	3,543	3,368	3,225
New Zealand Superannuation <sup>5</sup>	4,531	4,644	4,837	4,984	5,232
Veteran's Pension <sup>5</sup>	80	84	91	98	105
Total pensions expenditure <sup>5</sup>	4,611	4,728	4,928	5,083	5,337
Total expenditure on main benefits and pensions	8,222	8,331	8,471	8,450	8,562

**Notes**

- 1 Expenditure for years ended June. Expenditure shown is calculated on an accrual basis and excludes debts established.
- 2 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.
- 3 Figures shown may not add to the totals provided because of rounding.
- 4 Expenditure on main benefits excludes tax paid on these benefits, and excludes supplementary benefits provided to recipients of a main benefit.
- 5 Expenditure on pensions excludes tax estimated at the "M" tax rate, and excludes supplementary benefits provided to pension recipients. Expenditure on pensions paid to recipients living in the United Kingdom is also excluded.
- 6 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to those in training, and Independent Youth Benefits. Also includes Emergency Benefits paid to unemployed people or trainees since 1 October 1998, and Emergency Unemployment Benefits paid prior to 1 October 1998.
- 7 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefit – Women Alone, and Emergency Maintenance Allowances.
- 8 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 9 This benefit was abolished on 1 April 2004.

**Trends in the proportion of Gross Domestic Product accounted for by expenditure on pensions and main benefits**

A levelling off in the proportion of Gross Domestic Product accounted for by expenditure on pensions and main benefits after two years of decreases (see table 2.16) reflects ongoing increases in expenditure on pensions.

table  
2.16**Trends in the proportion of Gross Domestic Product accounted for by expenditure on pensions and main benefits**

Type of expenditure	Expenditure on pensions and main benefits <sup>1,2,3</sup>				
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Total expenditure on main benefits (\$m) <sup>4</sup>	3,610	3,603	3,543	3,368	3,225
Total expenditure on pensions (\$m) <sup>5</sup>	4,611	4,728	4,928	5,083	5,337
Total expenditure on pensions and main benefits (\$m)	8,222	8,331	8,471	8,450	8,562
Gross Domestic Product (\$m) <sup>6</sup>	125,758	132,227	141,889	150,629	156,933
Percentage of Gross Domestic Product <sup>7</sup>	6.5%	6.3%	6.0%	5.6%	5.5%

**Notes**

- 1 Expenditure on pensions and main benefits for years ended June. Expenditure shown is calculated on an accrual basis and excludes debts established.
- 2 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.
- 3 Figures shown may not add to the totals provided because of rounding.
- 4 Excludes tax paid on main benefits, and excludes expenditure on supplementary benefits provided to recipients of main benefits.
- 5 Excludes tax estimated at the "M" tax rate, excludes expenditure on supplementary benefits provided to pension recipients, and excludes expenditure on pensions paid to recipients in the United Kingdom.
- 6 Expenditure on Gross Domestic Product in actual current prices (Statistics New Zealand series SNC-S1NB15). Statistics provided include all revisions as at release of June 2006 quarter data. Value shown is sum of quarters ended September to June.
- 7 Total combined expenditure on pensions and main benefits for years ended June as a percentage of Gross Domestic Product in years ended June.

**Trends in the distribution of main benefit expenditure among client groups**

The distribution among client groups of expenditure on main benefits reflects a combination of factors, including patterns in the uptake of main benefits, in the length of spells receiving a main benefit, and in whether or not clients have dependent children.

Of annual expenditure on main benefits since 2001/2002:

- around 37% was accounted for by clients aged 25–39 years, and around 25% by clients aged 50–64 years (see table 2.17)
- around 63% was accounted for by women (see table 2.18)
- around 45% was accounted for by New Zealand Europeans, and around 30% by Māori (see table 2.19).



table  
2.17

## Trends in the distribution across age groups of expenditure on main benefits

	2001/2002 Percent	2002/2003 Percent	2003/2004 Percent	2004/2005 Percent	2005/2006 Percent
<b>Age of client when payment made</b>	<b>Percentage of expenditure on income-tested benefits paid to working aged clients<sup>1,2</sup></b>				
18–19 years	3.8%	3.7%	3.5%	3.3%	3.3%
20–24 years	11.8%	11.6%	11.2%	10.7%	10.6%
25–29 years	12.7%	12.2%	11.9%	11.5%	11.3%
30–39 years	26.2%	26.0%	25.7%	25.2%	24.4%
40–49 years	18.8%	19.5%	20.1%	20.7%	21.1%
50–59 years	14.5%	14.8%	15.3%	15.8%	16.2%
60–64 years	9.6%	9.5%	9.4%	9.6%	9.6%
Total working aged clients	97.5%	97.3%	97.1%	96.8%	96.6%
	<b>Percentage of expenditure on income-tested benefits paid to other clients<sup>1,2</sup></b>				
Total other clients	2.5%	2.7%	2.9%	3.2%	3.4%
	<b>Percentage of expenditure on income-tested benefits paid to all clients<sup>1,2</sup></b>				
Total all clients	100.0%	100.0%	100.0%	100.0%	100.0%

## Notes

- 1 Percentage of expenditure on main benefits in years ended June. Due to rounding, percentage figures may not add to the totals indicated.
- 2 Excludes tax paid on main benefits, and excludes expenditure on supplementary benefits provided to clients receiving a main benefit.

table  
2.18

## Trends in the distribution across gender groups of expenditure on main benefits

<b>Gender of client</b>	<b>Percentage of expenditure on main benefits<sup>1,2</sup></b>				
	2001/2002 Percent	2002/2003 Percent	2003/2004 Percent	2004/2005 Percent	2005/2006 Percent
Female	62.2%	62.9%	64.0%	65.1%	64.9%
Male	37.8%	37.1%	36.0%	34.9%	35.1%
Unspecified	0.0%	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

## Notes

- 1 Percentage of expenditure on main benefits in years ended June. Due to rounding, percentage figures may not add to the totals indicated.
- 2 Excludes tax paid on main benefits, and excludes expenditure on supplementary benefits provided to clients receiving a main benefit.

table  
2.19

## Trends in the distribution across ethnic groups of expenditure on main benefits

<b>Ethnic group client identifies with at end of year shown</b>	<b>Percentage of expenditure on main benefits<sup>1,2</sup></b>				
	2001/2002 Percent	2002/2003 Percent	2003/2004 Percent	2004/2005 Percent	2005/2006 Percent
Māori	30.0%	30.2%	30.5%	30.7%	30.9%
Pacific peoples	7.8%	7.8%	7.8%	7.9%	7.9%
Other ethnic groups	14.6%	15.3%	15.2%	15.3%	15.2%
New Zealand European	47.2%	46.0%	45.3%	44.7%	44.5%
Unspecified	0.4%	0.8%	1.2%	1.5%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

## Notes

- 1 Percentage of expenditure on main benefits in years ended June. Due to rounding, percentage figures may not add to the totals indicated.
- 2 Excludes tax paid on main benefits, and excludes expenditure on supplementary benefits provided to clients receiving a main benefit.

## Children dependent on recipients of a main benefit and on registered job seekers

### Trends in the number of children dependent on recipients of a main benefit

Decreases since 2002 in the number of children dependent on recipients of a main benefit (see table 2.20) reflect decreases in the total number of people receiving main benefits. Since 2002, virtually all of these children have been dependent on working aged clients. Of the children dependent on working aged benefit recipients over this period, around 60% have been aged under 10 years, while around 27% have been aged 10–14 years (see table 2.20). By law, children aged under 14 years require supervision at all times.

table  
2.20

### Trends in the age of children dependent on recipients of a main benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of child at the end of June</b>	<b>Children dependent on working aged recipients of a main benefit<sup>1</sup></b>				
0–4 years	78,840	76,913	74,540	70,248	66,478
5–9 years	78,763	77,220	74,119	69,876	65,579
10–14 years	70,134	69,394	66,858	63,348	59,469
15–17 years	27,019	27,974	28,320	28,208	28,071
18–19 years	1,611	1,593	1,619	1,648	1,747
20 years or over	3	1	0	0	0
Unspecified	0	0	0	0	0
Total children dependent on working aged clients	256,370	253,095	245,456	233,328	221,344
	<b>Children dependent on other recipients of a main benefit<sup>1</sup></b>				
Total children dependent on other clients	1,051	1,144	1,144	1,147	1,171
	<b>All children dependent on recipients of a main benefit<sup>1</sup></b>				
Total children dependent on recipients of main benefits	257,421	254,239	246,600	234,475	222,515

Note

<sup>1</sup> Numbers of children dependent on carers who were recorded in SWIFTT as receiving a main benefit at the end of June.

### Trends in the proportion of all children aged under 18 years dependent on recipients of a main benefit

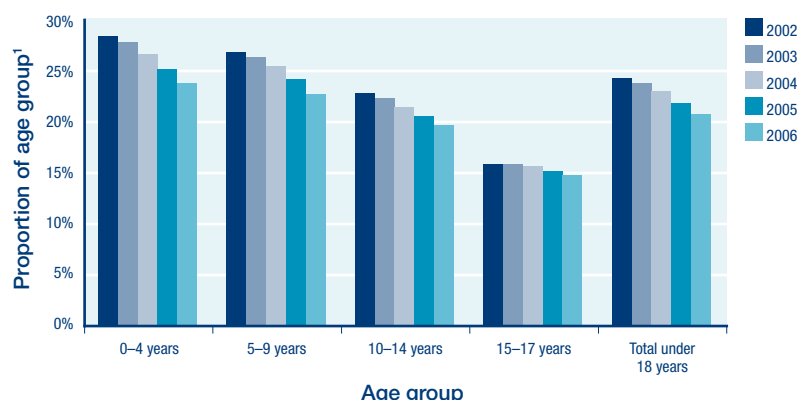
Decreases since 2002 in the proportion of all children in New Zealand who were aged under 18 years and were dependent on recipients of a main benefit (see figure 2.2) reflect:

- decreases in the number of people receiving a main benefit (which in turn reflect economic changes, policy changes and operational changes, as outlined above)
- the ageing of children who do remain dependent on recipients of a main benefit.

Since 2002, the prevalence of children aged under 18 years who were dependent on recipients of a main benefit has decreased slightly with the increasing age of those children (see figure 2.2).

figure  
2.2

### Trends in the proportion of children aged under 18 years dependent on recipients of a main benefit, by age



#### Note

- 1 Proportion shows:
- numbers of children in age group identified as dependent on people recorded in SWIFTT as receiving a main benefit at the end of June, divided by
  - Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.2 (Appendix 3) for a summary of the SWIFTT data underlying figure 2.2.

### Trends in the number of children dependent on registered job seekers

Decreases since 2002 in the number of children dependent on registered job seekers (see table 2.21) reflect decreases in the total number of job seekers. Since 2002, virtually all of these children have been dependent on working aged clients. Of the children dependent on working aged job seekers over this period, around 84% have been aged 14 years or under, including an increasing proportion aged under five years (26% in 2006, compared with 19% in 2002) (see table 2.21). By law, children aged under 14 require supervision at all times.

table  
2.21

### Trends in the age of children dependent on registered job seekers

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of child at the end of June</b>	<b>Children dependent on working aged job seekers<sup>1,2</sup></b>				
0-4 years	16,873	16,585	13,757	10,749	9,790
5-9 years	27,030	22,364	15,789	11,594	11,039
10-14 years	31,269	25,851	17,175	12,168	11,288
15-17 years	13,081	11,327	7,822	5,774	5,812
18-19 years	785	709	492	407	427
20 years or over	2	1	0	0	0
Total children dependent on working aged job seekers	89,040	76,837	55,035	40,692	38,356
	<b>Children dependent on other job seekers<sup>1,2</sup></b>				
Total children dependent on other job seekers	66	69	66	54	58
	<b>All children dependent on job seekers<sup>1,2</sup></b>				
Total children dependent on job seekers	89,106	76,906	55,101	40,746	38,414

#### Notes

- Information on numbers and ages of dependent children is only available for job seekers who were also receiving financial assistance from Work and Income. At each of the dates shown, around 95% of registered job seekers were receiving such assistance.
- Numbers of children dependent on job seekers registered in SOLO at the end of June.

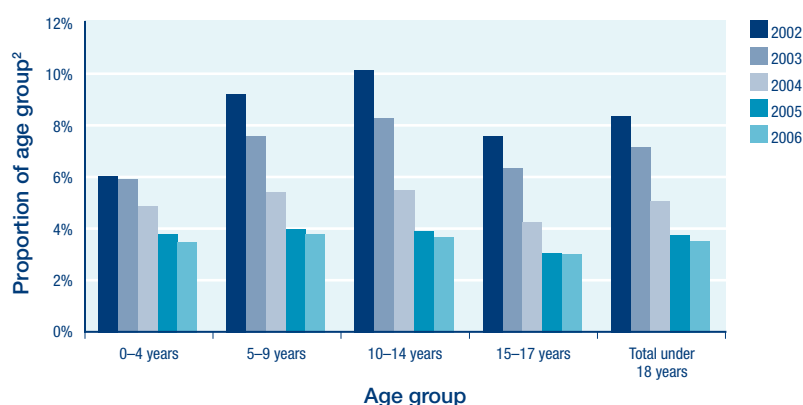
### Trends in the proportion of all children aged under 18 years dependent on registered job seekers

Decreases since 2002 in the proportion of all children in New Zealand who were aged under 18 years and were dependent on registered job seekers (see figure 2.3) largely reflect decreases in the numbers of job seekers.

Since 2002, children aged 5–17 years have been more likely than children aged under five years to be dependent on registered job seekers. This reflects at least in part the difficulty people with dependent children aged under five years have in meeting the eligibility criteria for registration as a job seeker (eg availability for work).

figure  
2.3

### Trends in the proportion of children aged under 18 years dependent on registered job seekers, by age<sup>1</sup>



#### Notes

- 1 Information on numbers and ages of dependent children is only available for job seekers who were also receiving financial assistance from Work and Income. At each of the dates shown, around 95% of registered job seekers were receiving such assistance.
- 2 Proportion shows:
  - a numbers of children in age group identified as dependent on job seekers registered in SOLO at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.3 (Appendix 3) for a summary of the SWIFTT data underlying figure 2.3.

### Other income declared by recipients of a main benefit

People receiving a main benefit have historically been able to earn up to \$80 per week (before tax) before their benefit payments are reduced. In addition, from 1 July 1996, clients receiving a Domestic Purposes Benefit, Widow's Benefit or Invalid's Benefit have faced lower abatement rates than clients receiving an Unemployment Benefit or a Sickness Benefit. This aims to give those less able to take up full-time employment an incentive to take up part-time employment.

Adjustments in 1996 and 1998 to the rate of tax paid on income earned through secondary employment also contributed to incentives for people receiving main benefits to undertake paid work.

The assessment period for the income test is:

- annual for Domestic Purposes Benefits, Widow's Benefits, Invalid's Benefits, Transitional Retirement Benefits, and income-tested New Zealand Superannuation or Veteran's Pensions (these clients may, however, elect a weekly income assessment)
- weekly for all other main benefits (unemployment-related benefits, sickness-related benefits, Emergency Benefits), and for all supplementary benefits.

In addition to the \$80 per week (before tax) income exemption:

- people receiving an Invalid's Benefit can earn an additional \$1,040 per year of personal earnings (before tax) without having their benefit payments reduced (special conditions apply for people receiving an Invalid's Benefit because of blindness)
- people receiving a Widow's Benefit or a Domestic Purposes Benefit – Sole Parents who are paying for childcare can earn an additional \$1,040 per year (before tax) before their benefit payments are reduced
- people with a severe disability may have some or all of their personal earnings exempted from an income test.

Between 1 February 1999 and 10 March 2003, people receiving a Domestic Purposes Benefit or Widow's Benefit who had no dependent children, or whose youngest dependent child was aged 14 years or over, were subject to a full-time work test. During this period, these clients also had any additional income abated under the same regime as people receiving an Unemployment Benefit.

As long as a non-qualified spouse is not included in their payment, people aged 65 years or over and receiving New Zealand Superannuation or a Veteran's Pension are not income tested or asset tested. All Veteran's Pension recipients aged under 65 years are, however, subject to an income test.

Clients not subject to an income test can earn other income without having their benefit or pension abated. Some supplementary benefits (eg Accommodation Supplement) are reduced when people receive other income. This may occur even if they are receiving a benefit or pension that is not income tested.

From 1 October 2004, people receiving a main benefit and an Accommodation Supplement have not had their Accommodation Supplement reduced due to the receipt of other income. Once clients receiving an Accommodation Supplement cease receiving a main benefit to enter paid work, however, they are liable to have their Accommodation Supplement reduced according to the amount of income they are receiving.

### **Trends in the number of recipients of a main benefit who declared other income**

Decreases since 2002 in the number of recipients of a main benefit who declared other income (see table 2.22) reflect decreases in the total number of people receiving a main benefit. Over this period, around 21% of recipients of main benefits have declared other income, with between 60% and 64% of these clients declaring income of over \$80 per week before tax (see table 2.22).

table  
2.22

## Trends in the level of other income declared by recipients of a main benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Level of other income declared<sup>1</sup></b>	<b>Working aged recipients of a main benefit<sup>2</sup></b>				
Total working aged clients not declaring income	267,086	262,407	243,294	227,146	221,793
Income declared <sup>3</sup>					
\$1.00 – \$39.99	15,844	14,305	12,787	11,618	10,632
\$40.00 – \$79.99	14,307	13,167	11,918	11,055	10,255
\$80.00 – \$119.99	15,816	14,991	13,605	13,468	12,548
\$120.00 – \$159.99	8,614	8,270	7,484	7,306	6,947
\$160.00 – \$179.99	3,408	3,325	3,022	2,868	2,714
\$180.00 – \$199.99	3,166	3,045	2,852	2,811	2,610
\$200.00 or over	14,692	14,663	14,398	14,194	12,800
Total working aged clients declaring income	75,847	71,766	66,066	63,320	58,506
Total working aged recipients	342,933	334,173	309,360	290,466	280,299
	<b>Other recipients of a main benefit<sup>2</sup></b>				
Total other clients not declaring income	9,126	9,495	9,618	9,593	9,551
Total other clients declaring income <sup>3</sup>	683	1,002	1,143	1,330	1,391
Total other clients	9,809	10,497	10,761	10,923	10,942
	<b>All recipients of a main benefit<sup>2</sup></b>				
Total recipients of main benefits	352,742	344,670	320,121	301,389	291,241

## 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 over part or all of the year ended June, and may also include income received over parts of earlier or later years.
- 2 Numbers of clients recorded in SWIFTT as receiving a main benefit at the end of June.
- 3 Numbers of recipients of a main benefit with one or more income declarations effective in the year ended June.

Since 2002, the proportion of working aged main benefit recipients declaring other income who were receiving an unemployment-related benefit has decreased from 29% to 13%, while the proportions receiving carer's benefits, sickness-related benefits and Invalid's Benefits have each increased (see table 2.23). These changes reflect patterns in benefit use.

table  
2.23**Trends in the type of main benefit received by working aged clients declaring other income**

Type of main benefit received when income declared <sup>1</sup>	Working aged recipients of a main benefit who declared other income <sup>2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>3</sup>	21,977	19,074	13,889	10,189	7,725
Carer's benefits <sup>4</sup>	26,936	26,415	26,068	26,229	23,753
Sickness-related benefits <sup>5</sup>	5,204	5,558	6,117	6,551	6,550
Invalid's Benefit	14,504	15,189	15,592	16,389	16,784
Widow's Benefit	3,999	3,995	3,942	3,589	3,298
Transitional Retirement Benefit <sup>6</sup>	2,797	1,093	0	0	0
Emergency Benefit	430	442	458	373	396
<b>Total</b>	<b>75,847</b>	<b>71,766</b>	<b>66,066</b>	<b>63,320</b>	<b>58,506</b>

## Notes

- 1 Type of main benefit received at the time when the last income declaration effective in the year ended June was made.
- 2 Numbers of working aged recipients of a main benefit with one or more income declarations effective in the years ended June. The income declarations referred to here may include income received over part or all of the year ended June, and may also include income received over parts of earlier or later years.
- 3 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to people in training, and Independent Youth Benefits.
- 4 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone, and Emergency Maintenance Allowances.
- 5 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 6 This benefit was abolished on 1 April 2004.

## Section 3 Trends in use of pensions, main benefits and employment services provided by Work and Income

### Introduction

This section outlines trends in the use and uptake of financial assistance and employment services provided by Work and Income. It also provides information on the cancellation of main benefits and of job seeker registrations.

Eligibility criteria are outlined for each pension and each main benefit. Section 2 contains information about payment rates for pensions and main benefits. Additional information about income tests, work tests and other case management processes that may be applicable to recipients of pensions and main benefits is provided in Appendix 1. A definition of the officially unemployed, and a summary of how registered job seekers differ from the officially unemployed, is given in Appendix 2. Appendix 3 outlines SWIFTT and SOLO data showing the ages of clients receiving financial assistance or work services.

### Unemployment-related benefits

This group of main benefits comprises Unemployment Benefits, Unemployment Benefits – Hardship and Independent Youth Benefits. Please note that the recipients of these benefits are not necessarily officially unemployed, and in particular that some are in approved full-time training.

Unemployment Benefits were known as a Community Wage – Job Seeker between 1 October 1998 and 30 June 2001, but reverted to their former name on 1 July 2001. Unemployment Benefits – Hardship were known as a Community Wage – Emergency Job Seeker between 1 October 1998 and 30 June 2001. An Unemployment Benefit paid to a person in training was known as a Training Benefit prior to 1 October 1998, and as a Community Wage – Training between 1 October 1998 and 30 June 2001.

Clients receiving an unemployment-related benefit are subject to a full-time work test, with most being registered as job seekers. Since 1 April 1997, the spouses or partners of clients receiving an unemployment-related benefit have also been subject to a full-time work test if:

- they have no dependent children, or
- their youngest dependent child is aged 14 years or over.

Between 1 April 1997 and 1 February 1999, the spouses or partners of clients who had received unemployment-related benefits for more than one year were required to attend an annual interview with a Work and Income case manager if their youngest dependent child was aged 7–13 years. This interview was aimed at planning their entry into paid work.

Since 1 February 1999, the spouses or partners of recipients of an unemployment-related benefit whose dependent children were aged under 14 years have been subject to:

- a part-time work test if their youngest dependent child was aged 6–13 years
- a requirement to attend an annual planning interview with a Work and Income case manager if their youngest dependent child was aged under six years (the aim of this interview is to plan their entry into paid work once their youngest dependent child is aged six years).

During the 2003/2004 financial year, work-tested clients had Government expectations about meeting the work test made clearer. Other work-test requirements added during the 2003/2004 financial year included a requirement to:

- take drug tests if required to by a prospective employer (from 22 October 2003)
- commute to seek and undertake paid work if there is no such work available in their local area (from 8 March 2004).



## Eligibility for unemployment-related benefits

### *Unemployment Benefit*

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 be eligible to receive an Unemployment Benefit, clients must also be:

- aged 18 years or over, or
- aged 16 or 17 years, and be married or in a civil union and have dependent children.

Residency and income tests apply. People aged 60 years or over may apply for an exemption from work testing. Those granted such an exemption continue to receive an Unemployment Benefit and must continue to seek work. They may also choose to register or to remain registered as a job seeker, although they are not obliged to do so.

Work-test exemptions for clients aged 55–59 years applying for an Unemployment Benefit were removed from 8 December 2003. From January 2004, Unemployment Benefit recipients previously exempted from the work test through being aged 55–59 years had this exemption removed, unless they would have turned 60 years of age by 31 July 2004.

An Unemployment Benefit is also available to full-time trainees on approved training courses who are:

- aged 18 years or over, or
- aged 16 or 17 years, and are married or in a civil union and have dependent children.

Income and residency qualifications apply.

### *Unemployment Benefit – Hardship*

An Unemployment Benefit – Hardship is available to people who do not meet all of the eligibility criteria for the Unemployment Benefit but who have not been successful in supporting themselves through paid employment or other means. Income and asset tests apply.

Full-time tertiary students who are unable to secure employment over the summer vacation may be eligible for an Unemployment Benefit – Hardship. To be eligible, students must meet income and asset tests and:

- 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.

### *Independent Youth Benefit*

An Independent Youth Benefit is available to 16 and 17 year olds who, for some serious reason, cannot live with their parents, cannot get financial support from their parents or anyone else, and are:

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

Residency and income tests apply. From 1 January 1998, an Independent Youth Benefit was no longer available to 16 and 17 year olds who had moved away from home in search of work when no family breakdown had occurred.

### Trends in the number of clients receiving an unemployment-related benefit

Decreases since 2002 in the number of clients receiving an unemployment-related benefit (see table 3.1) largely reflect improved economic conditions combined with policy and operational changes, as outlined in Section 2. Over this period, virtually all recipients of unemployment-related benefits have been working aged clients (see table 3.1), with most of the remainder aged under 18 years and receiving an Independent Youth Benefit.

Since 2003, around 31% of working aged recipients of unemployment-related benefits have been aged 25–39 years. Over this period, around 21% of working aged recipients of these benefits have been aged 40–54 years, with a similar number aged 55–64 years since 2004 (see table 3.1). Since 2003, the proportion of working aged recipients of these benefits who:

- were receiving a benefit paid to people in training has increased (from 3% to 12%) (see table 3.2)
- had received their benefit for less than six months has increased (from 37% to 47%) (see table 3.3).

table  
3.1

### Trends in the age of recipients of an unemployment-related benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged clients receiving an unemployment-related benefit<sup>1,2</sup></b>				
18–19 years	12,160	10,817	7,574	5,630	4,550
20–24 years	22,136	19,058	12,695	9,651	7,587
25–29 years	15,057	12,626	8,676	6,578	5,627
30–34 years	12,784	10,747	7,284	5,367	4,545
35–39 years	10,879	9,063	6,235	4,819	4,106
40–44 years	10,054	8,546	5,821	4,312	3,706
45–49 years	8,526	7,290	5,090	3,875	3,385
50–54 years	7,633	6,452	4,510	3,347	2,816
55–59 years	8,870	8,379	5,161	3,398	2,735
60–64 years	10,454	10,889	10,526	8,365	6,441
Total working aged clients	118,553	103,867	73,572	55,342	45,498
	<b>Other clients receiving an unemployment-related benefit<sup>1,2</sup></b>				
Total other clients	3,569	3,602	3,193	2,497	1,930
	<b>All clients receiving an unemployment-related benefit<sup>1,2</sup></b>				
Total all clients	122,122	107,469	76,765	57,839	47,428

#### Notes

- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to those in training and Independent Youth Benefits.
- 2 Numbers of clients in age groups recorded in SWIFTT as receiving an unemployment-related benefit at the end of June.

table  
3.2**Trends in unemployment-related benefits received by working aged clients**

Unemployment-related benefit received by client group at the end of June	Working aged clients receiving an unemployment-related benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment Benefit paid to unemployed people	111,312	96,692	67,016	49,589	38,990
Unemployment Benefit paid to people in training	3,863	4,077	4,217	4,123	5,307
Unemployment Benefit – Hardship paid to unemployed people	2,882	2,635	1,739	1,125	762
Unemployment Benefit – Hardship paid to people in training	123	208	252	241	259
Unemployment Benefit – Hardship paid to students	146	165	230	167	115
Independent Youth Benefit	227	90	118	97	65
<b>Total</b>	<b>118,553</b>	<b>103,867</b>	<b>73,572</b>	<b>55,342</b>	<b>45,498</b>

Note

1 Numbers of working aged clients recorded in SWIFTT as receiving an unemployment-related benefit at the end of June.

table  
3.3**Trends in the length of current spells receiving an unemployment-related benefit, for working aged clients**

Length of current spell to the end of June	Working aged clients receiving an unemployment-related benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	43,196	38,393	28,688	23,869	21,427
6 months – 2 years	41,498	36,213	23,237	17,451	14,822
2–4 years	23,748	14,330	10,048	6,243	4,063
Over 4 years	10,111	14,931	11,599	7,779	5,186
<b>Total</b>	<b>118,553</b>	<b>103,867</b>	<b>73,572</b>	<b>55,342</b>	<b>45,498</b>

Notes

1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to people in training and Independent Youth Benefits.

2 Numbers of working aged clients recorded in SWIFTT as receiving an unemployment-related benefit at the end of June.

Table 7.1 (see Section 7) shows trends since 1940 in the number of clients receiving an unemployment-related benefit other than an Independent Youth Benefit. This table also shows trends since 1991 in the number of people receiving an Independent Youth Benefit.

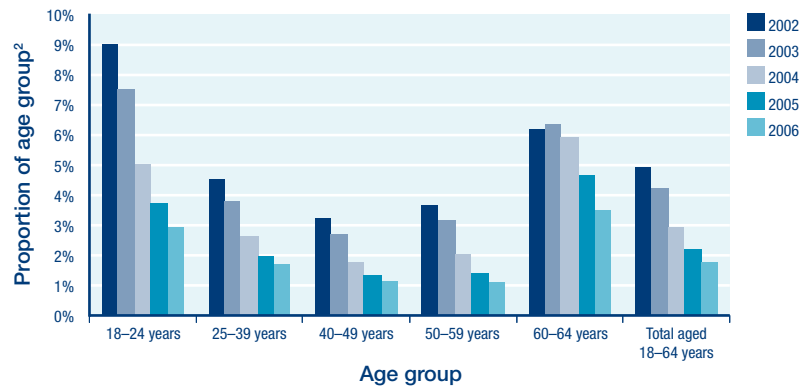
**Trends in the proportion of working aged people receiving an unemployment-related benefit**

The proportion of all working aged people in the New Zealand population who were receiving an unemployment-related benefit has decreased since 2002 (see figure 3.1). This reflects the economic, policy and operational factors outlined earlier.

Since 2002, the proportions of all 18–24 year olds and of all 60–64 year olds in the New Zealand population who were receiving an unemployment-related benefit were higher than for other age groups. This reflects in part the relative difficulty encountered by 18–24 year olds in making an initial transition into the labour market, and by 60–64 year olds in obtaining and retaining paid work.

figure  
3.1

### Trends in the proportion of working aged people receiving an unemployment-related benefit,<sup>1</sup> by age



#### Notes

- 1 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to people in training and Independent Youth Benefits.
- 2 Proportion shows:
  - a number in age group who are recorded in SWIFTT as receiving an unemployment-related benefit at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

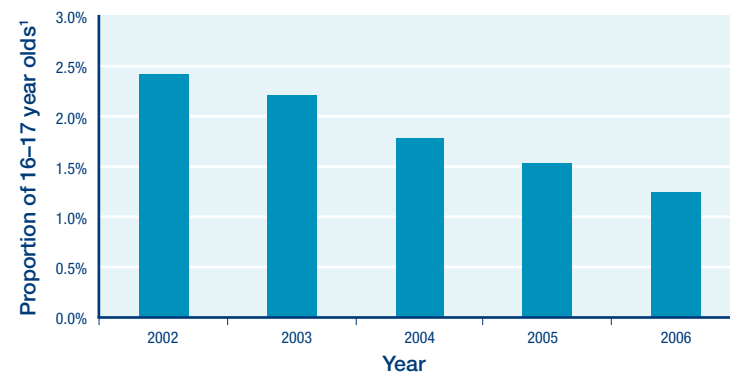
See table A3.4 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.1.

### Trends in the proportion of 16–17 year olds receiving an Independent Youth Benefit

Decreases since 2002 in the proportion of all 16 and 17 year olds in the New Zealand population who were receiving an Independent Youth Benefit (see figure 3.2) reflect the economic, policy and operational factors outlined earlier.

figure  
3.2

### Trends in proportion of 16–17 year olds receiving an independent Youth Benefit



#### Note

- 1 Proportion shows:
  - a number of 16 and 17 year olds recorded in SWIFTT as receiving an Independent Youth Benefit at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population of 16 and 17 year olds at the end of June.

See table A3.5 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.2.

### Trends in unemployment-related benefits granted

Decreases since 2001/2002 in the numbers of unemployment-related benefits granted (see table 3.4) largely reflect improved economic conditions. Over this period, virtually all of the unemployment-related benefits granted were provided to working aged clients (see table 3.4). A large majority of the remainder have been Independent Youth Benefits granted to 16–17 year olds.

table  
3.4

#### Overall trends in the number of unemployment-related benefits granted

	Unemployment-related benefits granted <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	178,866	161,841	134,572	115,508	103,945
Other clients	5,329	5,239	4,878	4,375	3,743
<b>Total</b>	<b>184,195</b>	<b>167,080</b>	<b>139,450</b>	<b>119,883</b>	<b>107,688</b>

#### Notes

- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship granted to unemployed people and to people in training and Independent Youth Benefits.
- 2 Numbers of successful applications for unemployment-related benefits recorded in SWIFTT during years ended June.

Since 2001/2002, between 38% and 41% of the unemployment-related benefits granted were provided to clients who had not received a main benefit in the previous 12 months, while between 20% and 24% reflected transfers between benefits or districts (see table 3.5). Over this period, around 79% of the unemployment-related benefits granted to working aged clients have been granted to unemployed people (see table 3.6).

table  
3.5

#### Trends in the length of periods since working aged clients granted an unemployment-related benefit last received any main benefit

Period since client last received any main benefit	Unemployment-related benefits granted to working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts, or transferring from the same type of benefit) <sup>3,4</sup>	35,991	31,679	30,030	27,451	25,406
Under 6 months	35,273	31,806	25,996	22,329	18,461
6–12 months	35,025	31,709	26,201	22,462	18,339
12–18 months	8,410	7,903	6,322	5,616	5,215
18 months – 2 years	6,896	6,629	5,376	4,576	4,514
2–4 years	11,645	10,745	8,985	7,406	7,641
Had not received a main benefit in previous 4 years	45,626	41,370	31,662	25,668	24,369
<b>Total</b>	<b>178,866</b>	<b>161,841</b>	<b>134,572</b>	<b>115,508</b>	<b>103,945</b>

#### Notes

- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship granted to unemployed people and to people in training and Independent Youth Benefits.
- 2 Numbers of successful applications for unemployment-related benefits by working aged clients recorded in SWIFTT during years ended June.
- 3 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.
- 4 Transfers from the same type of benefit may occur when clients receiving hardship assistance become eligible for statutory benefits (eg a transfer from an Unemployment Benefit – Hardship to an Unemployment Benefit), or may reflect a change in client circumstances (eg a client completing a training course may transfer from an Unemployment Benefit – Training to an Unemployment Benefit payable to an unemployed person).

table  
3.6**Trends in unemployment-related benefits granted to working aged clients**

Unemployment-related benefit granted and client group	Unemployment-related benefits granted to working aged clients <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment Benefit granted to unemployed people	142,802	129,229	103,801	89,314	79,828
Unemployment Benefit granted to people in training	10,278	9,404	9,621	8,851	9,858
Unemployment Benefit – Hardship granted to unemployed people	2,606	2,384	1,793	1,476	1,113
Unemployment Benefit – Hardship granted to people in training	270	307	403	417	352
Unemployment Benefit – Hardship granted to students	22,904	20,514	18,954	15,450	12,794
Independent Youth Benefit	6	3	0	0	0
<b>Total</b>	<b>178,866</b>	<b>161,841</b>	<b>134,572</b>	<b>115,508</b>	<b>103,945</b>

Note

<sup>1</sup> Numbers of successful applications for unemployment-related benefits by working aged clients recorded in SWIFTT during years ended June.

**Trends in cancellations of unemployment-related benefits**

Decreases since 2001/2002 in the annual number of unemployment-related benefits cancelled (see table 3.7) reflect decreases in the use of unemployment-related benefits, which in turn reflect operational changes, policy changes and improved economic conditions. Since 2001/2002, virtually all cancellations of unemployment-related benefits year were by working aged clients (see table 3.7). A large majority of the remainder were by 16–17 year olds cancelling Independent Youth Benefits.

table  
3.7**Overall trends in the number of cancellations of unemployment-related benefits**

	Unemployment-related benefits cancelled <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Working aged clients	195,221	180,279	167,674	137,069	113,315
Other clients	3,102	3,912	4,962	5,450	4,490
<b>Total</b>	<b>198,323</b>	<b>184,191</b>	<b>172,636</b>	<b>142,519</b>	<b>117,805</b>

Notes

<sup>1</sup> Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to those in training and Independent Youth Benefits.

<sup>2</sup> Numbers of cancellations of unemployment-related benefits recorded in SWIFTT during years ended June.

Around 43% of the cancellations of unemployment-related benefits by working aged clients reflected entries into paid work, while between 20% and 24% reflected transfers between benefits, pensions or districts (see table 3.8). Around 81% of the cancellations of unemployment-related benefits by working aged clients each year since 2001/2002 have involved Unemployment Benefits or Unemployment Benefits – Hardship (see table 3.9).

table  
3.8**Trends in the reason for working aged clients cancelling unemployment-related benefits**

Reason for cancellation	Unemployment-related benefits cancelled by working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>3</sup>	85,197	77,797	71,893	61,611	48,144
Transferred to another benefit, pension or district <sup>4,5</sup>	39,079	36,451	36,015	29,362	27,007
Qualified for New Zealand Superannuation <sup>4</sup>	40	85	254	577	562
Other <sup>3</sup>	70,905	65,946	59,512	45,519	37,602
<b>Total</b>	<b>195,221</b>	<b>180,279</b>	<b>167,674</b>	<b>137,069</b>	<b>113,315</b>

## Notes

- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to those in training and Independent Youth Benefits.
- 2 Numbers of cancellations of unemployment-related benefits by working aged clients recorded in SWIFTT during years ended June.
- 3 Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.
- 4 “Transferred to another benefit [or] pension” includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as “Qualified for New Zealand Superannuation”.
- 5 “Transferred to another ... district” represents cancellations made so a client’s benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client’s benefit, and therefore are not included above.

table  
3.9**Trends in unemployment-related benefits cancelled by working aged clients**

Benefit cancelled and client group	Unemployment-related benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment Benefit paid to unemployed people	155,981	145,671	135,334	109,333	89,360
Unemployment Benefit paid to people in training	10,522	9,250	9,488	9,027	8,510
Unemployment Benefit – Hardship paid to unemployed people	2,668	2,681	2,642	2,108	1,462
Unemployment Benefit – Hardship paid to people in training	265	227	335	403	335
Unemployment Benefit – Hardship paid to students	23,058	20,642	18,956	15,387	12,895
Independent Youth Benefit	2,727	1,808	919	811	753
<b>Total</b>	<b>195,221</b>	<b>180,279</b>	<b>167,674</b>	<b>137,069</b>	<b>113,315</b>

## Note

- 1 Numbers of cancellations of unemployment-related benefits by working aged clients recorded in SWIFTT during years ended June.

### Trends in expenditure on unemployment-related benefits and Emergency Benefits<sup>i</sup>

Annual expenditure on unemployment-related benefits and Emergency Benefits has shown a cyclical pattern since 1991/1992 (see table 3.10) which reflects changes in economic conditions. Decreased expenditure over the last six years (see table 3.10) reflects more favourable economic conditions and a consequent decrease in use of unemployment-related benefits.

table  
3.10

#### Trends in annual expenditure on unemployment-related benefits and Emergency Benefits<sup>1</sup>

Year ended June	Expenditure on unemployment-related benefits and Emergency Benefits <sup>2,3,4</sup> (\$m)
1991/1992	1,491
1992/1993	1,594
1993/1994	1,581
1994/1995	1,462
1995/1996	1,430
1996/1997	1,517
1997/1998	1,652
1998/1999	1,766
1999/2000	1,766
2000/2001	1,662
2001/2002	1,544
2002/2003	1,408
2003/2004	1,228
2004/2005	960
2005/2006	819

#### Notes

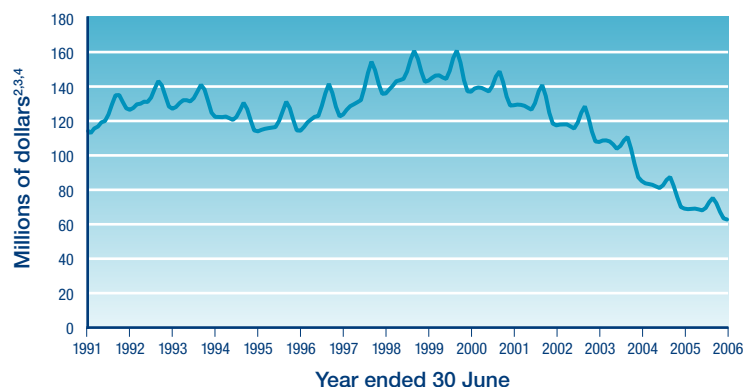
- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to people in training and Independent Youth Benefits. Emergency Benefits include Emergency Benefits paid to unemployed people or trainees since 1 October 1998 and Emergency Unemployment Benefits paid prior to 1 October 1998.
- 2 Expenditure on unemployment-related benefits or Emergency Benefits in years ended June, including expenditure on supplementary benefits provided to recipients of an unemployment-related benefit or an Emergency Benefit.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Monthly expenditure on unemployment-related benefits and Emergency Benefits shows strong seasonal increases over the summer months and weaker seasonal increases during winter (see figure 3.3). These patterns reflect seasonal increases in demand for these benefits from:

- tertiary students registered as job seekers over the summer vacation
- workers with seasonal jobs (particularly in the agricultural/horticultural and primary processing sectors) who face a lack of work in the off season.

<sup>i</sup> To maintain a consistent expenditure series since 1991/1992, table 3.10 and figure 3.3 include expenditure on Emergency Unemployment Benefits that were available until 1 October 1998 and expenditure on Emergency Benefits paid thereafter.



figure  
3.3**Trends in monthly expenditure on unemployment-related benefits and Emergency Benefits<sup>1</sup>****Notes**

- 1 Unemployment-related benefits include Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to trainees and Independent Youth Benefits. Emergency Benefits include Emergency Benefits paid to unemployed people or trainees since 1 October 1998 and Emergency Unemployment Benefits paid prior to 1 October 1998.
- 2 Monthly expenditure on unemployment-related benefits and Emergency Benefits, and on supplementary benefits paid to recipients of unemployment-related benefits or Emergency Benefits.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in expenditure on unemployment-related benefits and Emergency Benefits, including expenditure on supplementary benefits paid to people receiving one of these main benefits. Please note that expenditure data from 1996 to 2006 shown in table 7.2 reflects deductions for:

- debts established
- clients receiving these benefits as well as an overseas pension.

The data in table 3.10 and figure 3.3 do not reflect the above deductions.

**Carer's benefits**

This group of main benefits includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances. An Emergency Maintenance Allowance is an emergency benefit paid to carers who do not meet the eligibility criteria for a Domestic Purposes Benefit – Sole Parents but who are alone, caring for children and unable to support themselves without financial assistance.

**Eligibility for carer's benefits*****Domestic Purposes Benefit***

From 1 April 1997 until 10 March 2003, clients receiving a Domestic Purposes Benefit – Women Alone were subject to a part-time work test.

From 1 April 1997 until 31 January 1999, clients receiving a Domestic Purposes Benefit – Sole Parents were subject to a part-time work test if their youngest dependent child was aged 14 years or over.

From 1 February 1999 until 10 March 2003, clients receiving a Domestic Purposes Benefit – Sole Parents were subject to:

- a full-time work test if their youngest dependent child was aged 14 years or over
- a part-time work test if their youngest dependent child was aged 6–13 years
- a requirement to attend an annual interview with a Work and Income case manager if their youngest dependent child was aged under six years (the purpose of this interview was to plan how the client would enter paid work once their youngest dependent child had reached six years of age).

Since the removal of work-test obligations on 10 March 2003, clients receiving a Domestic Purposes Benefit – Sole Parents or a Domestic Purposes Benefit – Women Alone have been obliged to meet the requirements of the Personal Development and Employment Plan process if required to by their case manager. This process involves developing and implementing a plan that is aimed at assisting clients in moving toward employment, and therefore toward economic and social participation in society.

### ***Domestic Purposes Benefit – Sole Parents***

A Domestic Purposes Benefit – Sole Parents is available to a single person who is:

- the parent of a dependent child aged under 18 years who lives with them
- not living with the other parent or with another partner.

To be eligible for a Domestic Purposes Benefit – Sole Parents, clients must:

- be aged 18 years or over, or be aged 16 or 17 years and have been legally married
- meet residency and income qualifications.

Applicants for a Domestic Purpose Benefit – Sole Parents are, with some exceptions, required to:

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

Refusal to name the other parent without good reason results in a lower level of benefit being payable.

Child Support paid by the liable parent, up to the level of the Domestic Purposes Benefit – Sole Parents, 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***

A Domestic Purposes Benefit – Care of Sick or Infirm is available to people who are:

- aged over 16 years
- caring on a full-time basis for someone (other than a partner) who would otherwise be receiving hospital care.

Residency and income qualifications must also be met.

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

A Domestic Purposes Benefit – Women Alone is available to unsupported women without dependent children who become alone or lose 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 qualifications must also be met.

### ***Emergency Maintenance Allowance***

An Emergency Maintenance Allowance is available to people who do not meet the eligibility criteria for a Domestic Purposes Benefit – Sole Parents but who are alone, caring for children and unable to support themselves without financial assistance. In some circumstances, it can also be paid to clients who are experiencing domestic violence but who are still living with their partner or spouse. Around a third of clients receiving an Emergency Maintenance Allowance are aged 16–17 years.

### Trends in the number of clients receiving a carer's benefit

The number of clients receiving a carer's benefit has decreased over the last two years, after increasing slightly over the previous two years. Virtually all of the carer's benefit recipients since 2002 have been working aged people (see table 3.11).

table  
3.11

#### Overall trends in the number of carer's benefits received

	Clients receiving a carer's benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Working aged clients	107,414	108,690	108,893	105,647	101,641
Other clients	595	605	633	683	690
<b>Total</b>	<b>108,009</b>	<b>109,295</b>	<b>109,526</b>	<b>106,330</b>	<b>102,331</b>

#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Numbers of clients recorded in SWIFTT as receiving carer's benefits at the end of June.

Since 2002, almost all of the working aged recipients of carer's benefits have been receiving a Domestic Purposes Benefit – Sole Parents. Recent decreases in the number of working aged carer's benefit recipients largely reflect decreases in numbers receiving a Domestic Purposes Benefit – Sole Parents (see table 3.12).

table  
3.12

#### Trends in carer's benefits received by working aged clients

Carer's benefit received at the end of June	Working aged clients receiving a carer's benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Domestic Purposes Benefit – Sole Parents	100,652	101,610	101,579	97,882	93,348
Domestic Purposes Benefit – Care of Sick or Infirm	2,912	3,223	3,538	3,775	4,131
Domestic Purposes Benefit – Women Alone	2,858	2,951	3,031	3,043	2,897
Emergency Maintenance Allowance	992	906	745	947	1,265
<b>Total</b>	<b>107,414</b>	<b>108,690</b>	<b>108,893</b>	<b>105,647</b>	<b>101,641</b>

#### Note

- 1 Numbers of working aged clients recorded in SWIFTT as receiving a carer's benefit at the end of June.

Since 2002, almost all working aged recipients of Domestic Purposes Benefits – Sole Parents or Emergency Maintenance Allowances have had a youngest dependent child aged 14 years or under. This included around 47% of these recipients who were caring for a child aged under five years (see table 3.13). By law, children aged under 14 years require supervision at all times.

table  
3.13**Trends in the age of the youngest child dependent on working aged recipients of Domestic Purposes Benefits – Sole Parents or Emergency Maintenance Allowances**

Age of youngest dependent child at the end of June	Working aged clients receiving a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	48,878	48,545	48,336	46,362	44,263
5–9 years	29,854	29,973	29,218	28,041	26,514
10–14 years	18,159	18,672	18,876	18,324	17,449
15–17 years	4,524	5,053	5,600	5,826	6,066
18–19 years	162	164	218	195	240
20 years or over	0	0	0	0	0
Not caring for children <sup>2</sup>	67	109	76	81	81
<b>Total</b>	<b>101,644</b>	<b>102,516</b>	<b>102,324</b>	<b>98,829</b>	<b>94,613</b>

**Notes**

- 1 Numbers of working aged clients recorded in SWIFTT as receiving a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance at the end of June.
- 2 Clients may continue to receive a Domestic Purposes Benefit – Sole Parents 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 Parents or an Emergency Maintenance Allowance at a reduced rate while the custody and care circumstances of the children involved are clarified.

Table 7.1 (see Section 7) shows trends since 1973 in the number of clients receiving carer's benefits.

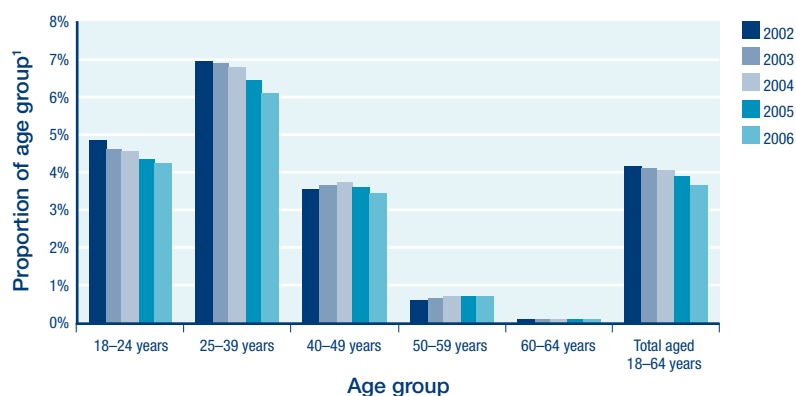
**Trends in the proportion of working aged people receiving a carer's benefit**

Since 2002, around 4% of all working aged people in the New Zealand population have received a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance (see figure 3.4). Throughout this period, 25–39 year olds and 18–24 year olds have been more likely than older working aged people to be receiving a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance (see figure 3.4). This reflects patterns in the ages of women having children and in the ages of people when relationship breakdown occurs.

Since 2002, the proportion of all 18–39 year olds in the New Zealand population who were receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance has decreased, while the proportion of those in older age groups doing so has fluctuated (see figure 3.4).

figure  
3.4

### Trends in the proportion of working aged people receiving a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance, by age



#### Note

- 1 Proportion shows:
  - a number of people in age group recorded in SWIFTT as receiving a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.6 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.4.

Since 2002, very small numbers (under 0.2%) of working aged people have received a Domestic Purposes Benefit – Care of Sick or Infirm, and a similar proportion have received a Domestic Purposes Benefit – Women Alone.

### Trends in carer's benefits granted

The number of carer's benefits granted each year has decreased since 2002/2003. Of the carer's benefits granted over this period, virtually all were provided to working aged clients (see table 3.14).

table  
3.14

### Overall trends in the number of carer's benefits granted

	Carer's benefits granted <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	36,692	36,782	36,604	35,304	34,142
Other clients	792	843	842	894	906
<b>Total</b>	<b>37,484</b>	<b>37,625</b>	<b>37,446</b>	<b>36,198</b>	<b>35,048</b>

#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Number of successful applications for carer's benefits recorded in SWIFTT during years ended June.

Between 41% and 44% of the carer's benefits granted to working aged clients since 2002/2003 were provided to clients who have not received a main benefit in the previous 12 months. Since 2001/2002, the proportion of carer's benefits granted which reflected transfers between benefits or districts decreased from 32% to 27% (see table 3.15).

table  
3.15**Trends in the length of periods since working aged clients granted carer's benefits last received any main benefit**

Period since client last received any main benefit	Carer's benefits granted to working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts, or transferring from the same type of benefit) <sup>3,4</sup>	11,761	11,146	10,954	10,217	9,260
Under 6 months	6,805	6,793	6,705	6,746	6,371
6–12 months	3,687	3,760	3,617	3,623	3,671
12–18 months	2,038	2,164	2,115	2,008	2,169
18 months – 2 years	1,468	1,504	1,565	1,433	1,474
2–4 years	3,169	3,283	3,434	3,295	3,162
Had not received a main benefit in previous four years	7,764	8,132	8,214	7,982	8,035
<b>Total</b>	<b>36,692</b>	<b>36,782</b>	<b>36,604</b>	<b>35,304</b>	<b>34,142</b>

**Notes**

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Number of successful applications for carer's benefits by working aged clients recorded in SWIFTT during years ended June.
- 3 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.
- 4 Transfers from the same type of benefit may occur when clients receiving hardship assistance become eligible for statutory benefits (eg a transfer from an Emergency Maintenance Allowance to a Domestic Purposes Benefit – Sole Parents), or may reflect a change in client circumstances (eg a client whose dependent children have grown up and left home may transfer from a Domestic Purposes Benefit – Sole Parents to a Domestic Purposes Benefit – Women Alone).

The number of Domestic Purposes Benefits – Sole Parents and Emergency Maintenance Allowances granted to working aged clients has decreased since 2001/2002, with steeper decreases in the last two years. Over this period, around 60% of these benefits were provided to clients whose youngest dependent child was aged under five years. Around 35% of these benefits were provided to clients whose youngest child was aged 5–14 years (see table 3.16).

table  
3.16**Trends in the age of the youngest child dependent on working aged clients who were granted a Domestic Purposes Benefit – Sole Parents or an Emergency Maintenance Allowance**

Age of youngest dependent child when benefit granted	Domestic Purposes Benefits – Sole Parents and Emergency Maintenance Allowances granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
0–4 years	20,717	20,513	20,192	19,158	18,555
5–9 years	7,434	7,320	6,956	6,637	6,272
10–14 years	4,691	4,758	4,806	4,595	4,441
15–17 years	1,134	1,321	1,385	1,446	1,440
18–19 years	15	15	13	17	24
20 years or over	0	2	1	0	0
Unspecified	0	0	0	0	14
Not applicable (no child linked to the benefit) <sup>2</sup>	72	57	64	61	59
<b>Total</b>	<b>34,063</b>	<b>33,986</b>	<b>33,417</b>	<b>31,914</b>	<b>30,805</b>

**Notes**

- 1 Numbers of successful applications for Domestic Purposes Benefit – Sole Parents or Emergency Maintenance Allowances from working aged clients 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.

### Trends in cancellations of carer's benefits

The annual number of carer's benefits cancelled has decreased slightly in the last year, after increasing over the previous two years. Since 2001/2002, virtually all of the carer's benefit cancellations have been by working aged clients (see table 3.17).

table  
3.17

#### Overall trends in the number of carer's benefits cancelled

	Carer's benefits cancelled <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	37,646	36,690	37,627	38,960	38,698
Other clients	190	239	242	304	346
<b>Total</b>	<b>37,836</b>	<b>36,929</b>	<b>37,869</b>	<b>39,264</b>	<b>39,044</b>

#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Numbers of cancellations of carer's benefits recorded in SWIFTT during years ended June.

Around 48% of the carer's benefit cancellations by working aged clients since 2001/2002 were for reasons other than clients entering paid work or transferring to another benefit, pension or district. The proportion of cancellations reflecting clients entering paid work increased from 29% to 38% over this period (see table 3.18). The most common "Other" reason for these cancellations was clients entering another relationship.

table  
3.18

#### Trends in the reason for cancellation of carer's benefits by working aged clients

Reason for cancellation	Carer's benefits cancelled by working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>3</sup>	11,055	11,279	12,012	13,622	14,525
Transferred to another benefit, pension or district <sup>4,5</sup>	8,364	7,548	7,112	6,381	6,011
Qualified for New Zealand Superannuation <sup>4</sup>	10	13	39	96	85
Other <sup>3</sup>	18,217	17,850	18,464	18,861	18,077
<b>Total</b>	<b>37,646</b>	<b>36,690</b>	<b>37,627</b>	<b>38,960</b>	<b>38,698</b>

#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Numbers of carer's benefit cancellations by working aged clients recorded in SWIFTT during years ended June.
- 3 Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.
- 4 "Transferred to another benefit [or] pension" includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as "Qualified for New Zealand Superannuation".
- 5 "Transferred to another ... district" represents cancellations undertaken so a client's benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client's benefit, and therefore are not included above.

### Trends in expenditure on carer's benefits

Expenditure on carer's benefits has decreased in 2005/2006, following increases since 2000/2001 (see table 3.19). This decrease largely reflects lower numbers of clients receiving carer's benefits.

Changes between 1997/1998 and 2004/2005 in annual expenditure on carer's benefits (see table 3.19) reflect a combination of changes in the numbers of clients receiving a carer's benefit and adjustments in the levels of assistance paid. Between 2000/2001 and 2004/2005, the impact of increased levels of supplementary benefits outweighed that of fluctuating numbers of clients receiving carer's benefits.

table  
3.19

### Trends in annual expenditure on carer's benefits<sup>1</sup>

Year ended June	Expenditure on carer's benefits <sup>2,3,4</sup> (\$m)
1991/1992	1,104
1992/1993	1,147
1993/1994	1,208
1994/1995	1,337
1995/1996	1,493
1996/1997	1,608
1997/1998	1,706
1998/1999	1,682
1999/2000	1,652
2000/2001	1,637
2001/2002	1,650
2002/2003	1,690
2003/2004	1,777
2004/2005	1,799
2005/2006	1,750

#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Expenditure on carer's benefits in years ended June, including expenditure on supplementary benefits provided to recipients of a carer's benefit.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

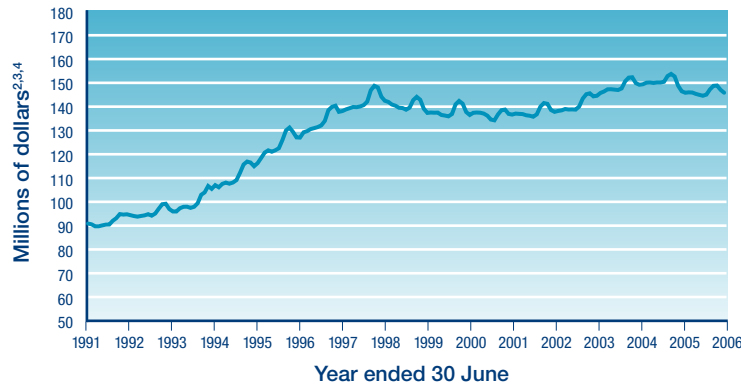
Lower levels of monthly expenditure from 2004/2005 (see figure 3.5) reflect in part the shift of the child component of carer's benefits into Family Support from 1 April 2005.

Monthly expenditure on carer's benefits shows a small seasonal peak in the latter part of each fiscal year (see figure 3.5). These peaks reflect the Training Incentive Allowance payments and benefit advances made at the start of the school/academic year to carer's benefit recipients who have children attending school or who are themselves undertaking approved training.



figure  
3.5

### Trends in monthly expenditure on carer's benefits<sup>1</sup>



#### Notes

- 1 Carer's benefits include Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 2 Monthly expenditure on carer's benefits and on supplementary benefits paid to recipients of a carer's benefit.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1973 in expenditure on carer's benefits, including expenditure on supplementary benefits paid to people receiving a carer's benefit. Please note that, from 1996, the expenditure data on carer's benefits shown in table 7.2 reflects deductions for:

- debts established
- clients receiving these benefits as well as an overseas pension.

The data in table 3.19 and figure 3.5 do not reflect these deductions.

## Sickness-related benefits

Main benefits in this group consist of Sickness Benefits and Sickness Benefits – Hardship.

A Sickness Benefit was known as a Community Wage – Sickness between 1 October 1998 and 30 June 2001, before reverting to its former name on 1 July 2001. A Sickness Benefit – Hardship was known as an Emergency Sickness Benefit prior to 1 October 1998, and as a Community Wage – Emergency Sickness between 1 October 1998 and 30 June 2001.

From 1 October 1998, the spouses or partners of clients receiving a Sickness Benefit have been subject to:

- a full-time work test if the couple have no dependent children, or if their youngest dependent child is aged 14 years or over
- a part-time work test if the couple's youngest dependent child is aged 6–13 years
- a requirement to attend a yearly planning meeting with a Work and Income case manager if the couple's youngest dependent child is aged under six years (the aim of this interview is to plan their entry into paid work once their youngest dependent child is aged six years).

During the 2003/2004 financial year, work-tested clients had Government expectations about meeting the work test made clearer. Other work-test requirements added during the 2003/2004 financial year included a requirement to:

- take drug tests if required to by a prospective employer (from 22 October 2003)
- commute to seek and undertake paid work if there is no such work available in their local area (from 8 March 2004).

From January 2004, clients receiving a sickness-related benefit have been able to access pilot programmes aimed at helping clients to:

- set goals for their future
- develop individual plans addressing their needs, strengths, barriers and key issues.

From 1 July 1998, the payment rate for a new Sickness Benefit was aligned with the (lower) rate for an Unemployment Benefit. People receiving a Sickness Benefit since before 1 July 1998 continued to receive the old (higher) rate for their Sickness Benefit that was paid immediately prior to 1 July 1998. By 1 April 2005, no-one was still receiving a Sickness Benefit paid at pre-July 1998 levels, due to the combined effect of cumulative Consumers Price Index (CPI) adjustments and the ageing of clients receiving Sickness Benefits.

## **Types of sickness-related benefit**

### ***Sickness Benefit***

From 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 due to illness or injury, or
- in employment but losing earnings through illness or injury.

To receive a Sickness Benefit, clients must be:

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

Income and residency tests apply.

Prior to 1 October 1998, a Sickness Benefit was available to people aged 18 years or over (16 years or over until 1 January 1998) who:

- were temporarily incapacitated for work
- had suffered a loss of earnings
- met an income test.

### ***Sickness Benefit – Hardship***

People who do not meet the residency criteria for a Sickness Benefit but who are suffering hardship because of illness or injury may be granted a Sickness Benefit – Hardship. Sixteen or seventeen year olds who are unable to support themselves because of pregnancy or who are attending an approved rehabilitation programme may also be eligible for a Sickness Benefit – Hardship. Income and asset tests apply.

Applicants prior to 1 October 1998 who did not meet all eligibility requirements may have been granted an Emergency Benefit because of hardship. An income and asset test applied to this benefit.

## **Trends in the number of clients receiving a sickness-related benefit**

The number of people receiving a sickness-related benefit has increased since 2002, although the rate of increase has been slower in the last two years. Since 2002, virtually all recipients of sickness-related benefits have been working aged clients (see table 3.20).

Of the working aged clients receiving sickness-related benefits over this period:

- around 37% were aged 40–54 years, while between 29% and 32% were aged 25–39 years (see table 3.20)
- virtually all (over 97%) were receiving a Sickness Benefit (see table 3.21)
- around 39% had systemic disorders, while around 34% had a psychological or psychiatric condition (see table 3.22)
- between 67% and 70% had received their current benefit for less than two years (see table 3.23).

table  
3.20

## Trends in the age of clients receiving a sickness-related benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged clients receiving a sickness-related benefit<sup>1,2</sup></b>				
18–19 years	1,188	1,404	1,454	1,570	1,852
20–24 years	3,300	3,902	4,032	4,135	4,678
25–29 years	3,402	3,671	4,009	3,860	4,128
30–34 years	3,874	4,170	4,540	4,451	4,518
35–39 years	4,210	4,431	4,652	4,883	5,023
40–44 years	4,391	4,878	5,284	5,327	5,467
45–49 years	4,480	4,989	5,249	5,362	5,673
50–54 years	4,815	5,050	5,552	5,583	5,592
55–59 years	3,888	4,233	5,683	6,099	5,897
60–64 years	2,476	2,762	3,243	3,906	4,244
Total working aged clients	36,024	39,490	43,698	45,176	47,072
	<b>Other clients receiving a sickness-related benefit<sup>1,2</sup></b>				
Total other clients	356	412	430	470	487
	<b>All clients receiving a sickness-related benefit<sup>1,2</sup></b>				
Total all clients	36,380	39,902	44,128	45,646	47,559

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of clients recorded in SWIFTT as receiving a sickness-related benefit at the end of June.

table  
3.21

## Trends in sickness-related benefits received by working aged clients

<b>Sickness-related benefit received at the end of June</b>	<b>Working aged clients receiving a sickness-related benefit<sup>1,2</sup></b>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Sickness Benefit	35,089	38,573	42,651	44,416	46,294
Sickness Benefit – Hardship	935	917	1,047	760	778
Total	36,024	39,490	43,698	45,176	47,072

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of working aged clients recorded in SWIFTT as receiving a sickness-related benefit at the end of June.

table  
3.22

## Trends in the incapacity of working aged clients receiving a sickness-related benefit

Client incapacity at the end of June	Working aged clients receiving a sickness-related benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Accident, trauma, entry of foreign bodies	5,084	5,284	5,681	5,348	4,862
Disease (circulatory system diseases, infectious or parasitic diseases)	245	253	270	316	339
Cancer	669	689	754	857	808
Congenital conditions	128	135	137	134	169
Intellectual disability	170	174	211	204	167
Pregnancy related	1,296	1,354	1,474	1,304	1,481
Psychological or psychiatric conditions	11,881	13,686	15,138	15,784	16,630
Sensory disorders	319	385	432	476	488
Substance abuse	2,128	2,306	2,410	2,473	3,221
Systemic disorders <sup>3</sup>	14,083	15,193	17,164	18,249	18,870
Unspecified/ill-defined conditions <sup>4</sup>	21	31	27	31	37
<b>Total</b>	<b>36,024</b>	<b>39,490</b>	<b>43,698</b>	<b>45,176</b>	<b>47,072</b>

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of working aged clients recorded in SWIFTT as receiving a sickness-related benefit at the end of June.
- 3 Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
- 4 Includes uncoded incapacities and ill-defined conditions.

table  
3.23

## Trends in the length of current spells receiving a sickness-related benefit, for working aged clients

Length of current spell to the end of June	Working aged clients receiving a sickness-related benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	12,083	13,142	15,170	14,020	14,596
6 months – 2 years	12,247	14,082	15,311	17,238	16,929
2–4 years	5,276	6,159	7,031	7,637	8,904
Over 4 years	6,418	6,107	6,186	6,281	6,643
<b>Total</b>	<b>36,024</b>	<b>39,490</b>	<b>43,698</b>	<b>45,176</b>	<b>47,072</b>

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of working aged clients recorded in SWIFTT as receiving a sickness-related benefit at the end of June.

Table 7.1 (see Section 7) shows trends since 1940 in the number of people receiving a sickness-related benefit.

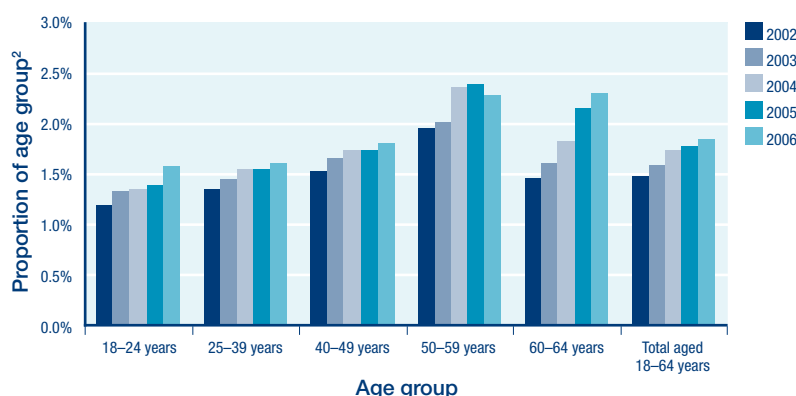


### Trends in the proportion of working aged people receiving a sickness-related benefit

Since 2002, less than 2% of all working aged people in the New Zealand population have received a sickness-related benefit. Throughout this period, the proportion of all people aged 18–59 years in the New Zealand population who are receiving a sickness-related benefit has increased with age (see figure 3.6). This reflects the impact of ageing on the incidence of health and disability conditions and on whether those conditions become permanent and severe (and hence covered by an Invalid's Benefit rather than a sickness-related benefit).

figure  
3.6

#### Trends in the proportion of working aged people receiving a sickness-related benefit,<sup>1</sup> by age



#### Notes

- 1 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 2 Proportion shows:
  - a number of clients in age group recorded in SWIFTT as receiving a sickness-related benefit at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.7 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.6.

### Trends in sickness-related benefits granted

The annual number of sickness-related benefits granted has fluctuated over the last two years after increasing for the previous three years. Virtually all of the sickness-related benefits granted over this period were provided to working aged clients (see table 3.24).

table  
3.24

#### Overall trends in the number of sickness-related benefits granted

	Sickness-related benefits granted <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	41,273	43,343	47,663	47,259	47,517
Other clients	569	674	692	747	749
<b>Total</b>	<b>41,842</b>	<b>44,017</b>	<b>48,355</b>	<b>48,006</b>	<b>48,266</b>

#### Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of successful applications for sickness-related benefits recorded in SWIFTT during years ended June.

Between 2003/2004 and 2005/2006, a decreasing proportion of sickness-related benefits granted to working aged clients have been accounted for by transfers (26% in 2005/2006, compared with 37% in 2001/2002) (see table 3.25). Over this period, around 33% of these benefits were provided to clients with systemic disorders, while the proportion granted to clients with psychological or psychiatric conditions increased from 29% to 34% (see table 3.26).

table  
3.25

**Trends in the length of periods since working aged clients granted a sickness-related benefit last received any main benefit**

Period since client last received any main benefit	Sickness-related benefits granted to working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts, or transferring from the same type of benefit) <sup>3,4</sup>	15,456	15,917	17,236	14,420	12,513
Under 6 months	6,285	6,842	7,762	8,220	8,651
6–12 months	3,559	3,744	4,359	4,868	4,810
12–18 months	1,863	2,092	2,241	2,583	2,764
18 months – 2 years	1,417	1,496	1,596	1,721	1,876
2–4 years	2,856	3,110	3,592	3,783	4,319
Had not received a main benefit in previous four years	9,837	10,142	10,877	11,664	12,584
<b>Total</b>	<b>41,273</b>	<b>43,343</b>	<b>47,663</b>	<b>47,259</b>	<b>47,517</b>

Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of successful applications for sickness-related benefits from working aged clients recorded in SWIFTT during years ended June.
- 3 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.
- 4 Transfers from the same type of benefit may occur when clients receiving hardship assistance become eligible for statutory benefits (eg a transfer from a Sickness Benefit – Hardship to a Sickness Benefit).

table  
3.26**Trends in the incapacity of working aged clients granted a sickness-related benefit**

Client incapacity when benefit granted	Sickness-related benefits granted to working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Accident, trauma, entry of foreign bodies	6,023	5,996	6,369	6,304	5,812
Disease (circulatory system diseases, infectious or parasitic diseases)	639	579	593	646	606
Cancer	910	994	1,017	1,140	1,064
Congenital conditions	211	223	235	202	202
Intellectual disability	83	79	121	116	137
Pregnancy related	5,014	4,647	4,942	4,558	4,598
Psychological or psychiatric conditions	11,820	13,730	15,076	15,416	16,011
Sensory disorders	370	434	475	505	454
Substance abuse	2,345	2,370	2,442	2,271	2,540
Systemic disorders <sup>3</sup>	13,649	14,104	16,179	15,679	15,742
Unspecified/ill-defined conditions <sup>4</sup>	209	187	214	422	351
<b>Total</b>	<b>41,273</b>	<b>43,343</b>	<b>47,663</b>	<b>47,259</b>	<b>47,517</b>

**Notes**

- <sup>1</sup> Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- <sup>2</sup> Numbers of successful applications from working aged clients for sickness-related benefits recorded in SWIFTT during years ended June.
- <sup>3</sup> Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
- <sup>4</sup> Includes uncoded incapacities and ill-defined conditions.

**Trends in cancellations of sickness-related benefits**

The number of sickness benefits cancelled has decreased in the last year, after increasing for the previous three years. Of the cancellations of sickness-related benefits over this period, virtually all were by working aged clients (see table 3.27).

table  
3.27**Overall trends in the number of sickness-related benefits cancelled**

	Sickness-related benefits cancelled <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	38,368	39,905	42,608	45,219	44,742
Other clients	449	585	651	868	875
<b>Total</b>	<b>38,817</b>	<b>40,490</b>	<b>43,259</b>	<b>46,087</b>	<b>45,617</b>

**Notes**

- <sup>1</sup> Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- <sup>2</sup> Numbers of cancellations of sickness-related benefits recorded in SWIFTT during years ended June.

Since 2001/2002, the proportion of cancellations of sickness-related benefits by working aged clients that reflect transfers to another benefit, pension or district has decreased (from 54% to 41%). The proportion reflecting reasons other than transfers or entry to paid work increased over the same period (see table 3.28).

table  
3.28**Trends in the reason for working aged clients cancelling sickness-related benefits**

Reason for cancellation	Sickness-related benefits cancelled by working aged clients <sup>1,2</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>3</sup>	5,199	5,508	6,192	7,450	7,267
Transferred to another benefit, pension or district <sup>4,5</sup>	20,559	20,394	19,812	19,314	18,496
Qualified for New Zealand Superannuation <sup>4</sup>	11	14	50	127	151
Other <sup>3</sup>	12,599	13,989	16,554	18,328	18,828
<b>Total</b>	<b>38,368</b>	<b>39,905</b>	<b>42,608</b>	<b>45,219</b>	<b>44,742</b>

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Numbers of cancellations of sickness-related benefits by working aged clients recorded in SWIFTT during years ended June.
- 3 Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.
- 4 “Transferred to another benefit [or] pension” includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as “Qualified for New Zealand Superannuation”.
- 5 “Transferred to another... district” represents cancellations undertaken so a client’s benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client’s benefit, and therefore are not included above.

**Trends in expenditure on sickness-related benefits**

Increases since 2000/2001 in annual expenditure on sickness-related benefits (see table 3.29) largely reflect increases in the numbers of people receiving a sickness-related benefit. The decrease in expenditure between 1998/1999 and 2000/2001 reflects a combination of:

- adjustment of the rates of sickness-related benefits to levels similar to rates of unemployment-related benefits
- a temporary fall in numbers receiving sickness-related benefits between 1997/1998 and 1999/2000.

Increased expenditure between 2005/2006 on sickness-related benefits reflects in part increased expenditure on Accommodation Supplements paid to people receiving sickness-related benefits. Increases in this expenditure between 2002/2003 and 2004/2005 also reflected expenditure on Special Benefits paid to people receiving sickness-related benefits.



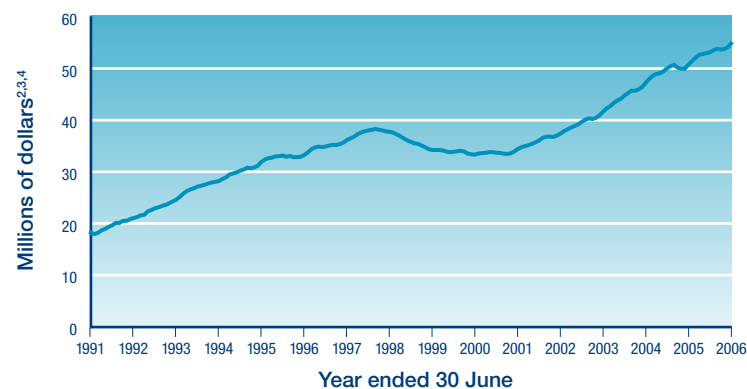
table  
3.29Trends in annual expenditure on sickness-related benefits<sup>1</sup>

Year ended June	Expenditure on sickness-related benefits <sup>2,3,4</sup> (\$m)
1991/1992	234
1992/1993	273
1993/1994	323
1994/1995	361
1995/1996	394
1996/1997	419
1997/1998	452
1998/1999	429
1999/2000	405
2000/2001	404
2001/2002	432
2002/2003	475
2003/2004	537
2004/2005	596
2005/2006	639

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Expenditure on sickness-related benefits in years ended June, including expenditure on supplementary benefits provided to recipients of a sickness-related benefit.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Little seasonal variation is evident in monthly expenditure on sickness-related benefits (see figure 3.7).

figure  
3.7Trends in monthly expenditure on sickness-related benefits<sup>1</sup>

## Notes

- 1 Sickness-related benefits include Sickness Benefits and Sickness Benefits – Hardship.
- 2 Monthly expenditure on sickness-related benefits, including expenditure on supplementary benefits paid to recipients of a sickness-related benefit.
- 3 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 4 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in expenditure on sickness-related benefits, including expenditure on supplementary benefits paid to people receiving a sickness-related benefit. Please note that, from 1996, the expenditure data on sickness-related benefits shown in table 7.2 reflects deductions for:

- debts established
- clients receiving these benefits as well as overseas pensions.

The data in table 3.29 and figure 3.7 do not reflect these deductions.

### Invalid's Benefit

An Invalid's Benefit is available to people who are 16 years or over and 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:

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

A residential qualification and an income test must be met in order to receive an Invalid's Benefit.

From 1 October 1998, the partners and spouses of people receiving an Invalid's Benefit have been subject to:

- a full-time work test if the couple have no dependent children or if their youngest dependent child is aged 14 years or over
- a part-time work test if the couple's youngest dependent child is aged 6–13 years
- a requirement to attend an annual planning interview with a Work and Income case manager if the couple's youngest dependent child is aged under six years (the aim of this interview is to plan their entry into paid work once their youngest dependent child turns six years of age).

During the 2003/2004 financial year, work-tested clients had Government expectations about meeting the work test made clearer. Other work-test requirements added during the 2003/2004 financial year included a requirement to:

- take drug tests if required to by a prospective employer (from 22 October 2003)
- commute to seek and undertake paid work if there is no such work available in their local area (from 8 March 2004).

From 1 July 2004, the rules surrounding eligibility for an Invalid's Benefit were modified, in order to support Invalid's Benefit recipients who wished to try undertaking paid work. These changes allowed:

- Invalid's Benefit recipients to work 15 hours per week or more, for a period of up to six months, without losing entitlement to their Invalid's Benefit (clients wishing to take up this opportunity must agree the period involved in advance with their case manager)
- clients who must stop work and reapply for an Invalid's Benefit due to the same illness, disability or injury to be exempted from an automatic stand-down period before they resume receiving an Invalid's Benefit (like all other benefit recipients, these Invalid's Benefit recipients may, however, be subject to a stand-down period if they have high earnings from their employment).

### Trends in the number of clients receiving an Invalid's Benefit

Increases since 2002 in the number of clients receiving an Invalid's Benefit (see table 3.30) largely reflect the long-term nature of the conditions that result in people being granted an Invalid's Benefit. The rate of growth in numbers receiving Invalid's Benefits has been slower in the last two years. Since 2002, virtually all Invalid's Benefit recipients have been working aged (see table 3.30).

Of the working aged Invalid's Benefits recipients since 2002:

- around 37% were aged between 40–54 years, while around 32% were aged between 55–64 years (see table 3.30)
- around 39% had a systemic disorder, while around 26% had a psychological or psychiatric condition and around 16% had an intellectual disability (see table 3.31).

table  
3.30

### Trends in the age of clients receiving an Invalid's Benefit

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged clients receiving an Invalid's Benefit<sup>1</sup></b>				
18–19 years	1,302	1,316	1,367	1,480	1,566
20–24 years	3,297	3,512	3,710	3,793	3,890
25–29 years	4,027	4,011	4,025	4,076	4,047
30–34 years	5,508	5,623	5,670	5,585	5,376
35–39 years	6,548	6,782	6,957	6,939	7,123
40–44 years	7,381	7,909	8,417	8,687	8,829
45–49 years	7,539	8,048	8,559	9,070	9,522
50–54 years	8,318	8,840	9,345	9,794	10,160
55–59 years	9,150	10,022	10,835	11,366	11,948
60–64 years	10,144	11,067	11,922	12,396	12,888
Total working aged clients	63,214	67,130	70,807	73,186	75,349
	<b>Other clients receiving an Invalid's Benefit<sup>1</sup></b>				
Total other clients	1,315	1,377	1,535	1,610	1,697
	<b>Other clients receiving an Invalid's Benefit<sup>1</sup></b>				
Total	64,529	68,507	72,342	74,796	77,046

Note

- <sup>1</sup> Numbers of clients recorded in SWIFTT as receiving an Invalid's Benefit at the end of June.

table  
3.31

### Trends in the incapacity of working aged clients receiving an Invalid's Benefit

<b>Client incapacity at the end of June</b>	<b>Working aged clients receiving an Invalid's Benefit<sup>1</sup></b>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Accident, trauma, entry of foreign bodies	4,534	4,768	4,931	5,048	5,177
Disease (circulatory system diseases, infectious or parasitic diseases)	348	376	407	442	486
Cancer	1,711	1,861	2,006	2,088	2,218
Congenital conditions	2,185	2,430	2,582	2,710	2,882
Intellectual disability	10,648	10,717	10,826	10,914	10,982
Psychological or psychiatric conditions	16,282	17,615	18,879	19,773	20,480
Sensory disorders	1,984	1,997	2,062	2,042	2,043
Substance abuse	857	918	1,036	1,095	1,162
Systemic disorders <sup>2</sup>	24,420	26,268	27,911	28,750	29,479
Unspecified/ill-defined conditions <sup>3</sup>	245	180	167	324	440
Total	63,214	67,130	70,807	73,186	75,349

Notes

- <sup>1</sup> Numbers of working aged clients recorded in SWIFTT as receiving an Invalid's Benefit at the end of June.  
<sup>2</sup> Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).  
<sup>3</sup> Includes uncoded incapacities and ill-defined conditions.

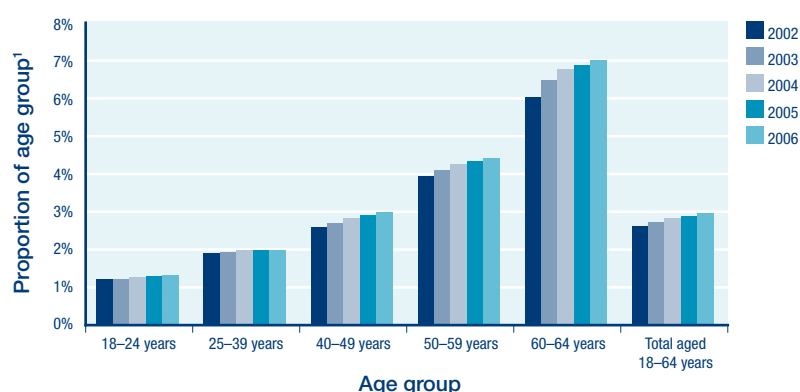
Table 7.1 (see Section 7) shows trends since 1940 in the number of clients receiving an Invalid's Benefit.

### Trends in the proportion of working aged people receiving an Invalid's Benefit

Since 2002, around 3% of all working aged people in the New Zealand population have been receiving an Invalid's Benefit (see figure 3.8). This relatively constant proportion reflects the long-term nature of the conditions that result in clients being granted an Invalid's Benefit. Throughout this period, the prevalence of receipt of Invalid's Benefits among 18–64 year olds has increased with age (see figure 3.8). This reflects the impact of ageing on the incidence of permanent and severe health or disability conditions experienced by people receiving an Invalid's Benefit.

figure  
3.8

### Trends in the proportion of working aged people receiving an Invalid's Benefit, by age



#### Note

- 1 Proportion shows:  
 a number of clients in age group recorded in SWIFTT as receiving an Invalid's Benefit at the end of June, divided by  
 b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.8 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.8.

### Trends in Invalid's Benefits granted

The number of Invalid's Benefits granted decreased slightly over the last two years, after increasing between 2001/2002 and 2003/2004. Since 2001/2002, almost all Invalid's Benefits granted have been provided to working aged clients (see table 3.32).

table  
3.32

### Overall trends in the number of Invalid's Benefits granted

	Invalid's Benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	10,577	10,562	11,044	10,898	10,841
Other clients	673	714	789	806	846
<b>Total</b>	<b>11,250</b>	<b>11,276</b>	<b>11,833</b>	<b>11,704</b>	<b>11,687</b>

#### Note

- 1 Numbers of successful Invalid's Benefit applications recorded in SWIFTT during years ended June.

Since 2001/2002, between 70% and 75% of the Invalid's Benefits granted to working aged clients reflected transfers from another benefit or district. Between 16% and 20% of these benefits granted were provided to clients who had not received a main benefit in the previous 12 months (see table 3.33). Around 47% of these benefits were provided to clients with systemic disorders, while between 23% and 26% were provided to clients with psychological or psychiatric disorders (see table 3.34).

table  
3.33

### Trends in the length of periods since working aged clients granted an Invalid's Benefit last received any main benefits

Period since client last received any main benefit	Invalid's Benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts) <sup>2</sup>	7,886	8,019	8,139	7,665	7,626
Under 6 months	641	623	655	757	754
6–12 months	234	268	266	283	320
12–18 months	128	111	114	133	125
18 months – 2 years	97	78	85	98	74
2–4 years	218	182	239	233	220
Had not received a main benefit in previous four years	1,373	1,281	1,546	1,729	1,722
<b>Total</b>	<b>10,577</b>	<b>10,562</b>	<b>11,044</b>	<b>10,898</b>	<b>10,841</b>

#### Notes

- 1 Numbers of successful Invalid's Benefit applications from working aged clients recorded in SWIFTT during years ended June.
- 2 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.

table  
3.34

### Trends in the incapacity of working aged clients granted an Invalid's Benefit

Client incapacity when benefit granted	Invalid's Benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Accident, trauma, entry of foreign bodies	930	841	795	796	802
Disease (circulatory system diseases, infectious or parasitic diseases)	93	82	88	95	105
Cancer	986	1011	1,111	1,133	1,105
Congenital conditions	201	240	238	210	234
Intellectual disability	318	332	354	364	337
Psychological or psychiatric conditions	2,554	2,691	2,716	2,613	2,537
Sensory disorders	210	181	230	191	196
Substance abuse	228	195	214	202	216
Systemic disorders <sup>2</sup>	5,033	4,970	5,221	4,982	5,063
Unspecified/ill-defined conditions <sup>3</sup>	24	19	77	312	246
<b>Total</b>	<b>10,577</b>	<b>10,562</b>	<b>11,044</b>	<b>10,898</b>	<b>10,841</b>

#### Notes

- 1 Numbers of successful Invalid's Benefit applications from working aged clients recorded in SWIFTT during years ended June.
- 2 Encompasses disorders of physiological systems (eg musculoskeletal systems, metabolic systems).
- 3 Includes uncoded incapacities and ill-defined conditions.

### Trends in cancellations of Invalid's Benefits

The number of Invalid's Benefits cancelled each year has increased since 2001/2002, reflecting increases in the numbers of people receiving an Invalid's Benefit. Almost all of the Invalid's Benefit cancellations in each year over this period were by working aged clients (see table 3.35).

table  
3.35

#### Overall trends in the number of Invalid's Benefits cancelled

	Invalid's Benefits cancelled <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	5,821	6,389	7,158	7,961	8,082
Other clients	571	757	971	1,119	1,156
<b>Total</b>	<b>6,392</b>	<b>7,146</b>	<b>8,129</b>	<b>9,080</b>	<b>9,238</b>

Note

<sup>1</sup> Numbers of cancellations of Invalid's Benefits recorded in SWIFTT during years ended June.

Of the Invalid's Benefit cancellations by working aged clients since 2001/2002, between 24% and 27% reflected transfers to other benefits, pensions or districts. Over this period, a decreasing proportion of these benefit cancellations reflected reasons other than transfers, qualification for New Zealand Superannuation or entry to paid work (51% in 2005/2006, compared to 58% in 2001/2002) (see table 3.36). The chief "Other" reason for cancellations of Invalid's Benefits is the death of the client.

table  
3.36

#### Trends in the reason for cancellations of Invalid's Benefits by working aged clients

Reason for cancellation	Invalid's Benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>2</sup>	812	943	1,089	1,328	1,315
Transferred to another benefit, pension or district <sup>3,4</sup>	1,412	1,612	1,920	2,071	2,077
Qualified for New Zealand Superannuation <sup>3</sup>	207	325	406	505	536
Other <sup>2</sup>	3,390	3,509	3,743	4,057	4,154
<b>Total</b>	<b>5,821</b>	<b>6,389</b>	<b>7,158</b>	<b>7,961</b>	<b>8,082</b>

Notes

<sup>1</sup> Numbers of Invalid's Benefit cancellations by working aged clients recorded in SWIFTT during years ended June.

<sup>2</sup> Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.

<sup>3</sup> "Transferred to another benefit [or] pension" includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as "Qualified for New Zealand Superannuation".

<sup>4</sup> "Transferred to another... district" represents cancellations undertaken so a client's benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client's benefit, and therefore are not included above.

### Trends in expenditure on Invalid's Benefits

Increases since 1991/1992 in annual expenditure on Invalid's Benefits (see table 3.37) reflect increases in the number of people receiving an Invalid's Benefit. Slower growth over the last two years in numbers receiving Invalid's Benefits is reflected in slower growth in expenditure on Invalid's Benefits shown in table 3.37.

table  
3.37

#### Trends in annual expenditure on Invalid's Benefits

Year ended June	Expenditure on Invalid's Benefits <sup>1,2,3</sup> (\$m)
1991/1992	329
1992/1993	365
1993/1994	414
1994/1995	465
1995/1996	501
1996/1997	556
1997/1998	624
1998/1999	661
1999/2000	703
2000/2001	764
2001/2002	846
2002/2003	929
2003/2004	1,010
2004/2005	1,076
2005/2006	1,120

#### Notes

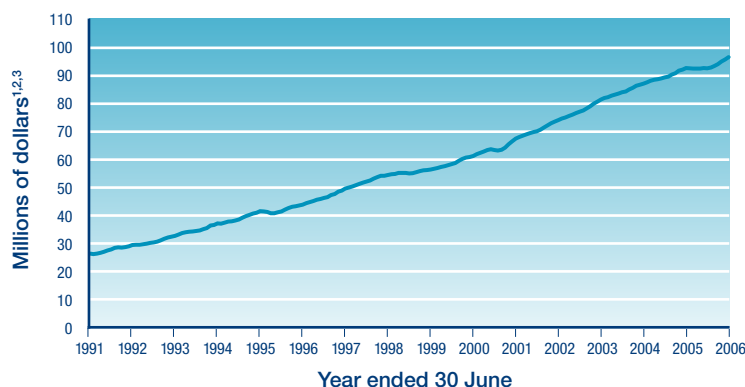
- 1 Expenditure on Invalid's Benefits in years ended June, including expenditure on supplementary benefits provided to recipients of an Invalid's Benefit.
- 2 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Little seasonal change is evident in monthly expenditure on Invalid's Benefits (see figure 3.9). Temporary reductions in monthly Invalid's Benefit expenditure in 1995, 2001 and 2005 reflect:

- the transfer of maximised Special Benefit payments to Vote: Health in July 1995
- a fall in expenditure on Accommodation Supplements received by Invalid's Benefit recipients following the reintroduction of income-related rents in November 2000 (this was offset later by continued growth in expenditure on the Invalid's Benefit, excluding supplementary benefits)
- adjustment of maxima for Accommodation Supplements in 2005.

**figure**  
**3.9**

### Trends in monthly expenditure on Invalid's Benefits



#### Notes

- 1 Monthly expenditure on Invalid's Benefits, including expenditure on supplementary benefits paid to recipients of an Invalid's Benefit.
- 2 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in expenditure on Invalid's Benefits, including expenditure on supplementary benefits paid to people receiving an Invalid's Benefit. Please note that expenditure on Invalid's Benefits since 1996 shown in table 7.2 reflects deductions for:

- debts established
- clients receiving overseas pensions as well as these benefits.

The data in figure 3.9 and table 3.37 do not reflect these deductions.

### Widow's Benefit

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

- is caring for one or more dependent children
- was married, 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
- was married for five years or more, and became a widow after reaching 50 years of age, or
- is aged at least 50 years, 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.

From 1 February 1999 until 10 March 2003, clients receiving a Widow's Benefit were subject to:

- a full-time work test if they had no dependent children or if their youngest dependent child was aged 14 years or over
- a part-time work test if their youngest dependent child was aged 6–13 years
- a requirement to attend annual planning interviews with a Work and Income case manager if their youngest dependent child was aged under six years (the aim of this interview was to plan how the client would enter paid work once her youngest dependent child was aged six years).

Since the removal of work-test requirements on 10 March 2003, Widow's Benefit recipients have been obligated to meet the requirements of the Personal Development and Employment Plan process if required to do so by their case manager. This process involves developing and implementing a plan aimed at assisting clients in moving toward employment, and therefore toward economic and social participation in society.



### Trends in the number of clients receiving a Widow's Benefit

Decreases since 2002 in the number of clients receiving a Widow's Benefit have accelerated in the last two years (see table 3.38), reflecting the ageing of clients receiving a Widow's Benefit and their movement onto New Zealand Superannuation. Since 2002, virtually all Widow's Benefit recipients have been working aged clients (see table 3.38).

table  
3.38

#### Overall trends in the number of clients receiving a Widow's Benefit

	Clients receiving Widow's Benefits <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Working aged clients	8,647	8,526	8,261	7,637	7,001
Other clients	127	133	152	158	180
Total	8,774	8,659	8,413	7,795	7,181

Note

<sup>1</sup> Numbers of clients recorded in SWIFTT as receiving Widow's Benefits as at the end of June.

Since 2003, around 67% of the working aged clients receiving Widow's Benefits had done so for over two years, including between 45% and 48% who had done so for over four years (see table 3.39).

table  
3.39

#### Trends in the length of current spells receiving a Widow's Benefit, for working aged clients

Length of current spell to the end of June	Working aged clients receiving a Widow's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	782	850	771	766	710
6 months – 2 years	1,806	1,920	1,931	1,762	1,671
2–4 years	1,732	1,630	1,579	1,538	1,440
Over 4 years	4,327	4,126	3,980	3,571	3,180
Total	8,647	8,526	8,261	7,637	7,001

Note

<sup>1</sup> Numbers of working aged clients recorded in SWIFTT as receiving a Widow's Benefit at the end of June.

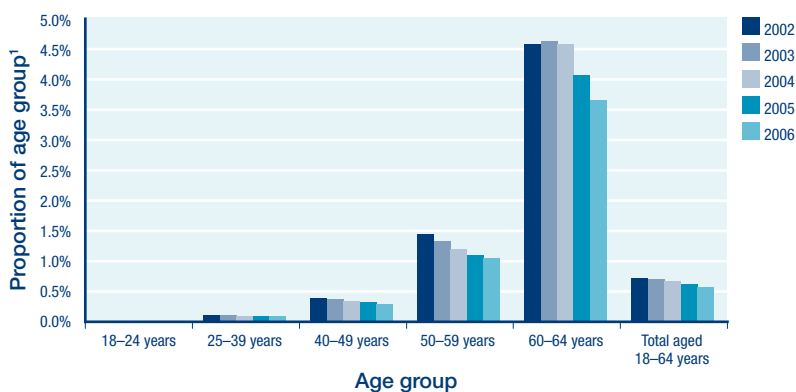
Table 7.1 (see Section 7) shows trends since 1940 in the number of clients receiving a Widow's Benefit.

### Trends in the proportion of working aged women receiving a Widow's Benefit

Since 2002, around 0.5% of all working aged women in the New Zealand population have been receiving a Widow's Benefit (see figure 3.10). The significantly higher prevalence of use of Widow's Benefits among 50–64 year olds than among younger women throughout this period (see figure 3.10) largely reflects the eligibility criteria for a Widow's Benefit.

figure  
3.10

### Trends in the proportion of working aged women receiving a Widow's Benefit, by age



Note

- <sup>1</sup> Proportion shows:  
 a number of clients in age group recorded in SWIFTT as receiving a Widow's Benefit at the end of June, divided by  
 b Statistics New Zealand final estimate of the resident population of women in age group at the end of June.

See table A3.9 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.10.

### Trends in Widow's Benefits granted

The number of Widow's Benefits granted each year has decreased since 2002/2003, with virtually all these benefits granted to working aged clients (see table 3.40).

table  
3.40

### Overall trends in the number of Widow's Benefits granted

	Widow's Benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	1,992	2,123	1,981	1,953	1,780
Other clients	23	27	36	40	43
<b>Total</b>	<b>2,015</b>	<b>2,150</b>	<b>2,017</b>	<b>1,993</b>	<b>1,823</b>

Note

- <sup>1</sup> Numbers of successful Widow's Benefit applications recorded in SWIFTT in years ended June.

Around 63% of the Widow's Benefits granted to working aged clients since 2001/2002 were provided to clients who had not received a main benefit in the previous four years, while around 16% were granted to clients who had received a main benefit in the last 12 months (see table 3.41).

table  
3.41**Trends in the length of periods since working aged clients granted a Widow's Benefit last received any main benefit**

Period since recipient last received any main benefit	Widow's Benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring between benefits or districts) <sup>2</sup>	265	291	204	186	151
Under 6 months	184	216	205	208	206
6–12 months	106	112	103	127	103
12–18 months	57	56	49	54	44
18 months – 2 years	39	39	44	33	39
2–4 years	111	92	131	104	105
Had not received a main benefit in previous four years	1,230	1,317	1,245	1,241	1,132
<b>Total</b>	<b>1,992</b>	<b>2,123</b>	<b>1,981</b>	<b>1,953</b>	<b>1,780</b>

## Notes

- Numbers of successful Widow's Benefits applications by working aged clients recorded in SWIFTT during years ended June.
- Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.

**Trends in cancellations of Widow's Benefits**

The annual number of cancellations of Widow's Benefits decreased in 2005/2006, after trending upward over the previous three years. Over this period, most Widow's Benefits cancellations were by working aged clients (see table 3.42).

table  
3.42**Overall trends in the number of Widow's Benefits cancelled**

	Widow's Benefits cancelled <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	2,041	2,201	2,138	2,189	2,094
Other clients	86	134	169	410	357
<b>Total</b>	<b>2,127</b>	<b>2,335</b>	<b>2,307</b>	<b>2,599</b>	<b>2,451</b>

## Note

- Numbers of cancellations of Widow's Benefits recorded in SWIFTT in years ended June.

Since 2003/2004, around 24% of the cancellations of Widow's Benefits by working aged clients reflected entry into paid work. Over the same period, between 45% and 50% of these benefit cancellations have reflected (see table 3.43):

- transfers to another benefit or pension, or
- clients qualifying for New Zealand Superannuation.

table  
3.43**Trends in the reason for cancellations of Widow's Benefits by working aged clients**

Reason for cancellation	Widow's Benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>2</sup>	434	460	512	543	526
Transferred to another benefit, pension or district <sup>3,4</sup>	897	933	866	830	769
Qualified for New Zealand Superannuation <sup>4</sup>	19	54	86	254	227
Other <sup>2</sup>	691	754	674	562	572
<b>Total</b>	<b>2,041</b>	<b>2,201</b>	<b>2,138</b>	<b>2,189</b>	<b>2,094</b>

**Notes**

- Numbers of cancellations of Widow's Benefits by working aged clients recorded in SWIFTT during years ended June.
- Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.
- "Transferred to another benefit [or] pension" includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as "Qualified for New Zealand Superannuation".
- "Transferred to another ... district" represents cancellations undertaken so a client's benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client's benefit, and therefore are not included above.

**Expenditure on Widow's Benefits**

Changes since 1991/1992 in the level of expenditure on Widow's Benefits (see table 3.44) generally reflect a combination of changes in the number of clients receiving Widow's Benefits and changes in the levels of assistance. The one-off decrease in expenditure on Widow's Benefits in 1994/1995 (see table 3.44) reflects the transfer of some Widow's Benefit recipients to the then-new Transitional Retirement Benefit.

table  
3.44**Trends in annual expenditure on Widow's Benefits**

Year ended June	Expenditure on Widow's Benefits <sup>1,2,3</sup> (\$m)
1991/1992	82
1992/1993	84
1993/1994	86
1994/1995	82
1995/1996	86
1996/1997	92
1997/1998	95
1998/1999	95
1999/2000	93
2000/2001	91
2001/2002	91
2002/2003	92
2003/2004	93
2004/2005	90
2005/2006	85

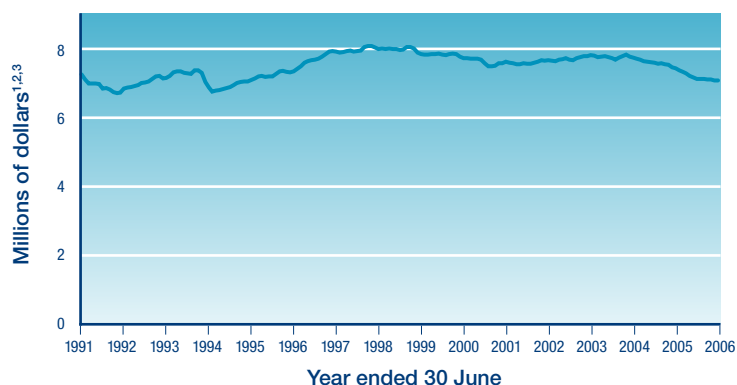
**Notes**

- Expenditure on Widow's Benefits in years ended June, including expenditure on supplementary benefits provided to recipients of a Widow's Benefit.
- Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Monthly expenditure on Widow's Benefits shows small seasonal peaks in the latter part of each fiscal year (see figure 3.11). This peak results from the Training Incentive Allowance and benefit advances that are made at the start of the school/academic year to Widow's Benefit recipients who have dependent children at school or who are themselves undertaking approved training or study. The impact of the transfer of some Widow's Benefit recipients to the then-new Transitional Retirement Benefit is evident in early 1994/1995 (see figure 3.11).

**figure  
3.11**

### Trends in monthly expenditure on Widow's Benefits



#### Notes

- 1 Monthly expenditure on Widow's Benefits, including expenditure on supplementary benefits paid to clients receiving a Widow's Benefit.
- 2 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in expenditure on Widow's Benefits, including expenditure on supplementary benefits paid to people receiving a Widow's Benefit. Please note that expenditure on Widow's Benefits from 1996 shown in table 7.2 reflects deductions for:

- debts established
- clients receiving an overseas pension as well as these benefits.

These deductions are not reflected in the data in figure 3.11 and table 3.44.

## Employment services

Work and Income provides access to a range of support services and training opportunities which assist work services clients to obtain ongoing paid employment. These include:

- one-to-one assistance with job search and preparation to enter employment
- employment or training programmes that assist clients in preparing for work, finding a job or entering employment
- referring clients to vacancies that are notified to Work and Income
- subsidies (paid for a limited time) to assist employers with the cost of wages or salaries for clients whom they hire
- assistance for clients to set up their own business, including access to business development advice and subsidies (paid for a limited time) to assist with initial capital or operating costs.

## Registered job seekers

All registered job seekers must be:

- working less than 30 hours per week
- seeking to work more hours
- available for and actively seeking work.

Registered job seekers comprise:

- people who are required to register as job seekers because they, or their partner or spouse, are receiving a work-tested benefit
- people who:
  - choose to register to receive employment services from Work and Income as part of seeking work
  - meet the definition of registered job seekers outlined above.

Clients (or their partners and spouses) receiving a range of benefits are subject to a work test and may therefore be required to register as job seekers. Work-tested benefits are:

- Unemployment Benefits – client and partner/spouse both subject to work test
- Sickness Benefits – partner or spouse subject to work test
- Invalid's Benefits – partner or spouse subject to work test.

Between 1 February 1997 and 10 March 2003, some clients receiving a Domestic Purposes Benefit or Widow's Benefit were also work tested, as outlined earlier in this section.

Clients subject to a work test are required to actively seek, and to make themselves available to take up, suitable paid employment. Other obligations on work-tested clients that were introduced during the 2003/2004 financial year include:

- taking pre-employment drug tests if required by a prospective employer (from 10 October 2003)
- commuting to seek and undertake paid work if there is no such work available in their local area and they are receiving an Unemployment Benefit (from 8 March 2004).

Since 2002, virtually all of the clients receiving employment services from Work and Income have been registered job seekers. A small number of work services clients do, however, receive employment services from Work and Income without being registered as job seekers. These people include vacation workers and people already in full-time work who are seeking to change jobs.

From 1 July 2001, all registered job seekers receiving a work-tested benefit have been required to enter into a Job Seeker Agreement with Work and Income. The Job Seeker Agreement sets out the assistance that Work and Income will provide to assist the job seeker to obtain employment, and the steps that the job seeker will take to find employment or to improve their prospects for doing so. The Job Seeker Agreement must specify the job search activities that will be undertaken, and may include employment or training programmes to be undertaken by the job seeker (eg a period of work experience or employment-related training).

The number of registered job seekers is an administrative statistic that differs from, and is usually higher than, the number of officially unemployed. See Appendix 2 for a definition of the officially unemployed and a summary of key differences between registered job seekers and the officially unemployed.

### **Trends in the number of registered job seekers**

Decreases since 2002 in the number of registered job seekers (see table 3.45) reflect improved economic conditions and the impact of policy and operational changes (including an increased emphasis on placing job seekers into paid work and removal of the work test for some clients receiving carer's benefits). Since 2002, virtually all registered job seekers have been working aged (see table 3.45).

Since 2002, between 35% and 39% of working aged job seekers have been aged 25–39 years, with around 25% aged under 25 years. Of the working aged job seekers over this period:

- between 12% and 16% have been aged 50–64 years (see table 3.45)
- between 47% and 49% of these jobseekers had no formal educational qualifications, while around 39% had school qualifications (see table 3.47).

Between 2003 and 2006, the proportion of working aged registered job seekers who:

- were receiving an unemployment-related benefit decreased from 60% to 48%, while the proportion receiving no benefit or pension increased (see table 3.46)



- were registered for under two years increased from 68% to 75%, while the proportion registered for between two and four years decreased (see table 3.48)
- identified as New Zealand Europeans decreased from 43% to 34%, while proportions identifying as Māori, Pacific people and members of other ethnic groups each rose (see table 3.49).

table  
3.45

#### Trends in the age of registered job seekers

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged registered job seekers<sup>1</sup></b>				
18–19 years	14,432	12,901	9,413	7,465	7,081
20–24 years	28,430	25,132	17,680	13,943	12,371
25–39 years	66,001	55,522	39,265	29,516	27,765
40–44 years	19,749	16,892	11,710	8,914	8,248
45–49 years	15,454	13,309	9,500	7,389	7,016
50–54 years	12,892	10,973	8,061	6,175	5,730
55–59 years	5,905	5,142	7,601	5,639	5,190
60–64 years	1,550	1,329	1,130	1,828	1,619
Total working aged registered job seekers	164,413	141,200	104,360	80,869	75,020
	<b>Other registered job seekers<sup>1</sup></b>				
Other registered job seekers	3,304	3,376	3,230	2,764	2,450
	<b>All registered job seekers<sup>1</sup></b>				
Total	167,717	144,576	107,590	83,633	77,470

Note

1 Numbers of working aged job seekers registered in SOLO at the end of June.

table  
3.46

#### Trends in the type of pension or main benefit received by working aged job seekers

<b>Type of pension or main benefit received at the end of June</b>	<b>Working aged registered job seekers<sup>1</sup></b>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	98,597	84,409	59,399	44,737	36,147
Carer's benefits <sup>3</sup>	27,831	24,256	16,958	11,636	11,895
Sickness-related benefits <sup>4</sup>	2,415	2,362	2,796	2,773	3,095
Invalid's Benefit	1,273	1,483	1,691	1,620	1,778
Widow's Benefit	1,472	1,183	728	449	427
Transitional Retirement Benefit <sup>5</sup>	14	6	0	0	0
Emergency Benefit	440	372	278	215	224
New Zealand Superannuation	20	27	31	67	106
Veteran's Pension	3	2	2	3	6
No pension or main benefit <sup>6</sup>	32,348	27,100	22,477	19,369	21,342
Total	164,413	141,200	104,360	80,869	75,020

Notes

1 Numbers of working aged job seekers registered in SOLO at the end of June.

2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and the Independent Youth Benefit.

3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.

4 Includes Sickness Benefits and Sickness Benefits – Hardship.

5 This benefit was abolished on 1 April 2004.

6 Includes clients receiving an Unsupported Child's Benefit or an Orphan's Benefit.

table  
3.47**Trends in the level of the highest formal educational qualification held by working aged job seekers**

Highest educational qualification recorded at the end of June	Working aged registered job seekers <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
No formal educational qualifications	77,436	66,567	50,418	39,812	37,058
School qualifications	64,865	56,325	41,131	31,686	29,695
Post-school qualifications	21,005	17,795	12,663	9,292	8,208
Unknown/unspecified	1,107	513	148	79	59
<b>Total</b>	<b>164,413</b>	<b>141,200</b>	<b>104,360</b>	<b>80,869</b>	<b>75,020</b>

Note

1 Numbers of working aged job seekers registered in SOLO at the end of June.

table  
3.48**Trends in the length of current spells registered as a job seeker, for working aged clients**

Length of current spell to the end of June	Working aged registered job seekers <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	56,364	49,347	40,300	32,134	28,614
6 months – 2 years	55,495	49,253	35,055	29,316	27,734
2–4 years	36,238	25,677	14,981	10,278	11,054
Over four years	16,316	16,923	14,024	9,141	7,618
<b>Total</b>	<b>164,413</b>	<b>141,200</b>	<b>104,360</b>	<b>80,869</b>	<b>75,020</b>

Note

1 Numbers of working aged job seekers registered in SOLO at the end of June.

table  
3.49**Trends in the ethnicity of working aged job seekers**

Ethnicity recorded at the end of June	Working aged registered job seekers <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Māori	54,600	49,255	37,152	29,198	27,468
Pacific peoples	16,308	13,720	10,848	9,426	9,104
Other ethnic groups	22,091	21,018	16,120	12,949	11,254
New Zealand Europeans	70,084	55,579	38,615	27,956	25,753
Not specified	1,330	1,628	1,625	1,340	1,441
<b>Total</b>	<b>164,413</b>	<b>141,200</b>	<b>104,360</b>	<b>80,869</b>	<b>75,020</b>

Note

1 Numbers of working aged job seekers registered in SOLO at the end of June.

**Trends in the proportion of working aged people registered as job seekers**

Decreases since 2002 in the proportion of all working aged people in the New Zealand population who were registered as job seekers (see figure 3.12) reflect decreases over the same period in the total number of registered job seekers. These decreases in turn reflect both operational changes in Work and Income and improved economic conditions.

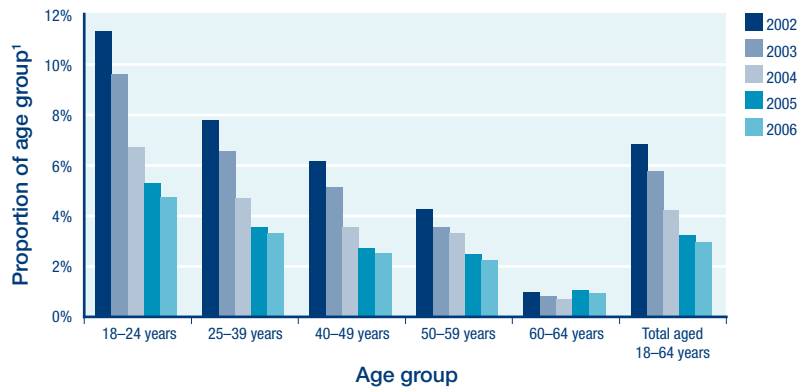




Throughout this period, the proportion of people in each age group from 18–59 years who were registered as job seekers has decreased with increasing age (see figure 3.12). This reflects both the increasing ease of obtaining and retaining paid work as people reach their prime working years, and the historic exemption of some 60–64 year olds receiving main benefits from a requirement to register as a job seeker.

figure  
3.12

### Trends in the proportion of working aged people registered as job seekers, by age



Note

- 1 Proportion shows:  
 a number of job seekers in age group registered in SOLO at the end of June, divided by  
 b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.10 (Appendix 3) for a summary of the SOLO data underlying figure 3.12.

### Trends in new registrations of job seekers

Decreases since 2001/2002 in the annual number of job seeker registrations (see table 3.50) reflect both improved economic conditions and the impact of operational changes in Work and Income assisting job seekers to retain paid work. Virtually all job seeker registrations since 2001/2002 have involved working aged clients (see table 3.50).

table  
3.50

### Overall trends in the number of new job seeker registrations

	New job seeker registrations <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	262,621	233,505	195,845	154,938	131,136
Other clients	11,589	11,530	10,791	7,829	6,466
<b>Total</b>	<b>274,210</b>	<b>245,035</b>	<b>206,636</b>	<b>162,767</b>	<b>137,602</b>

Note

- 1 Numbers of job seeker registrations recorded in SOLO in years ended June.

Since 2001/2002, between 17% and 21% of the registrations by working aged job seekers have involved clients never previously registered as a job seeker. The proportion of these registrations involving clients who had been registered within the previous 12 months decreased over this period (from 54% to 44%) (see table 3.51).

table  
3.51**Trends in the length of periods since newly registered working aged job seekers were last enrolled as a job seeker**

Period since client was last enrolled as a job seeker	New registrations of working aged job seekers <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Under 6 months	105,637	92,223	73,892	56,118	40,792
6–12 months	35,245	31,087	26,495	22,320	17,317
12–18 months	16,480	14,612	13,205	11,002	9,892
18 months – 2 years	10,564	10,877	9,814	8,027	7,759
2–4 years	18,759	19,507	20,609	16,895	16,418
At least four years	19,877	17,112	15,296	14,022	14,636
Had never previously registered as a job seeker	56,059	48,087	36,534	26,554	24,322
<b>Total</b>	<b>262,621</b>	<b>233,505</b>	<b>195,845</b>	<b>154,938</b>	<b>131,136</b>

Note

1 Numbers of new registrations by working aged job seekers recorded in SOLO during years ended June.

**Trends in numbers of deregistrations of job seekers**

The number of deregistrations of job seekers each year has decreased since 2001/2002, reflecting decreases in numbers of registered job seekers. Virtually all job seeker deregistrations since 2001/2002 have involved working aged clients (see table 3.52).

table  
3.52**Overall trends in the number of deregistrations of job seekers**

	Deregistrations of job seekers <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged job seekers	289,025	260,514	235,868	180,589	138,855
Other job seekers	9,374	8,970	8,706	6,267	5,007
<b>Total</b>	<b>298,399</b>	<b>269,484</b>	<b>244,574</b>	<b>186,856</b>	<b>143,862</b>

Note

1 Numbers of deregistrations of job seekers recorded in SOLO during years ended June.

Since 2001/2002, between 37% and 39% of job seeker deregistrations by working aged clients reflected clients entering paid work. Of the deregistrations of working aged job seekers since 2003/2004 (see table 3.53):

- between 34% and 40% have reflected clients leaving the labour market (eg entering full-time study or leaving New Zealand)
- between 16% and 20% have reflected clients losing contact with Work and Income.

table  
3.53**Trends in the reason for deregistrations of working aged job seekers**

Reason for deregistration	Deregistrations of working aged job seekers <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Entered paid work	106,572	95,051	93,509	69,209	54,772
Entered training	13,070	11,998	12,502	9,322	9,554
Left labour market	80,503	77,001	80,442	73,029	48,055
Lost contact	88,776	76,355	49,330	29,029	26,474
Other	104	109	85	0	0
<b>Total</b>	<b>289,025</b>	<b>260,514</b>	<b>235,868</b>	<b>180,589</b>	<b>138,855</b>

Note

1 Numbers of deregistrations of working aged job seekers recorded in SOLO during years ended June.

**Case management initiatives targeted to job seekers**

During the 2003/2004 financial year, a number of initiatives were introduced that changed the way Work and Income case managers deal with registered job seekers. These initiatives aimed to help a number of groups of Work and Income clients, including:

- the very long-term unemployed
- mature job seekers
- people living in rural and remote locations
- sole parents
- people with disabilities
- long-term Sickness Benefit and Invalid's Benefit recipients
- youth
- people who have been made redundant.

These initiatives included:

- targeting clients who had been receiving an Unemployment Benefit for eight years or more for an in-depth vocational assessment and development of realistic employment options
- enabling job seekers who have the skills and a desire to work, but who remain unemployed or fail to retain appropriate employment, to access one-on-one employment coaching (clients will receive this coaching as they seek employment and for a period of time after they gain employment)
- establishing a job partnership with industry whereby clients can be referred to industry-specific training (this partnership provides an assurance that clients completing the training will be placed in full-time paid work in the industry concerned)
- making focused case management available to 45–59 year olds receiving an Unemployment Benefit (this aims to ensure that mature job seekers receive appropriate levels of support and specialised assistance, including focused work brokerage, capability assessments and work broker profiling services)
- enabling clients living in rural and remote areas where Work and Income has had limited presence to make face-to-face contact with Work and Income staff through mobile employment services (clients will be supported in finding ways to remain in, or gain access to, areas offering opportunities for paid work)
- making sole parents transitioning from benefits to paid employment eligible for flexible and specialised employment assistance focused on their needs (this assistance will be available both when clients are seeking work and for a time after they take up paid work)
- ensuring work-tested clients are clear about Government expectations about meeting the work test (clients may fail the work test when they move to an area with low employment opportunities, or when they either refuse to take or fail a pre-employment drug test).

From January 2004, clients receiving a sickness-related benefit have been able to access pilot programmes aimed at helping clients to:

- set goals for their future
- develop individual plans addressing their needs, strengths, barriers and key issues.

## Transition to Work assistance

Transition to Work assistance is paid in order to assist clients to:

- make a successful transition from benefits to employment
- remain in employment.

Transition to Work assistance may be available to clients seeking or taking up paid work. It consists of:

- Work Start Grant
- New Employment Transition Grant
- Seasonal Work Assistance
- Pathways Payment.

## Eligibility for Transition to Work assistance

### *Work Start Grant*

A Work Start Grant meets the essential costs of taking up paid employment or attending a job interview. These grants are available to clients who would not be able to enter paid employment or attend a job interview without assistance to meet the essential costs of doing so.

To receive a Work Start Grant, clients must:

- be aged 16 years of age or over
- have a verified job interview for a position involving at least 15 hours of work per week, or have a verified job offer involving at least 15 hours of work per week (excluding self-employment)
- 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 Work Start Grant.

Residency, income and cash asset tests apply.

A maximum of \$250 worth of Work Start Grants is available in any 52-week period, except where the client receives a Work Start Grant for relocation, safety equipment or bridging finance, when up to \$500 is available. Work Start Grants are non-taxable and non-recoverable.

From 5 March 2004, the eligibility criteria for Work Start Grants were changed to preclude grants to clients taking up work in the sex industry.

### *New Employment Transition Grant*

A New Employment Transition Grant is available to clients with one or more dependent children during the first six months that their benefit is stopped due to employment. To receive a New Employment Transition Grant, these clients must be unable to work because:

- the client, their partner (if any) or their dependent child becomes sick and:
  - no paid sick leave is available, or
  - the client has exhausted their entitlement to paid sick leave
- there is a breakdown in childcare arrangements and:
  - no paid leave (including paid annual leave) is available for this purpose, or
  - the client has exhausted their entitlement to paid leave (including their entitlement to paid annual leave).

Residency and cash asset tests apply. Clients in self-employment must also declare that:

- they have been unable to be involved in their business over the period because of their illness, the illness of their partner 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.

The maximum daily rate of New Employment Transition Grants is limited to the lesser of:

- the actual loss of gross income
- \$56.00 per day (as at 1 April 2006).

A total of no more than \$560.00 in New Employment Transition Grants may be paid to a client within the six-month qualifying period. New Employment Transition Grants are non-taxable and non-recoverable.

### ***Seasonal Work Assistance***

Seasonal Work Assistance is available to clients during the first six months after their benefit is stopped because they began seasonal horticultural work. To receive Seasonal Work Assistance, clients must have lost income through being unable to work because of adverse weather conditions.

Residency, income and cash asset tests apply. Seasonal Work Assistance is only available to clients undertaking work in a list of horticultural industries approved by MSD's Chief Executive. At the end of June 2005, Seasonal Work Assistance was available to people working in the fruit, vegetable, wine, flower, hops, hemp, tobacco, and nursery plant industries.

The amount of Seasonal Work Assistance payable depends on the client's family circumstances and on the actual net income lost during the week. The amount of Seasonal Work Assistance to be paid per week is the lesser of the actual net income lost for the week or the maximum weekly payment the client may be paid. The maximum weekly payments of Seasonal Work Assistance clients may receive as at 1 April 2006 are shown in table 3.54 below.

table  
3.54

**Maximum rates of Seasonal Work Assistance payable (at 1 April 2006)**

Hours of work lost (over week)	Maximum weekly payment	
	Single person	Married person, person in civil union, or sole parent
1–8 hours	\$37.00	\$68.00
9–16 hours	\$74.00	\$136.00
17–24 hours	\$111.00	\$204.00
25–32 hours	\$148.00	\$272.00
33–40 hours	\$185.00	\$340.00
Over 40 hours	\$185.00	\$340.00

A total of no more than \$680.00 in Seasonal Work Assistance may be paid to a client within the six-month qualifying period. Seasonal Work Assistance is non-taxable and non-recoverable.

### ***Pathways Payment***

A Pathways Payment is a one-off lump sum payment to assist clients entering paid employment with the living costs encountered between the cancellation of the benefit and their receipt of:

- their first wage or salary payment, or
- their first payment as a self-employed person.

To receive a Pathways Payment, a client or their spouse must:

- cancel a main benefit in order to enter paid employment
- inform Work and Income before beginning paid employment
- have a dependent child or children
- have received one or more main benefits for a continuous period of 12 months or more prior to entering paid employment.

If a client with a debt to Work and Income receives a Pathways Payment to start paid employment, their debt repayment is suspended for a period of three months.

The Pathways Payment is equal to two weeks' payment (after tax) of the benefit that was cancelled, paid at the rate received in the week before the benefit was cancelled. Pathways Payments are:

- non-taxable
- non-recoverable
- not subject to income tests or asset tests.

From 5 March 2004, the eligibility criteria for a Pathways Payment were changed to preclude grants to clients taking up work in the sex industry.

### Trends in payments of Transition to Work assistance

Please note that some clients may have received more than one payment of Transition to Work assistance during the same financial year.

Trends in the number of clients receiving Transition to Work assistance reflect a combination of:

- trends in the number of job seekers leaving the register to enter paid work (this number has decreased, in line with decreases in the numbers of registered job seekers)
- the emphasis that Work and Income has placed on assisting clients to obtain and retain paid work (there has been increased operational emphasis on this in recent years).

### Trends in the number of Work Start Grants provided

The annual number of Work Start Grants provided has decreased since 2003/2004. Since 2001/2002, between 70% and 75% of Work Start Grants have been provided to non-students to meet work placement costs (see table 3.55).

table  
3.55

### Trends in the type of expenditure met by Work Start Grants provided

Type of expenditure and client group	Work Start Grants provided <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Bridging Finance – Non-student	11,373	7,354	7,994	5,974	5,516
Job Search Costs – Non-student	10,881	8,478	8,313	6,462	6,485
Work Placement Costs – Non-student	53,738	43,904	47,231	40,270	36,342
Bridging Finance – Student	128	74	71	57	43
Job Search Costs – Student	104	122	73	58	91
Work Placement Costs – Student	511	599	686	676	721
<b>Total</b>	<b>76,735</b>	<b>60,531</b>	<b>64,368</b>	<b>53,497</b>	<b>49,198</b>

Note

<sup>1</sup> Numbers of Work Start Grants recorded in SWIFTT during years ended June.

### Trends in the number of New Employment Transition Grants provided

The number of New Employment Transition Grants provided each year has fluctuated since 2001/2002 (see table 3.56).

table  
3.56

### Trends in the number of New Employment Transition Grants provided

	New Employment Transition Grants provided <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
<b>Total</b>	<b>530</b>	<b>397</b>	<b>362</b>	<b>569</b>	<b>535</b>

Note

<sup>1</sup> Numbers of New Employment Transition Grants paid in years ended June.

### *Trends in the number of Seasonal Work Assistance payments provided*

The number of Seasonal Work Assistance payments has decreased over the last two years, following a peak in 2003/2004 (see table 3.57). As well as lower numbers of job seekers entering paid work (as numbers of job seekers fall), this reflects the impact of stormy weather patterns on the availability of opportunities to undertake seasonal work.

table  
3.57

#### Trends in the number of Seasonal Work Assistance payments provided

	Seasonal Work Assistance payments provided <sup>1</sup>			
	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Total	1,472	2,890	1,878	1,492

Note

<sup>1</sup> Numbers of Seasonal Work Assistance payments made in years ended June.

### *Trends in the number of Pathways Payments made*

The annual number of Pathways Payments has increased since 2002/2003 (see table 3.58), reflecting the increased Work and Income emphasis on assisting clients to retain paid employment. Since 2002/2003, the proportion of Pathways Payments provided following cessation of carer's benefits has increased (from 64% to 81%), while the proportion provided following cessation of unemployment-related benefit has decreased (see table 3.58). This reflects changes in use and cancellation of these benefits.

table  
3.58

#### Trends in the number of Pathways Payments provided

Type of main benefit cancelled before receiving a Pathways Payment	Pathways Payments provided <sup>1</sup>			
	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	1,675	1,736	1,299	906
Carer's benefits <sup>3</sup>	3,410	4,228	4,997	5,643
Sickness-related benefits <sup>4</sup>	139	135	183	174
Invalid's Benefit	60	99	147	145
Widow's Benefit	52	52	59	59
Emergency Benefit	13	16	34	13
No main benefit	11	5	0	0
Total	5,360	6,271	6,719	6,940

Notes

<sup>1</sup> Numbers of Pathways Payments made in years ended June.

<sup>2</sup> Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to those in training and Independent Youth Benefits.

<sup>3</sup> Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefit – Women Alone and Emergency Maintenance Allowances.

<sup>4</sup> Includes Sickness Benefits and Sickness Benefits – Hardship.

## Trends in expenditure on Transition to Work assistance

### *Trends in expenditure on Work Start Grants*

Expenditure on Work Start Grants has decreased since 2003/2004 (see table 3.59), largely reflecting decreases in the number of Work Start Grants paid. The average value of each Work Start Grant has stabilised in the last year, after decreasing slightly in each of the previous three years (see table 3.59).

table  
3.59

### Trends in the value of Work Start Grants provided, by expenditure type

Type of expenditure covered by Work Start Grants, and client group	Expenditure on Work Start Grants <sup>1,2</sup>				
	2001/2002 Amount	2002/2003 Amount	2003/2004 Amount	2004/2005 Amount	2005/2006 Amount
Bridging Finance – Non-student (\$000)	2,355	1,514	1,663	1,223	1,161
Job Search Costs – Non-student (\$000)	967	732	699	529	526
Work Placement Costs – Non-student (\$000)	6,809	5,556	5,825	4,851	4,373
Bridging Finance – Student (\$000) <sup>3</sup>	28	14	15	11	8
Job Search Costs – Student (\$000) <sup>3</sup>	12	13	8	7	10
Work Placement Costs – Student (\$000) <sup>3</sup>	65	76	84	82	95
<b>Total (\$000)</b>	<b>10,235</b>	<b>7,906</b>	<b>8,294</b>	<b>6,703</b>	<b>6,173</b>
<b>Average value per payment (\$)</b>	<b>133</b>	<b>131</b>	<b>129</b>	<b>125</b>	<b>125</b>

#### Notes

- 1 Expenditure on Work Start Grants recorded in SWIFTT during the year ended June.
- 2 Due to rounding, values shown may not add to totals given.
- 3 Work Start Grants were not available to students before 2001/2002.

### *Trends in expenditure on New Employment Transition Grants*

Fluctuations since 2001/2002 in expenditure on New Employment Transition Grants reflect changes in the average value of the grants paid as well as fluctuations in the number of grants made (see table 3.60).

table  
3.60

### Trends in expenditure on New Employment Transition Grants

	Expenditure on New Employment Transition Grants <sup>1</sup>				
	2001/2002 Amount	2002/2003 Amount	2003/2004 Amount	2004/2005 Amount	2005/2006 Amount
<b>Total (\$000)</b>	<b>100</b>	<b>85</b>	<b>72</b>	<b>125</b>	<b>116</b>
<b>Average value per payment (\$)</b>	<b>188</b>	<b>213</b>	<b>200</b>	<b>220</b>	<b>217</b>

#### Note

- 1 Expenditure on New Employment Transition Grants recorded in SWIFTT in years ended June.



### *Trends in expenditure on Seasonal Work Assistance payments*

Expenditure on Seasonal Work Assistance payments has decreased over the last two years, while the average value of payments has increased slightly (see table 3.61). This decrease in expenditure on Seasonal Work Assistance payments largely reflects changes in the number of Seasonal Work Assistance payments made.

table  
3.61

#### Trends in expenditure on Seasonal Work Assistance payments

	Expenditure on Seasonal Work Assistance payments <sup>1</sup>			
	2002/2003 Amount	2003/2004 Amount	2004/2005 Amount	2005/2006 Amount
Total (\$000)	208	388	278	222
Average value per payment (\$)	141	134	148	149

Note

<sup>1</sup> Expenditure on Seasonal Work Assistance payments during years ended June.

### Transitional Retirement Benefit

Between 1 April 1994 and 31 March 2004, a Transitional Retirement Benefit was available to people who:

- were retired or had low incomes
- had not yet reached the qualifying age for New Zealand Superannuation.

Transitional Retirement Benefits were introduced to provide financial assistance to people who were:

- retired or approaching retirement
- affected by the increase in the age of eligibility for New Zealand Superannuation from 60 years to 61 years on 1 April 1992, which was followed by incremental increases in the age of eligibility for New Zealand Superannuation between 1 April 1993 and 1 April 2001.

The age of eligibility for a Transitional Retirement Benefit was raised concurrently with the age of eligibility for New Zealand Superannuation, rising three months every six months. Transitional Retirement Benefits were abolished on 1 April 2004, when the eligibility age for these benefits reached 65 years.

For more information about eligibility for, and the use of, Transitional Retirement Benefits, see the *Statistical Report for the Year Ending June 2004*.

### New Zealand Superannuation

New Zealand Superannuation provides a source of income to people who have reached a qualifying age and meet a residency qualification. On 1 April 1992, the qualifying age was increased from 60 years to 61 years. The qualifying age was then increased by three months every six months from 1 April 1993, until it was fixed at 65 years from 1 April 2001.

To meet residency requirements for New Zealand Superannuation, the client must have lived in New Zealand for 10 years since they were aged 20 years, of which five years must have been since they were aged 50 years. People who have reached the qualifying age for New Zealand Superannuation but who do not meet these residency requirements may be eligible to receive an Emergency Benefit if hardship exists.

New Zealand Superannuation may be paid to couples in which only one partner personally qualifies for New Zealand Superannuation. In these cases, the partner or spouse who does not qualify for New Zealand Superannuation in their own right is referred to as a “non-qualified spouse”. Where one partner or spouse does not qualify for New Zealand Superannuation while the other does, there are two options available:

- the qualified spouse only may receive payment at half the married couple rate of the pension
- both the qualified and the non-qualified spouse may receive the non-qualified spouse rate of the pension, subject to an income test.

Clients 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 New Zealand Superannuation at the rate appropriate to their financial circumstances.

### Trends in the number of clients receiving New Zealand Superannuation

The number of clients receiving New Zealand Superannuation has increased since 2002 (see table 3.62). This reflects the impact of the ageing of the population, combined with:

- fixing of the eligibility age at 65 years from 1 April 2001
- relatively constant cessations of New Zealand Superannuation over the period since 2001.

Since 2002, around 52% of New Zealand Superannuation recipients have been aged 65–74 years, while around 44% have been aged 75 years or over (see table 3.62).

table  
3.62

### Trends in the age of clients receiving New Zealand Superannuation

Age of client at the end of June	Clients receiving New Zealand Superannuation <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 60 years <sup>2</sup>	5,038	4,878	4,507	4,205	3,899
60–64 years <sup>2</sup>	14,140	13,617	12,815	11,971	11,072
65–69 years	120,489	123,485	127,786	135,322	144,867
70–74 years	112,741	112,069	111,757	111,329	111,240
75–79 years	90,434	92,571	94,098	95,021	96,754
80 years or over	107,593	110,658	113,661	117,367	120,993
Unspecified	0	0	0	0	0
<b>Total</b>	<b>450,435</b>	<b>457,278</b>	<b>464,624</b>	<b>475,215</b>	<b>488,825</b>

#### Notes

<sup>1</sup> Numbers of clients recorded in SWIFTT as receiving New Zealand Superannuation at the end of June.

<sup>2</sup> Clients receiving New Zealand Superannuation while under the qualifying age are non-qualified spouses.

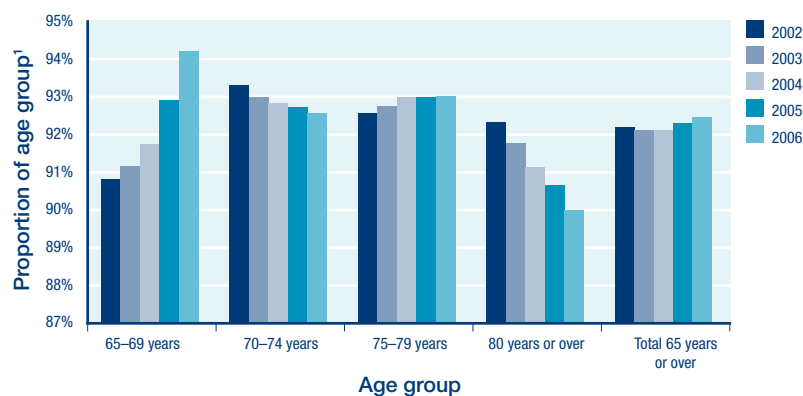
Table 7.1 (see Section 7) shows trends since 1940 in the number of clients receiving New Zealand Superannuation.

### Trends in the proportion of people aged 65 years or over receiving New Zealand Superannuation

Since 2002, around 92% of all people aged 65 years or over in the New Zealand population have been receiving New Zealand Superannuation (see figure 3.13). Decreased use of New Zealand Superannuation through this period among people aged 80 years or over appears associated with patterns in use of Veteran's Pensions.

figure  
3.13

### Trends in the proportion of people aged 65 years or over receiving New Zealand Superannuation, by age



Note

- 1 Proportion shows:
  - a numbers of clients in age group receiving New Zealand Superannuation, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.11 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.13.

### Trends in New Zealand Superannuation pensions granted

The annual number of New Zealand Superannuation pensions granted has increased steadily since 2001/2002 (see table 3.63). This reflects the combination of an ageing population and the fixing at 1 April 2001 of the age of eligibility for New Zealand Superannuation.

Since 2001/2002, there has been an increase in the proportion of New Zealand Superannuation pensions granted which were provided to clients who had not received a pension or main benefit within the previous four years (from 67% to 75%). The proportion of these pensions granted which were provided to clients transferring from another pension, benefit or district showed a corresponding decrease (from 28% to 19%) (see table 3.63).

table  
3.63**Trends in the length of periods since clients granted New Zealand Superannuation last received any pension or main benefit**

Period since pension or main benefit last received	New Zealand Superannuation pensions granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring from another pension or district, or from a main benefit) <sup>2</sup>	9,031	8,826	8,216	8,083	8,011
Under 6 months	260	280	375	358	364
6–12 months	229	363	361	309	383
12–18 months	211	332	268	254	320
18 months – 2 years	220	267	240	254	272
2–4 years	761	736	786	897	905
Had not received a pension or main benefit in previous four years	21,769	23,779	25,312	28,854	31,118
<b>Total</b>	<b>32,481</b>	<b>34,583</b>	<b>35,558</b>	<b>39,009</b>	<b>41,373</b>

**Notes**

<sup>1</sup> Numbers of successful applications for New Zealand Superannuation recorded in SWIFTT during years ended June.

<sup>2</sup> Includes only a minority of transfers of pensions between districts. Most such transfers are accomplished without cancelling and re-granting pensions.

**Trends in expenditure on New Zealand Superannuation**

Expenditure on New Zealand Superannuation reflects the combined effects of the numbers receiving New Zealand Superannuation, adjustments to the rate at which New Zealand Superannuation is paid, and changes in the use of supplementary benefits (eg Disability Allowance) by clients receiving New Zealand Superannuation. Between 1991/1992 and 1999/2000, expenditure on New Zealand Superannuation showed a cyclical pattern (see table 3.64), reflecting a combination of:

- incremental increases in the age of eligibility for New Zealand Superannuation from 1 April 1992
- population ageing
- adjustments to the rate at which New Zealand Superannuation is paid
- increased expenditure on Disability Allowances (see table 3.64).

Rapid increases since 2001/2002 in expenditure on New Zealand Superannuation (see table 3.64) reflect a combination of increases in:

- numbers of clients receiving New Zealand Superannuation following the fixing of the age of eligibility on 1 April 2001
- the rate at which New Zealand Superannuation is paid
- the use of Disability Allowance among clients receiving New Zealand Superannuation.

table  
3.64

## Trends in annual expenditure on New Zealand Superannuation

Year ended June	Expenditure on New Zealand Superannuation <sup>1,2,3</sup> (\$m)
1991/1992	5,153
1992/1993	5,070
1993/1994	5,045
1994/1995	5,083
1995/1996	5,158
1996/1997	5,187
1997/1998	5,263
1998/1999	5,253
1999/2000	5,228
2000/2001	5,457
2001/2002	5,638
2002/2003	5,831
2003/2004	6,085
2004/2005	6,307
2005/2006	6,658

## Notes

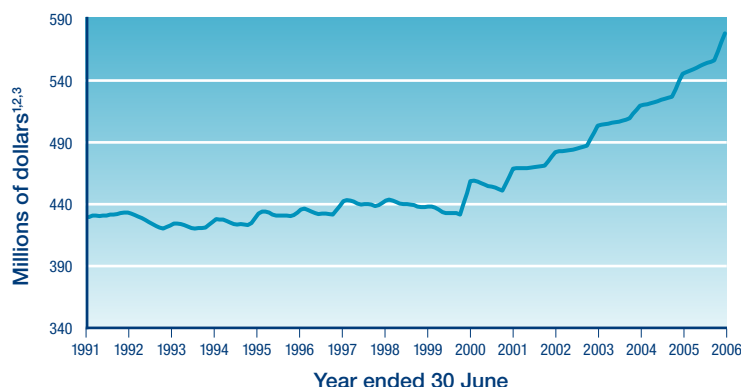
- 1 Expenditure on New Zealand Superannuation in years ended June, including expenditure on supplementary benefits provided to recipients of New Zealand Superannuation.
- 2 Expenditure is gross of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

In general, monthly expenditure on New Zealand Superannuation (see figure 3.14) shows a strong relationship to the number of people receiving New Zealand Superannuation pensions and to adjustments in the rate of New Zealand Superannuation paid.

Seasonal peaks in New Zealand Superannuation expenditure during the second and fourth quarters of each financial year between 1992/1993 and 2000/2001 (see figure 3.14) reflect the impact of a surge of New Zealand Superannuation pensions being granted in the quarters beginning April and October each year (as each incremental increase in eligibility age took effect). These peaks have not been in evidence over the last five years because the age of eligibility for New Zealand Superannuation has remained at 65 years since 1 April 2001.

**figure  
3.14**

### Trends in monthly expenditure on New Zealand Superannuation



#### Notes

- 1 Monthly expenditure on New Zealand Superannuation, including expenditure on supplementary benefits paid to New Zealand Superannuation recipients.
- 2 Expenditure shown is gross of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a three-month moving average.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in expenditure on New Zealand Superannuation, including expenditure on supplementary benefits paid to people receiving New Zealand Superannuation. Please note that expenditure on New Zealand Superannuation since 1996 shown in table 7.2 reflects deductions for:

- debts established
- clients receiving overseas pensions as well as New Zealand Superannuation.

The data in table 3.64 and figure 3.14 do not reflect these deductions.

## Veteran's Pension

Veteran's Pensions were introduced on 1 April 1990 and replaced the former War Veteran's Allowance, War Pension, War Service Pension and Economic Pension. A Veteran's Pension is not income-tested for qualified recipients aged 65 years or over, but is taxable. If a non-qualified spouse is receiving a Veteran's Pension along with their qualified spouse, this is, however, subject to an income test. Qualified recipients aged under 65 years who have no spouse included in their Veteran's Pension are subject to a personal earnings test only.

The rates of payment for a Veteran's Pension are the same as for New Zealand Superannuation. A policy change was introduced in 1992 that allowed veterans receiving New Zealand Superannuation to transfer to a Veteran's Pension.

Because widows of veterans are entitled to continue to receive a Veteran's Pension, there are slightly more women than men receiving a Veteran's Pension. From 1 July 1999, the funding of the Veteran's Pension was transferred from Vote: Work and Income to Vote: Veteran's Affairs: Social Development.

To qualify for a Veteran's Pension, clients must be ex-service personnel who served in a war or emergency and:

- have reached the qualifying age for New Zealand Superannuation and receive a War Disablement Pension of at least 70%, or
- have not reached the qualifying age for New Zealand Superannuation and have a disability from any cause that means they are:
  - permanently unable to work, or
  - unable to work for a substantial period.



### Trends in the number of clients receiving a Veteran's Pension

The number of clients receiving a Veteran's Pension has increased since 2002. Over this period, the proportion of Veteran's Pension recipients who were aged 80 years or over has increased (from 49% to 61%), while the proportion aged 70–79 years has decreased (from 38% to 25%) (see table 3.65). This reflects the ageing of World War Two veterans and their spouses, who are the largest group of Veteran's Pension recipients.

table  
3.65

### Trends in the age of clients receiving a Veteran's Pension

Age of client at the end of June	Clients receiving a Veteran's Pension <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 60 years	351	350	365	352	326
60–64 years	243	278	312	357	363
65–69 years	395	415	452	478	562
70–74 years	773	753	779	776	828
75–79 years	2,114	1,887	1,793	1,670	1,577
80 years or over	3,711	4,189	4,764	5,238	5,816
Unspecified	0	0	0	0	0
<b>Total</b>	<b>7,587</b>	<b>7,872</b>	<b>8,465</b>	<b>8,871</b>	<b>9,472</b>

Note

<sup>1</sup> Numbers of clients recorded in SWIFTT as receiving a Veteran's Pension at the end of June.

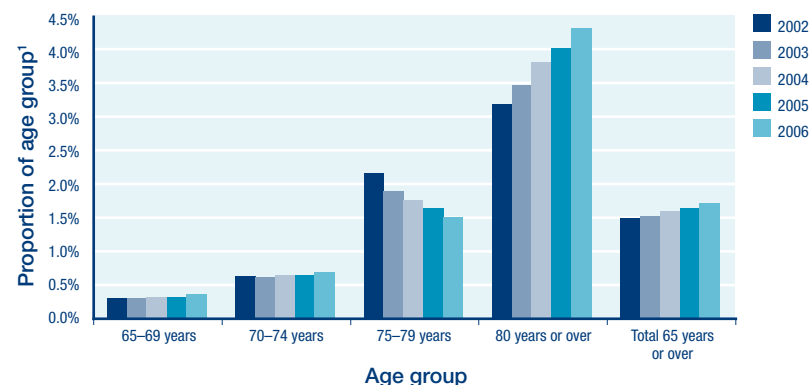
Table 7.1 (see Section 7) shows trends since 1990 in the number of clients receiving a Veteran's Pension.

### Trends in the proportion of people aged 65 years or over receiving a Veteran's Pension

Since 2002, less than 2% of all people aged 65 years or over in the New Zealand population have been receiving a Veteran's Pension (see figure 3.15). Increases over this period in the proportion of people aged 80 years or over who are receiving a Veteran's Pension, and decreases in the proportion aged 75–79 years (see figure 3.15), largely reflect the ageing of World War Two veterans and their spouses or partners.

figure  
3.15

### Trends in the proportion of people aged 65 years or over receiving a Veteran's Pension, by age



Note

<sup>1</sup> Proportion shows:

- a numbers of clients in age group recorded in SWIFTT as receiving a Veteran's Pension at the end of June, divided by
- b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.12 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.15.

### Trends in Veteran's Pensions granted

The number of Veteran's Pensions granted each year increased in the last year, resuming an upward trend apparent since 2001/2002 (see table 3.66). This largely reflects the ageing of veterans and associated patterns in applications for Veteran's Pensions.

Between 80% and 86% of the Veteran's Pensions granted since 2001/2002 reflected clients transferring from another benefit, pension or district (see table 3.66). Veteran's Pensions granted after a transfer frequently involved clients transferring from New Zealand Superannuation.

table  
3.66

### Trends in the length of periods since clients granted a Veteran's Pension last received any pension or main benefit

Period since client last received any pension or main benefit	Veteran's Pensions granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring from another pension or district, or from a main benefit) <sup>2</sup>	651	769	1,076	1,047	1,152
Under 6 months	7	7	3	7	16
6–12 months	5	4	2	2	4
12–18 months	2	6	5	5	2
18 months – 2 years	2	4	4	4	7
2–4 years	14	7	7	10	14
Had not received a pension or main benefit in previous four years	136	132	159	168	172
<b>Total</b>	<b>817</b>	<b>929</b>	<b>1,256</b>	<b>1,243</b>	<b>1,367</b>

#### Notes

- 1 Numbers of successful applications for Veteran's Pensions recorded in SWIFTT in years ended June.
- 2 Includes only a minority of transfers of pensions between districts. Most transfers between districts are accomplished without cancelling and re-granting pensions.

### Trends in expenditure on Veteran's Pensions

Increases since 1991/1992 in annual expenditure on Veteran's Pensions (see table 3.67) reflect increases in the number of people receiving a Veteran's Pension and changes in the rate at which Veteran's Pensions are paid. Accelerating increases in Veteran's Pension expenditure over the last three years reflect both growth in numbers receiving Veteran's Pensions and increased use of supplementary benefits (eg Disability Allowance) by recipients of Veteran's Pensions.



table  
3.67

## Trends in annual expenditure on Veteran's Pensions

Year ended June	Expenditure on Veteran's Pensions <sup>1,2,3</sup> (\$m)
1991/1992	30
1992/1993	47
1993/1994	54
1994/1995	56
1995/1996	59
1996/1997	64
1997/1998	70
1998/1999	72
1999/2000	73
2000/2001	77
2001/2002	83
2002/2003	87
2003/2004	94
2004/2005	103
2005/2006	112

## Notes

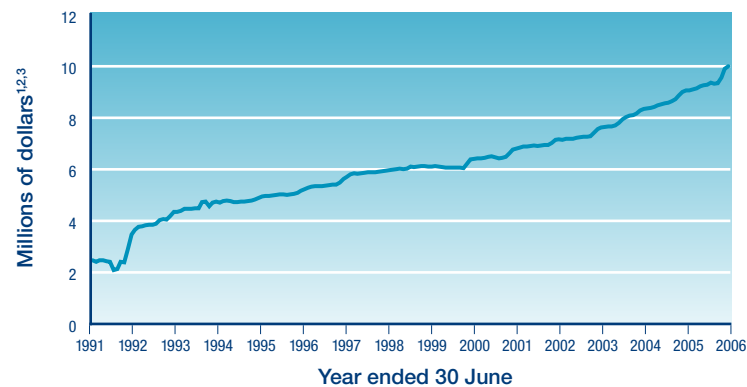
- 1 Expenditure on Veteran's Pensions in years ended June, including expenditure on supplementary benefits provided to clients receiving a Veteran's Pension.
- 2 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Relatively little seasonal variation is evident in monthly expenditure on Veteran's Pensions. Sharp increases in Veteran's Pension expenditure in April 2000 and April 2001 (see figure 3.16) reflect:

- a decision to increase the payment rate by more than the Consumers Price Index (CPI) (in 2000)
- a larger than usual adjustment to the payment rate reflecting a large CPI increase (in 2001).

figure  
3.16

## Trends in monthly expenditure on Veteran's Pensions



## Notes

- 1 Monthly expenditure on Veteran's Pensions, including expenditure on supplementary benefits paid to clients receiving a Veteran's Pension.
- 2 Expenditure shown is net of taxation, adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1990 in expenditure on Veteran's Pensions and supplementary benefits paid to clients receiving Veteran's Pensions. Please note that expenditure on Veteran's Pensions since 1996 shown in table 7.2 reflects deductions for:

- debts established
- client receiving overseas pensions as well as Veteran's Pensions.

These deductions are not reflected in the data shown in table 3.67 and figure 3.16.

### **Emergency Benefit**

An Emergency Benefit is available to people who are suffering hardship, are unable to earn enough income for themselves (and any family) and are ineligible to receive any other benefit.

In considering whether a client is eligible to receive an Emergency Benefit, the following factors are taken into account:

- why the client cannot receive another benefit (eg age, medical requirements, residency requirements, job search 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 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).

Income and asset tests apply.

### **Trends in the number of clients receiving an Emergency Benefit**

The number of Emergency Benefit recipients has resumed an upward trend over last year, after showing only a slight increase in the previous two years. Since 2002, the proportion of Emergency Benefit recipients who were working aged has decreased from 51% to 39% (see table 3.68). Virtually all of the remainder have been aged 65 years or over. Many clients receiving Emergency Benefits do so because they are not residentially qualified to receive other pensions or main benefits.

Of the working aged Emergency Benefit recipients each year since 2003:

- between 30% and 33% were aged 40–54 years, while around 27% were aged 55–64 years (see table 3.68)
- around 33% had received their benefit for less than six months, and a similar number had done so for over two years (see table 3.69).

table  
3.68**Trends in the age of clients receiving an Emergency Benefit**

	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Age of client at the end of June</b>	<b>Working aged clients receiving an Emergency Benefit<sup>1</sup></b>				
18–19 years	110	150	151	116	119
20–24 years	295	408	352	309	314
25–29 years	364	413	368	335	317
30–34 years	438	480	422	334	357
35–39 years	391	450	450	368	343
40–44 years	388	429	397	358	401
45–49 years	371	469	446	386	421
50–54 years	394	391	397	385	403
55–59 years	421	398	412	398	430
60–64 years	805	788	734	489	633
Total working aged clients	3,977	4,376	4,129	3,478	3,738
	<b>Other clients receiving an Emergency Benefit<sup>1</sup></b>				
Total other clients	3,833	4,352	4,818	5,505	5,958
	<b>All clients receiving an Emergency Benefit<sup>1</sup></b>				
Total all clients	7,810	8,728	8,947	8,983	9,696

Note

1 Numbers of clients in age groups recorded in SWIFTT as receiving an Emergency Benefit at the end of June.

table  
3.69**Trends in the length of current spells receiving an Emergency Benefit, for working aged clients**

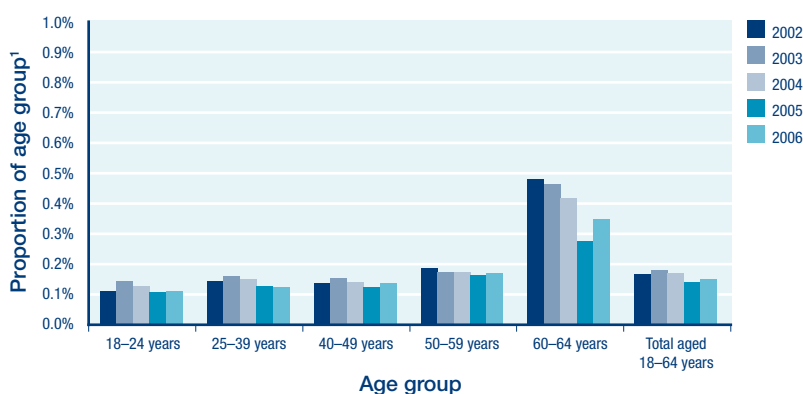
<b>Length of current spell to the end of June</b>	<b>Working aged clients receiving an Emergency Benefit<sup>1</sup></b>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 6 months	992	1,456	1,389	1,122	1,232
6 months – 2 years	1,578	1,501	1,392	1,211	1,183
2–4 years	783	793	767	653	758
4 years or over	624	626	581	492	565
Total	3,977	4,376	4,129	3,478	3,738

Note

1 Numbers of working aged clients recorded in SWIFTT as receiving an Emergency Benefit at the end of June.

**Trends in the proportion of working aged people receiving an Emergency Benefit**

Since 2002, less than 0.2% of all working aged people in the New Zealand population have received an Emergency Benefit, with a significantly higher proportion of 60–64 year olds than of younger people doing so.

figure  
3.17**Trends in the proportion of working aged people receiving an Emergency Benefit, by age****Note**

1 Proportion shows:

- a number of clients in age group recorded in SWIFTT as receiving an Emergency Benefit at the end of June, divided by
- b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.13 (Appendix 3) for a summary of the SWIFTT data underlying figure 3.17.

**Trends in Emergency Benefits granted**

The number of Emergency Benefits granted each year has resumed an upward trend apparent since 2001/2002, after decreasing slightly in 2004/2005. Since 2002, a large majority of the Emergency Benefits granted each year (between 80% and 85%) have been provided to working aged clients (see table 3.70). Virtually all of the remainder have been granted to clients aged 65 years or over.

table  
3.70**Overall trends in the number of Emergency Benefits granted**

	Emergency Benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	4,805	6,055	8,377	7,569	7,903
Other clients	1,222	1,354	1,523	1,946	1,824
<b>Total</b>	<b>6,027</b>	<b>7,409</b>	<b>9,900</b>	<b>9,515</b>	<b>9,727</b>

**Note**

1 Numbers of successful applications for Emergency Benefits recorded in SWIFTT in years ended June.

Since 2002/2003, between 48% and 54% of the Emergency Benefits granted to working aged people have been provided to clients who had received a main benefit within the previous 12 months. Over the same period, between 16% and 22% of these benefits granted have been provided to clients who had not received a main benefit in the previous four years (see table 3.71).

table  
3.71**Trends in the length of periods since working aged clients granted an Emergency Benefit last received any main benefit**

Period since client last received any main benefit	Number of Emergency Benefits granted to working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
None (clients transferring from another benefit or district) <sup>2</sup>	942	1,218	1,843	1,337	1,386
Under 6 months	1,380	2,288	3,375	2,993	2,798
6–12 months	562	610	930	1,056	1,070
12–18 months	149	185	280	302	365
18 months – 2 years	93	145	223	259	304
2–4 years	221	265	373	429	513
Had not received a main benefit in previous four years	1,458	1,344	1,353	1,193	1,467
<b>Total</b>	<b>4,805</b>	<b>6,055</b>	<b>8,377</b>	<b>7,569</b>	<b>7,903</b>

## Notes

- 1 Numbers of successful applications by working aged clients for Emergency Benefits recorded in SWIFTT in years ended June.
- 2 Includes only a minority of transfers of benefits between districts. Most such transfers are accomplished without cancelling and re-granting benefits.

**Trends in cancellations of Emergency Benefits**

The number of Emergency Benefits cancelled each year decreased slightly in the last year, after increasing over the previous two years. Since 2001/2002, a large majority of Emergency Benefit cancellations have involved working aged clients (see table 3.72). Of the remainder, virtually all have involved clients aged 65 years or over, with a majority of these clients cancelling their benefit because they left New Zealand.

table  
3.72**Overall trends in the number of Emergency Benefits cancelled**

	Emergency Benefits cancelled <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Working aged clients	6,499	5,226	8,209	8,420	7,457
Other clients	1,439	1,076	1,222	1,357	1,461
<b>Total</b>	<b>7,938</b>	<b>6,302</b>	<b>9,431</b>	<b>9,777</b>	<b>8,918</b>

## Note

- 1 Numbers of cancellations of Emergency Benefits recorded in SWIFTT in years ended June.

Since 2001/2002, the proportion of Emergency Benefit cancellations by working aged clients each year that reflect clients entering paid work has increased (from 26% to 51%). Over the same period, the proportion of these benefits cancelled which reflected transfers to another benefit, pension or district has decreased (from 44% to 23%) (see table 3.73).

table  
3.73

## Trends in the reasons for cancellation of Emergency Benefits by working aged clients

Reason for cancellation	Emergency Benefits cancelled by working aged clients <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Obtained paid work <sup>2</sup>	1,672	1,757	3,280	3,859	3,814
Transferred to another benefit, pension or district <sup>3,4</sup>	2,886	1,689	2,234	2,362	1,710
Qualified for New Zealand Superannuation <sup>3</sup>	5	0	4	6	8
Other <sup>2</sup>	1,936	1,780	2,691	2,193	1,925
<b>Total</b>	<b>6,499</b>	<b>5,226</b>	<b>8,209</b>	<b>8,420</b>	<b>7,457</b>

## Notes

- 1 Numbers of Emergency Benefit cancellations by working aged clients recorded in SWIFTT in years ended June.
- 2 Due to recoding of reasons for cancelling main benefits, these figures may not reconcile with those published in previous years.
- 3 "Transferred to another benefit [or] pension" includes some transfers from main benefits to New Zealand Superannuation. These are additional to the number shown above as "Qualified for New Zealand Superannuation".
- 4 "Transferred to another ... district" represents cancellations undertaken so a client's benefit can be administered from a different Work and Income service centre. These changes may reflect a change of address by the client or an administrative decision by Work and Income. A majority of transfers of benefits between districts are completed without cancelling the client's benefit, and therefore are not included above.

## Section 4 **Supplementary benefits and hardship assistance**

### **Introduction**

People with low incomes and few assets may be eligible for supplementary benefits or hardship assistance. This financial assistance is designed to assist clients who have specific costs or who are having difficulty meeting their needs from their usual income.

This section of the report outlines trends in the use and uptake of supplementary benefits and hardship assistance. Eligibility criteria are outlined for each supplementary benefit and each form of hardship assistance. For information about payment rates for key supplementary benefits, see Section 2. Additional information about the income tests applied to recipients of some supplementary benefits is given in Appendix 1.

### **Supplementary benefits**

Most supplementary benefits are paid on an ongoing basis, while some are paid for short periods in response to a specific need (eg childcare costs during school holidays) or as one-off lump sums.

People may receive more than one supplementary benefit, because each supplementary benefit is aimed at assisting with specific costs. In addition, clients may receive payments of some supplementary benefits that cover more than one person in their household (eg payments of the Childcare Subsidy that cover more than one child). Where payments of a supplementary benefit may cover more than one person, this report shows information on the people covered by payments of the supplementary benefit.

The number of supplementary benefits granted is affected by the number of people moving off and on main benefits, because most people receiving supplementary benefits are also receiving main benefits. This makes supplementary benefits granted more likely to be provided to people receiving main benefits that people move off and on frequently (eg unemployment-related benefits) than to people receiving other main benefits.

### **Accommodation Supplement**

An Accommodation Supplement is available to assist people with limited income and limited cash assets to meet their accommodation costs. Assistance is available to help pay rent, board or costs of home ownership. Accommodation Supplements replaced Accommodation Benefits on 1 July 1993.

Housing costs must be over a stated minimum, and income and asset tests must be met. An Accommodation Supplement meets 70% of accommodation-related costs over an entry threshold, up to a maximum that varies according to region and household size. For boarders, 62% of their boarding costs are considered as accommodation-related costs.

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

The Working for Families package increased the income limits for Accommodation Supplements, and also changed the Accommodation Supplement abatement regime. Under these abatement changes, clients receiving an Accommodation Supplement and earning additional income no longer have their Accommodation Supplement abated while they remain on a benefit. Once clients enter paid work, however, their Accommodation Supplement is abated to reflect their income.

From 1 April 2005, the number of Accommodation Supplement areas was increased from three to four, and the maximum level of supplement available in some areas was increased.

### Trends in the number of clients receiving an Accommodation Supplement

The number of Accommodation Supplement recipients has increased over the last two years, after decreasing between 2002 and 2004 (see table 4.1). This reflects a combination of:

- the reduction since 2002 in numbers receiving main benefits, particularly unemployment-related benefits
- the introduction of the Working for Families package, which significantly broadened eligibility for Accommodation Supplements among low-income working families.

Since 2002, between 29% and 32% of Accommodation Supplement recipients have been receiving a carer's benefit. Over this period, the proportion of Accommodation Supplement recipients who were being paid an unemployment-related benefit has decreased from 31% to 13%. Since 2004, the proportion not receiving a pension or main benefit has increased from 9% to 18% (see table 4.1). These changes largely reflect changes in use of benefits and the impact of expanded eligibility of low-income families for an Accommodation Supplement under the Working for Families package.

table  
4.1

### Trends in the type of pension or main benefit paid to clients receiving an Accommodation Supplement

Type of pension or main benefit paid at the end of June	Clients receiving an Accommodation Supplement <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	79,167	69,428	48,830	37,756	32,518
Carer's benefits <sup>3</sup>	77,281	77,648	77,476	75,279	72,537
Sickness-related benefits <sup>4</sup>	24,292	26,917	29,822	31,268	33,198
Invalid's Benefit	29,596	31,649	33,270	35,179	37,043
Widow's Benefit	2,572	2,502	2,495	2,497	2,388
Transitional Retirement Benefit <sup>5</sup>	938	413	0	0	0
Emergency Benefit	5,085	5,523	5,541	5,582	6,034
New Zealand Superannuation	16,068	16,044	17,102	18,570	20,141
Veteran's Pension	245	250	281	325	333
No pension or main benefit <sup>6</sup>	22,790	21,567	21,878	36,156	45,186
<b>Total</b>	<b>258,034</b>	<b>251,941</b>	<b>236,695</b>	<b>242,612</b>	<b>249,378</b>

#### Notes

- 1 Numbers of clients recorded in SWIFTT as receiving an Accommodation Supplement at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

Since 2002, between 56% and 59% of Accommodation Supplement recipients have been renting privately, while between 21% and 24% have been boarding (see table 4.2).



table 4.2

**Trends in the ownership status of clients receiving an Accommodation Supplement**

Ownership status at the end of June	Clients receiving an Accommodation Supplement <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Renting privately	145,032	142,006	137,038	142,076	146,904
Renting from other organisation	6,642	5,921	5,936	6,245	6,627
Boarding	62,297	62,703	55,418	52,357	52,703
Own their own home <sup>2</sup>	44,051	41,298	38,293	41,772	43,115
Unspecified	12	13	10	162	29
<b>Total</b>	<b>258,034</b>	<b>251,941</b>	<b>236,695</b>	<b>242,612</b>	<b>249,378</b>

Notes

- 1 Numbers of clients recorded in SWIFTT as receiving an Accommodation Supplement at the end of June.
- 2 Virtually all these clients are receiving assistance with mortgage costs. A very small number, however, may own their home without a mortgage but be receiving assistance with other accommodation costs such as rates or insurance.

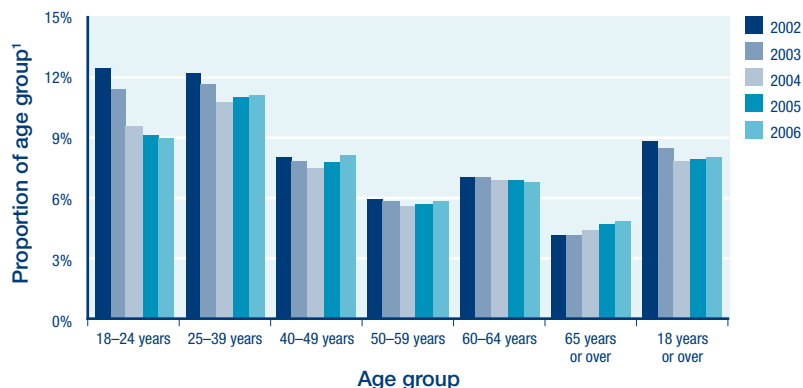
**Trends in the proportion of people aged 18 years or over receiving an Accommodation Supplement**

The proportion of all people aged 18 years or over in the New Zealand population who were receiving an Accommodation Supplement decreased between 2002 and 2004, but showed little change between 2004 and 2006 (see figure 4.1). This reflects the combined impact of decreases since 2002 in numbers of recipients of main benefits and the expansion of Accommodation Supplements provided to low-income working families through the Working for Families package.

Throughout this period, a higher proportion of all 18–39 year olds in the New Zealand population than of older working aged people have been receiving an Accommodation Supplement, while the lowest use of Accommodation Supplements has been among people aged 65 years or over (see figure 4.1). These patterns reflect at least in part the likelihood of people in different age groups owning their own homes and living on low incomes.

figure 4.1

**Trends in the proportion of people aged 18 years or over receiving an Accommodation Supplement, by age**



Note

- 1 Proportion shows:
  - a number of people in age group recorded in SWIFTT as receiving an Accommodation Supplement at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.14 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.1.

### Trends in Accommodation Supplements granted

The annual number of Accommodation Supplements granted has fluctuated since 2001/2002 (see table 4.3). This reflects changes in the use of main benefits and the impact of the Working for Families package.

Since 2001/2002, recipients of unemployment-related benefits have received a decreasing proportion of the Accommodation Supplements granted (37% in 2005/2006, compared with 55% in 2001/2002). Since 2003/2004, the proportion of Accommodation Supplements granted which were provided to people not receiving any pension or main benefit has increased (from 1% to 21%) (see table 4.3). These changes reflect reduced use of unemployment-related benefits and increased eligibility of low-income working families for Accommodation Supplement under the Working for Families package.

table  
4.3

### Trends in the type of pension or main benefit paid to clients granted an Accommodation Supplement

Type of pension or main benefit received when Accommodation Supplement granted	Accommodation Supplements granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	136,554	124,634	106,190	93,144	83,813
Carer's benefits <sup>3</sup>	34,463	34,734	34,674	34,534	32,211
Sickness-related benefits <sup>4</sup>	32,226	33,909	37,346	38,066	38,597
Invalid's Benefit	9,462	9,801	10,206	10,935	10,344
Widow's Benefit	921	967	976	1,054	863
Transitional Retirement Benefit <sup>5</sup>	776	688	271	0	0
Emergency Benefit	4,494	5,193	6,805	6,739	6,963
New Zealand Superannuation	4,620	4,209	4,633	5,483	5,499
Veteran's Pension	91	77	83	123	105
No pension or main benefit <sup>6</sup>	23,660	23,420	24,778	44,170	45,877
<b>Total</b>	<b>247,267</b>	<b>237,632</b>	<b>225,962</b>	<b>234,248</b>	<b>224,272</b>

#### Notes

- 1 Numbers of successful applications for Accommodation Supplements recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Trends in expenditure on Accommodation Supplements

Changes since 1997/1998 in expenditure on Accommodation Supplements reflect a combination of:

- changes in 1997 to the administration of Accommodation Supplements, which increased payment rates and maximum levels available
- decreases between 1999/2000 and 2003/2004 in numbers receiving Accommodation Supplements, reflecting both the reintroduction of income-related rents and decreases in numbers receiving benefits
- increases since 2004/2005 in numbers of low-income working people receiving an Accommodation Supplement, due to broadened eligibility under the Working for Families package
- increases since 1 April 2005 in the maximum levels of assistance available in some areas of New Zealand.

table  
4.4

**Trends in annual expenditure on Accommodation Supplements**

Year ended June	Expenditure on Accommodation Supplements <sup>1,2,3</sup> (\$m)
1991/1992	174
1992/1993	206
1993/1994	337
1994/1995	483
1995/1996	551
1996/1997	648
1997/1998	777
1998/1999	831
1999/2000	852
2000/2001	790
2001/2002	711
2002/2003	697
2003/2004	691
2004/2005	735
2005/2006	830

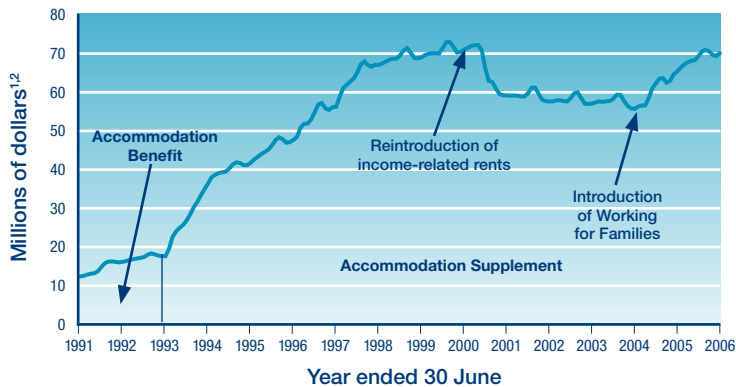
Notes

- 1 Expenditure on Accommodation Supplements in years ended June.
- 2 Expenditure shown is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Accommodation Supplements are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Monthly expenditure on Accommodation Supplements shows small seasonal peaks in summer (see figure 4.2), which reflect the seasonal peak in uptake of main benefits that occurs around this time. The impact of the reintroduction of income-related rents for state rental homes is visible in figure 4.2 as a drop from mid-2000/2001 in monthly expenditure on Accommodation Supplements. The impact of the Working for Families package since October 2004, arising from increased uptake and increased levels of assistance for some recipients, is also evident in figure 4.2.

figure  
4.2

**Trends in monthly expenditure on Accommodation Supplements**



Notes

- 1 Expenditure is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Accommodation Supplements are not subject to taxation.
- 2 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

## Tenure Protection Allowance

Between June 1993 and November 2000, a Tenure Protection Allowance was available to selected tenants in Housing New Zealand Corporation (HNZC) or Te Puni Kōkiri housing. Tenure Protection Allowances were available to tenants who would face difficulty as a result of market-related rents if they were required to move to other accommodation. The Tenure Protection Allowance was set at the difference between:

- the actual market rent payable
- the average rent for a household of the same size in the same region.

Tenure Protection Allowances were a transitional provision for eligible tenants who were residing in state rental homes on 1 October 1992. No one has become eligible to receive an Allowance since 1 October 1992, and the Allowance was abolished following the reintroduction of income-related rents for state rental homes in November 2000.

For information about use of the Tenure Protection Allowance, see the *Statistical Report for the Year Ending June 2004*.

## Special Transfer Allowance

Special Transfer Allowances were introduced on 1 October 1996 to provide ongoing assistance to those who had previously qualified for a Tenure Protection Allowance but who lost that entitlement when they:

- moved from their HNZC property (entitlement to a Tenure Protection Allowance was lost whether tenants moved to another HNZC property or to a property rented from a private landlord), or
- continued to live in their ex-state rental home after it had been sold by HNZC.

Entitlement to a Special Transfer Allowance was restricted to clients who had been living in state rental homes on 1 October 1992 and had previously received a Tenure Protection Allowance.

## Trends in the number of clients receiving a Special Transfer Allowance

Since 2002, the number of Special Transfer Allowance recipients has decreased from 152 to 86, reflecting attrition from the original group of clients who were eligible for a Special Transfer Allowance. Over this period, around 92% of Special Transfer Allowance recipients have been receiving New Zealand Superannuation. This reflects the high proportion of Tenure Protection Allowance recipients who were aged 65 years or over.

Between one and three Special Transfer Allowances have been granted annually since 2001/2002. These are low numbers compared with earlier years, reflecting attrition from the original group of clients who were eligible for a Special Transfer Allowance.

## Trends in expenditure on Tenure Protection Allowances and Special Transfer Allowances

Combined annual expenditure on Tenure Protection Allowances and Special Transfer Allowances rose between 1993/1994 and 1995/1996, from \$3 million to \$17 million. From 1996/1997 onward, however, expenditure on Tenure Protection Allowances and Special Transfer Allowances has decreased each year. A particularly sharp decrease between 1999/2000 and 2001/2002 (from \$12 million to under half a million dollars per year) reflects the reintroduction of income-related rents in November 2000 and the related abolition of the Tenure Protection Allowance programme.

## Away from Home Allowance

An Away from Home Allowance provides assistance with accommodation costs for the caregivers of dependent 16–17 year olds who move away from home to undertake tertiary study or employment-related training.

For the caregiver to receive an Away from Home Allowance, they must be:

- the principal caregiver for the child
- entitled to receive Family Support for the child.

In addition, the child must be living away from home in order to undertake a course that would qualify them for a Student Allowance or an Unemployment Benefit if they were old enough to receive one.

The amount of Away from Home Allowance payable is calculated based on:

- the same threshold for rental or boarding costs as would be applied to a single 18 year old receiving an Unemployment Benefit
- maximum accommodation costs funded, which are the same as those for an Accommodation Supplement.

All accommodation costs must be verified when applying for an Away from Home Allowance. An Away from Home Allowance is non-taxable and is not asset tested.

### **Trends in the number of clients receiving an Away from Home Allowance**

The number of clients receiving an Away from Home Allowance has decreased since 2002, from 94 to 39. Between 2005 and 2006, the proportion of Away from Home Allowance recipients who were not receiving a pension or main benefit has decreased from 56% to 44%, with a corresponding increase in the proportion receiving an Invalid's Benefit.

The number of Away from Home Allowances granted each year has decreased since 2001/2002, from 234 to 92. Over this period, carer's benefit recipients have received an increasing proportion of Away from Home Allowances granted each year (38% in 2005/2006, compared with 28% in 2001/2002). The proportion granted to clients who were not receiving a pension or main benefit has declined over the same period (from 52% to 45%).

### **Unsupported Child's Benefit and Orphan's Benefit**

Unsupported Child's Benefits and Orphan's Benefits are available to a caregiver who is not a natural parent, adoptive parent or step-parent and who is available to care for the child or children for at least 12 months.

These benefits are not taxable, but are income tested on any income the child receives other than personal earnings. The child is not work tested, and the child's caregiver is not income tested for these benefits.

### **Eligibility for an Unsupported Child's Benefit and Orphan's Benefit**

#### ***Unsupported Child's Benefit***

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.

Residency tests apply, and the child must be expected to be in the care of the client for at least 12 months.

#### ***Orphan's Benefit***

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 that they cannot care for the child, or
- cannot be found.

Residency tests apply, and the caregiver must intend to be the principal caregiver of the child for at least 12 months. No breakdown in the child's family needs to be established.

### Trends in the number of clients receiving an Unsupported Child's Benefit or an Orphan's Benefit

Increases since 2002 in the number of recipients of an Unsupported Child's Benefit or an Orphan's Benefit (see table 4.5) reflect growth in the numbers of clients receiving an Unsupported Child's Benefit.

Since 2002, virtually all of these recipients have received an Unsupported Child's Benefit (see table 4.5). Over this period, between 47% and 52% of these benefit recipients were not receiving any pension or main benefit, and around 14% were receiving carer's benefits (see table 4.6).

table  
4.5

### Trends in the number of clients receiving an Unsupported Child's Benefit or an Orphan's Benefit

Benefit received at the end of June	Clients receiving an Unsupported Child's Benefit or Orphan's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unsupported Child's Benefit	5,970	6,418	6,682	6,908	7,125
Orphan's Benefit	362	371	369	371	377
<b>Total</b>	<b>6,332</b>	<b>6,789</b>	<b>7,051</b>	<b>7,279</b>	<b>7,502</b>

Note

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

table  
4.6

### Trends in the type of pension or main benefit paid to clients receiving an Orphan's Benefit or an Unsupported Child's Benefit

Type of pension or main benefit paid at the end of June	Clients receiving an Unsupported Child's Benefit or Orphan's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	594	561	386	300	239
Carer's benefits <sup>3</sup>	923	982	1,046	1,007	1,005
Sickness-related benefits <sup>4</sup>	271	281	318	341	360
Invalid's Benefit	496	614	648	713	671
Widow's Benefit	157	156	169	145	145
Transitional Retirement Benefit <sup>5</sup>	52	16	0	0	0
Emergency Benefit	126	152	166	197	223
New Zealand Superannuation	701	787	853	896	948
Veteran's Pension	14	14	12	17	13
No pension or main benefit	2,998	3,226	3,453	3,663	3,898
<b>Total</b>	<b>6,332</b>	<b>6,789</b>	<b>7,051</b>	<b>7,279</b>	<b>7,502</b>

Notes

- 1 Numbers recorded in SWIFTT as receiving an Orphan's Benefit or an Unsupported Child's Benefit at the end of June.  
 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.  
 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.  
 4 Includes Sickness Benefits and Sickness Benefits – Hardship.  
 5 This benefit was abolished on 1 April 2004.

Table 7.1 (see Section 7) shows trends since 1940 in the number of people receiving an Unsupported Child's Benefit or an Orphan's Benefit.

### Trends in the number of children covered by an Unsupported Child's Benefit or an Orphan's Benefit

Please note that the number of children covered by an Unsupported Child's Benefit or an Orphan's Benefit may differ from the number of clients receiving those benefits. This is because clients may receive these benefits for more than one child.

The number of children covered by an Unsupported Child's Benefit or an Orphan's Benefit has increased since 2002 (see table 4.7). Since 2002, around 76% of the children covered by an Unsupported Child's Benefit or an Orphan's Benefit have been aged 14 years or less, with around 39% aged under 10 years (see table 4.7).

table  
4.7

### Trends in the age of children covered by an Unsupported Child's Benefit or an Orphan's Benefit

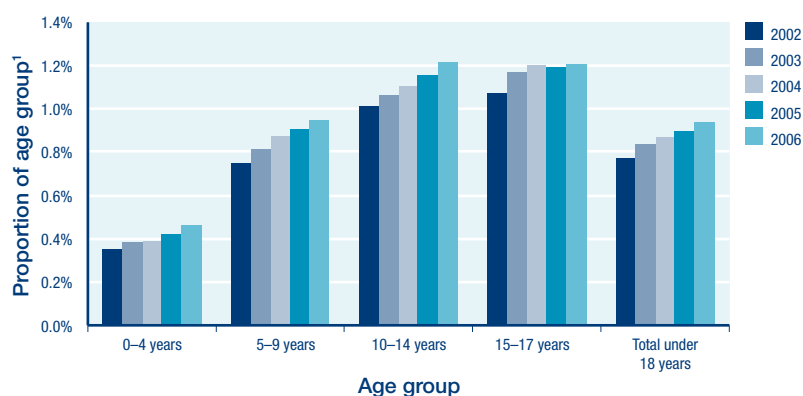
Age of child at the end of June	Children covered by an Unsupported Child's Benefit or Orphan's Benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	986	1,059	1,107	1,193	1,299
5–9 years	2,197	2,384	2,554	2,637	2,736
10–14 years	3,117	3,309	3,448	3,565	3,685
15–17 years	1,850	2,080	2,184	2,237	2,310
18–19 years	67	78	69	100	117
<b>Total</b>	<b>8,217</b>	<b>8,910</b>	<b>9,362</b>	<b>9,732</b>	<b>10,147</b>

#### Notes

- Numbers of children recorded in SWIFTT as being covered by an Unsupported Child's Benefit or an Orphan's Benefit being paid at the end of June.
- A client can receive Unsupported Child's Benefit or Orphan's Benefit payments for more than one child. Therefore, the number of children covered by Unsupported Child's Benefits or Orphan's Benefits paid at the end of June may not equal the number of clients receiving an Unsupported Child's Benefit or Orphan's Benefit at the same date.

### Trends in the proportion of children aged under 18 years covered by an Unsupported Child's Benefit or an Orphan's Benefit

Since 2002, around 1% of all children aged under 18 years in the New Zealand population have been covered by an Unsupported Child's Benefit or an Orphan's Benefit (see figure 4.3). Throughout this period, a higher proportion of 10–17 year olds than of younger children has been covered by an Unsupported Child's Benefit or an Orphan's Benefit (see figure 4.3).

figure  
4.3**Trends in the proportion of children aged under 18 years covered by an Unsupported Child's Benefit or an Orphan's Benefit, by age****Note**

- 1 Proportion shows:
  - a number of children in age group recorded in SWIFTT as being covered by an Unsupported Child's Benefit or an Orphan's Benefit at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.15 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.3.

**Trends in Unsupported Child's Benefits and Orphan's Benefits granted**

The number of Unsupported Child's Benefits and Orphan's Benefits granted each year has fluctuated since 2001/2002. Around 70% of the Unsupported Child's Benefits and Orphan's Benefits granted over this period were to clients whose youngest child was aged 14 years or under, including around 33% with a child aged 10 or under (see table 4.8).

table  
4.8**Trends in the age of the youngest dependent child cared for by clients granted an Unsupported Child's Benefit or an Orphan's Benefit**

Age of youngest dependent child when benefit granted	Unsupported Child's Benefits and Orphan's Benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
0-4 years	518	561	563	605	593
5-9 years	469	547	487	502	465
10-14 years	1,183	1,260	1,237	1,216	1,110
15-17 years	941	1,019	981	954	976
18-19 years	3	2	4	1	2
Unspecified	0	0	0	0	1
Not applicable <sup>2</sup>	8	7	5	11	7
<b>Total</b>	<b>3,122</b>	<b>3,396</b>	<b>3,277</b>	<b>3,289</b>	<b>3,154</b>

**Notes**

- 1 Numbers of successful applications for Unsupported Child's Benefits or Orphan's Benefits recorded in SWIFTT during years ended June.
- 2 Clients may continue to receive an Unsupported Child's Benefit or an Orphan's Benefit for a short period after the child in respect of whom the benefit was paid has left their care.



### Expenditure on Unsupported Child's Benefits and Orphan's Benefits

Increases since 1991/1992 in combined annual expenditure on Unsupported Child's Benefits and Orphan's Benefits (see table 4.9) largely reflect increases in the number of children covered by these benefits.

table  
4.9

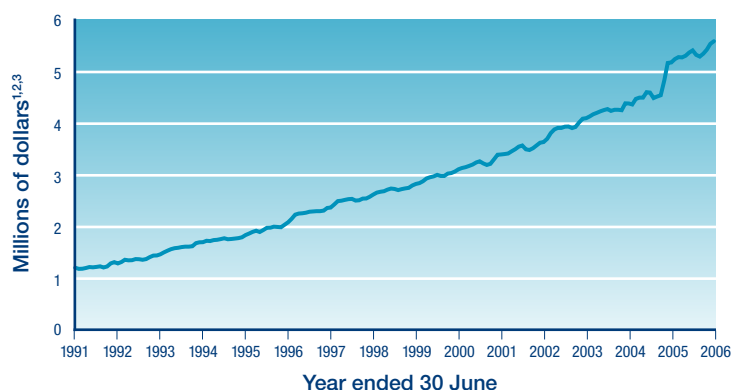
#### Trends in combined annual expenditure on Unsupported Child's Benefits and Orphan's Benefits

Year ended June	Expenditure on Unsupported Child's Benefits and Orphan's Benefits <sup>1,2,3</sup> (\$m)
1991/1992	14
1992/1993	16
1993/1994	19
1994/1995	21
1995/1996	23
1996/1997	27
1997/1998	30
1998/1999	33
1999/2000	36
2000/2001	39
2001/2002	42
2002/2003	47
2003/2004	51
2004/2005	56
2005/2006	65

#### Notes

- 1 Expenditure on Unsupported Child's Benefits and Orphan's Benefits in years ended June, including expenditure on other supplementary benefits received by clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.
- 2 Expenditure figures shown are adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Unsupported Child's Benefits and Orphan's Benefits are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

The slight decrease in monthly combined expenditure on Unsupported Child's Benefits and Orphan's Benefits evident at the beginning of each calendar year (see figure 4.4) reflects a seasonal dip in applications in January, combined with ongoing cessations as children turn 18 years of age. Increases in expenditure in 1996/1997, 1997/1998 and 2004/2005 (see figure 4.4) reflect the impact of adjustments to the core rates of payments of these benefits. The increase in April 2005 reflects a one-off \$15 increase across all the payment rates in lieu of the usual annual general inflation adjustment.

figure  
4.4**Trends in combined monthly expenditure on Unsupported Child's Benefits and Orphan's Benefits****Notes**

- 1 Monthly expenditure on Unsupported Child's Benefits and Orphan's Benefits, including expenditure on other supplementary benefits received by clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.
- 2 Expenditure shown is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Unsupported Child's Benefits and Orphan's Benefits are not subject to taxation.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Table 7.2 (see Section 7) shows trends since 1940 in combined expenditure on Orphan's Benefits and Unsupported Child's Benefits, including expenditure on other supplementary benefits received by clients receiving these benefits. Please note that expenditure since 1996 shown in table 7.2 reflects deductions for:

- debts established
- clients receiving overseas pensions as well as an Orphan's Benefit or an Unsupported Child's Benefit.

The data in table 4.9 and figure 4.4 do not reflect these deductions.

**Childcare Subsidy**

The Childcare Subsidy programme assists with the costs of childcare faced by low- and middle-income families. A Childcare Subsidy provides assistance with the cost of licensed childcare, family day care, home-based care and chartered Te Kōhanga Reo, and is paid directly to the childcare provider.

A Childcare Subsidy is available for children aged under five years, and for children aged under six years if the caregiver also receives a Child Disability Allowance for their child.

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

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

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

In October 2004 and again in October 2005, the income limits entitling families to receive a Childcare Subsidy were raised under the Working for Families package.

Please note that information in this section indicates the number of children covered by a Childcare Subsidy received and granted. This information may therefore differ from other published information giving the number of clients receiving or granted a Childcare Subsidy for one or more children.

### Trends in the number of children covered by a Childcare Subsidy

The number of children covered by Childcare Subsidies increased between 2004 and 2006, after decreasing for the previous two years (see table 4.10). This reflects a combination of decreased numbers receiving main benefits, decreases in the number of children aged under five years until 2004 (followed by a small increase), and expansion of eligibility criteria for Childcare Subsidy under the Working for Families package.

Since 2004, the proportion of children covered by a Childcare Subsidy whose caregivers were not receiving any pension or main benefit has increased (from 30% to 57%) (see table 4.10). This reflects the impact of widened eligibility for Childcare Subsidies in the Working for Families package. Over this period, the proportion of caregivers receiving a carer's benefit has decreased (from 62% to 38%) (see table 4.10).

table  
4.10

### Trends in the type of pension or main benefit paid to caregivers of children covered by a Childcare Subsidy

Type of pension or main benefit paid to carer at the end of June	Children covered by a Childcare Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	1,240	976	698	614	506
Carer's benefits <sup>3</sup>	15,064	15,337	14,988	14,457	13,948
Sickness-related benefits <sup>4</sup>	373	428	438	493	542
Invalid's Benefit	598	578	581	631	722
Widow's Benefit	106	109	101	90	95
Transitional Retirement Benefit <sup>5</sup>	8	1	0	0	0
Emergency Benefit	138	168	153	158	159
New Zealand Superannuation	35	37	34	41	54
Veteran's Pension	1	4	3	0	0
No pension or main benefit <sup>6</sup>	9,038	7,988	7,241	16,846	20,889
<b>Total</b>	<b>26,601</b>	<b>25,626</b>	<b>24,237</b>	<b>33,330</b>	<b>36,915</b>

#### Notes

- 1 Numbers of children recorded in SWIFTT as being covered by a Childcare Subsidy at the end of June. Please note that the timing of this extraction may be altered in some years shown, to avoid school holiday periods.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to a Childcare Subsidy through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Trends in the proportion of children aged under five years covered by a Childcare Subsidy

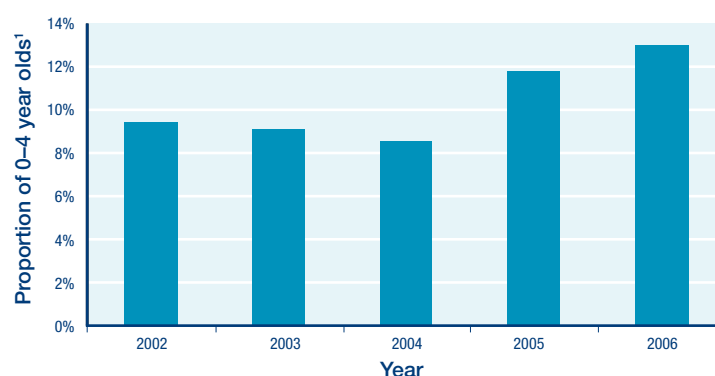
The proportion of all children aged under five years in the New Zealand population who are covered by a Childcare Subsidy decreased slightly between 2002 and 2004, but has increased over the last two years (see figure 4.5).

This reflects a combination of:

- decreases since 2002 in the number of people receiving main benefits
- the impact of the widened eligibility of low-income working families resulting from the Working for Families package implemented in October 2004.

figure  
4.5

### Trends in the proportion of children aged under five years covered by a Childcare Subsidy



Note

1 Proportion shows:

- number of children aged under five years recorded in SWIFTT as being covered by a Childcare Subsidy at the end of June, divided by
- Statistics New Zealand final estimate of the resident population aged under five years at the end of June.

See table A3.16 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.5.

### Trends in Childcare Subsidies granted

The number of Childcare Subsidies granted each year has increased over the last two years, after having decreased between 2001/2002 and 2003/2004 (see table 4.11). This reflects the combined impact of changes in the number of children aged under five years, reductions in numbers receiving carer's benefits and broadened eligibility of low-income working families under Working for Families.

Since 2001/2002, between 45% and 52% of the children covered by Childcare Subsidies granted have had caregivers in employment, education or training (see table 4.12). Since 2003/2004, the proportion of these children whose caregivers were not receiving any pension or main benefit has increased (from 26% to 50%). Over this period, the proportion of these children with caregivers receiving carer's benefits has decreased (from 64% to 44%) (see table 4.11).

table  
4.11**Trends in the type of pension or main benefit paid to caregivers of children covered by Childcare Subsidies granted**

Type of pension or main benefit paid to caregiver when Childcare Subsidy granted	Children covered by Childcare Subsidies granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	2,765	2,178	1,693	1,376	1,178
Carer's benefits <sup>3</sup>	25,245	24,931	24,665	23,019	23,156
Sickness-related benefits <sup>4</sup>	665	685	704	832	817
Invalid's Benefit	798	798	858	871	924
Widow's Benefit	146	162	136	111	126
Transitional Retirement Benefit <sup>5</sup>	9	2	0	0	0
Emergency Benefit	317	277	281	279	271
New Zealand Superannuation	47	43	44	54	65
Veteran's Pension	0	5	0	2	0
No pension or main benefit <sup>6</sup>	12,274	10,898	10,099	24,023	26,565
<b>Total</b>	<b>42,266</b>	<b>39,979</b>	<b>38,480</b>	<b>50,567</b>	<b>53,102</b>

## Notes

- Numbers of successful applications for Childcare Subsidies recorded in SWIFTT during years ended June.
- Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to trainees and Independent Youth Benefits.
- Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- Includes Sickness Benefits and Sickness Benefits – Hardship.
- This benefit was abolished on 1 April 2004.
- Includes clients entitled to a Childcare Subsidy through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

table  
4.12**Trends in the reason for granting Childcare Subsidies**

Reason Childcare Subsidy granted	Children covered by Childcare Subsidies granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Disabled parent	673	620	665	601	681
Parent in employment	10,184	9,532	9,172	17,682	17,738
Child receiving Child Disability Allowance	720	927	1,120	1,448	1,810
Sibling receiving Child Disability Allowance	547	627	687	842	1,190
Sibling in hospital	7	8	13	13	10
Illness or injury	254	191	208	179	178
Parent in training or education	8,928	8,693	8,762	8,575	8,441
Insufficient income	20,953	19,381	17,852	21,227	23,054
Unspecified	0	0	1	0	0
<b>Total</b>	<b>42,266</b>	<b>39,979</b>	<b>38,480</b>	<b>50,567</b>	<b>53,102</b>

## Note

- Numbers of successful applications for Childcare Subsidies recorded in SWIFTT during years ended June.

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

An OSCAR Subsidy pays for out-of-school care for children aged 5–13 years. OSCAR Subsidies were introduced in February 1999, to assist low- and middle-income families with the cost of approved out-of-school care and holiday programmes.

People can receive an OSCAR Subsidy for up to 20 hours per week in term time, and for up to 50 hours per week in school holidays if:

- they are in work or study, or
- they or their child have a disability or a serious illness.

In October 2004, the income limits entitling families to receive an OSCAR Subsidy were raised under the Working for Families package. The hourly subsidy rates were also increased from 4 October 2004 to equal Childcare Subsidy rates, as well as being raised in line with inflation from 1 April 2005. Hourly rates for the OSCAR Subsidy were raised again from 3 October 2005.

Please note that the information given below shows the number of children covered by an OSCAR Subsidy received and by OSCAR Subsidies granted. This information may therefore differ from other published information showing the number of clients receiving or granted an OSCAR Subsidy for one or more children.

### Trends in the number of children covered by an OSCAR Subsidy

The number of children covered by an OSCAR Subsidy has increased since 2003, with significant increases since 2004 (see table 4.13). This reflects a combination of the Working for Families package (which widened eligibility and increased subsidy levels) and increased use of OSCAR Subsidies by recipients of carer's benefits who are in education, training or employment.

Since 2004, the proportion of children covered by an OSCAR Subsidy whose caregivers were receiving no pension or main benefit has increased (from 52% to 76%), while the proportion with caregivers receiving a carer's benefit has decreased (from 47% to 23%) (see table 4.13).

table  
4.13

### Trends in the type of pension or main benefit paid to caregivers of children covered by an OSCAR Subsidy

Type of pension or main benefit paid to caregiver at the end of June	Children covered by an OSCAR Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	8	8	4	5	5
Carer's benefits <sup>3</sup>	878	857	990	1,273	1,276
Sickness-related benefits <sup>4</sup>	0	3	5	8	7
Invalid's Benefit	8	11	6	10	30
Widow's Benefit	5	9	8	11	13
Transitional Retirement Benefit <sup>5</sup>	0	0	0	0	0
Emergency Benefit	1	0	3	3	2
New Zealand Superannuation	2	1	1	2	5
Veteran's Pension	0	0	0	0	0
No pension or main benefit <sup>6</sup>	979	959	1,094	2,973	4,308
<b>Total</b>	<b>1,881</b>	<b>1,848</b>	<b>2,111</b>	<b>4,285</b>	<b>5,646</b>

#### Notes

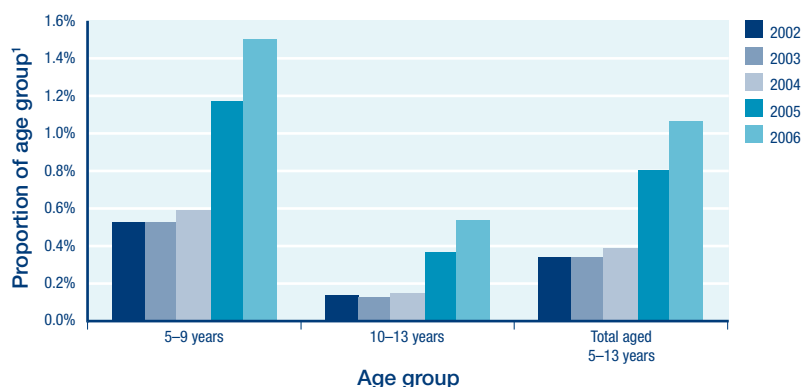
- 1 Numbers of children recorded in SWIFTT as being covered by an OSCAR Subsidy at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees, and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to an OSCAR Subsidy through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Trends in the proportion of children aged 5–13 years covered by an OSCAR Subsidy

Since 2004, the proportion of all children aged 5–13 years in the New Zealand population who were covered by an OSCAR Subsidy has increased significantly (see figure 4.6). This reflects the impact of widened eligibility of low-income working families under the Working for Families package. Since 2002, children aged 5–9 years have been more likely than children aged 10–13 years to be covered by an OSCAR Subsidy (see figure 4.6).

figure  
4.6

### Trends in the proportion of children aged 5–13 years covered by an OSCAR Subsidy, by age



#### Note

- 1 Proportion shows:
- number of children in age group recorded in SWIFTT as being covered by an OSCAR Subsidy at the end of June, divided by
  - Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.17 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.6.

### Trends in OSCAR Subsidies granted

The number of OSCAR Subsidies granted each year has increased since 2003/2004, after fluctuating over the previous two years (see table 4.14). This reflects a combination of patterns in the use of OSCAR Subsidies by recipients of carer's benefits in training or employment and the widened eligibility for OSCAR since 2004 under the Working for Families package.

Since 2003/2004, the proportions of children covered by OSCAR Subsidies granted each year whose caregivers were:

- in employment has increased (from 74% to 83%) (see table 4.15)
- receiving no pension or main benefit has increased (from 45% to 69%). Over the same period, the proportion covering children with caregivers receiving a carer's benefit has decreased (from 53% to 30%) (see table 4.14).

table  
4.14**Trends in the type of pension or main benefit paid to caregivers of children covered by OSCAR Subsidies granted**

Type of pension or main benefit paid to caregivers when OSCAR Subsidy granted	Children covered by OSCAR Subsidies granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	61	43	60	58	39
Carer's benefits <sup>3</sup>	5,218	4,983	5,115	5,775	6,573
Sickness-related benefits <sup>4</sup>	1	19	25	33	37
Invalid's Benefit	33	80	55	85	131
Widow's Benefit	83	74	48	61	77
Transitional Retirement Benefit <sup>5</sup>	0	0	0	0	0
Emergency Benefit	15	14	9	15	10
New Zealand Superannuation	2	1	6	4	12
Veteran's Pension	0	0	0	0	0
No pension or main benefit <sup>6</sup>	4,868	4,452	4,385	9,380	14,950
<b>Total</b>	<b>10,281</b>	<b>9,666</b>	<b>9,703</b>	<b>15,411</b>	<b>21,829</b>

## Notes

- Numbers of successful applications for OSCAR Subsidies recorded in SWIFTT during years ended June.
- Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- Includes Sickness Benefits and Sickness Benefits – Hardship.
- This benefit was abolished on 1 April 2004.
- Includes clients entitled to an OSCAR Subsidy through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

table  
4.15**Trends in the reason for granting OSCAR Subsidies**

Reason OSCAR Subsidy granted	Children covered by OSCAR Subsidies granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Caregiver in employment	7,703	7,154	7,174	12,347	18,033
Caregiver in training or education	2,578	2,512	2,529	3,064	3,796
<b>Total</b>	<b>10,281</b>	<b>9,666</b>	<b>9,703</b>	<b>15,411</b>	<b>21,829</b>

## Note

- Numbers of successful applications for OSCAR Subsidies recorded in SWIFTT during years ended June.

**Trends in combined expenditure on Childcare Subsidies and OSCAR Subsidies**

Significant increases since 2003/2004 in combined expenditure on Childcare Subsidies and OSCAR Subsidies largely reflect the impact of the Working for Families package. These impacts included:

- widened eligibility for Childcare Subsidies and OSCAR Subsidies since October 2004
- an increase in October 2004 in the hourly subsidy, which was additional to the regular Consumers Price Index (CPI) adjustment
- an increase in October 2004 in the rate of OSCAR Subsidies, which raised OSCAR Subsidies to the same hourly rate as Childcare Subsidies
- an increase in October 2005 in the hourly rates of OSCAR Subsidies and Childcare Subsidies.



Changes between 1993/1994 and 2003/2004 in combined annual expenditure on Childcare Subsidies and OSCAR Subsidies (see table 4.16) reflect:

- restriction of Childcare Subsidy to nine hours per week for clients who were not in employment or training (effective from 1 July 1993)
- the adjustment of Childcare Subsidy payments from 1 April 1996 based on the CPI
- the introduction of the OSCAR Subsidy from 1 February 1999 (this increased the total number of children covered by childcare assistance paid by Work and Income, and hence increased combined expenditure on these subsidies)
- increases from 1 July 2001 and from 1 July 2003 in the maximum number of hours per week for which subsidies may be paid.

table  
4.16

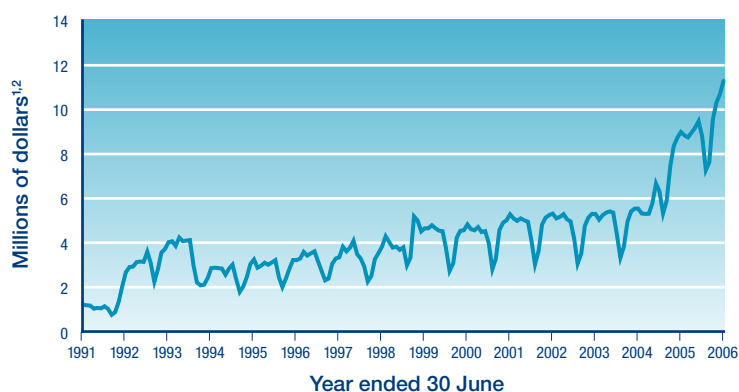
#### Trends in combined annual expenditure on Childcare Subsidies and OSCAR Subsidies

Year ended June	Expenditure on Childcare Subsidy and OSCAR Subsidy <sup>1,2,3</sup> (\$m)
1991/1992	15
1992/1993	38
1993/1994	39
1994/1995	31
1995/1996	34
1996/1997	37
1997/1998	40
1998/1999	49
1999/2000	51
2000/2001	52
2001/2002	56
2002/2003	57
2003/2004	59
2004/2005	79
2005/2006	111

#### Notes

- 1 Expenditure on Childcare Subsidies and OSCAR Subsidies in years ended June.
- 2 Expenditure shown is adjusted to payment periods based on a standard 22-day working month and smoothed using a two-month moving average. Childcare Subsidies and OSCAR Subsidies are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

The strong seasonal pattern in combined monthly expenditure on Childcare Subsidies and OSCAR Subsidies (see figure 4.7) reflects higher demand for this assistance during the school/academic year and a decrease in demand over the summer vacation period.

figure  
4.7**Trends in combined monthly expenditure on Childcare Subsidies and OSCAR Subsidies****Notes**

- 1 Expenditure is adjusted to payment periods based on a standard 22-day working month and smoothed using a two-month moving average. Childcare Subsidies and OSCAR Subsidies are not subject to taxation.
- 2 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

**Disability Allowance**

Please note that information reported below for Disability Allowances combines information on Disability Allowances, Disability Allowances – Telephone Support and the Disability Assistance Programme.

**Eligibility for a Disability Allowance and related programmes*****Disability Allowance***

A Disability Allowance reimburses people for many types of actual and ongoing regular costs incurred because of a disability. In general, a Disability Allowance only covers costs that are not met or subsidised by other agencies. An income test also applies.

A Disability Allowance is available to people who have:

- a disability that:
  - means they require ongoing help with normal living tasks, ongoing supervision or ongoing treatment
  - is likely to last at least six months
- extra ongoing costs directly related to their disability.

People receiving ACC support for extra costs related to their disability may receive a Disability Allowance for the proportion of those costs not met by ACC.

***Disability Allowance – Telephone Support***

A Disability Allowance – Telephone Support (also known as a Telephone Costs Payment) provides a telephone subsidy to people who were in receipt of telephone subsidies as at 31 March 1999 but who would lose their entitlement to these subsidies if they were assessed under the Disability Allowance criteria effective from 1 April 1999.

***Disability Assistance Programme***

The Disability Assistance Programme provided assistance to people who were receiving New Zealand Superannuation or a Veteran's Pension but who failed the income test for Disability Allowances due to the 1 April 2000 increase in the payment rates for New Zealand Superannuation and Veteran's Pension.

This programme preserved the entitlement of these people to assistance equivalent to a Disability Allowance. The programme ceased on 31 March 2001, due to income thresholds for a Disability Allowance being increased from 1 April 2001.

### Trends in the number of people covered by a Disability Allowance

Please note that information in this section refers to the number of people covered by Disability Allowances received. This information may therefore differ from other published information concerning the number of clients receiving a Disability Allowance. This is because clients may be receiving Disability Allowance payments covering more than one member of their household.

The number of people covered by a Disability Allowance resumed an upward trend between 2005 and 2006, after decreasing between 2004 and 2005 (see table 4.17). This appears to reflect a combination of:

- increases in numbers of Disability Allowance recipients who are receiving New Zealand Superannuation
- the ongoing nature of the costs faced by people covered by a Disability Allowance.

Since 2002, around 23% of the people covered by a Disability Allowance, or their caregivers, have been receiving an Invalid's Benefit. Over this period, between 48% and 52% of Disability Allowance recipients, or their caregivers, have been receiving New Zealand Superannuation (see table 4.17).

table  
4.17

### Trends in the type of pension or main benefit paid to clients covered by a Disability Allowance or paid to their caregivers

Type of pension or main benefit paid to the client or caregiver at the end of June	People covered by a Disability Allowance <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	6,816	6,421	5,142	3,372	2,661
Carer's benefits <sup>3</sup>	21,028	22,322	23,470	20,103	18,114
Sickness-related benefits <sup>4</sup>	16,952	19,082	21,744	21,484	21,515
Invalid's Benefit	49,069	52,809	55,531	52,107	52,191
Widow's Benefit	2,464	2,642	2,793	2,464	2,305
Transitional Retirement Benefit <sup>5</sup>	1,928	804	0	0	0
Emergency Benefit	1,862	2,237	2,662	2,914	3,274
New Zealand Superannuation	98,224	105,139	111,830	115,736	118,028
Veteran's Pension	2,546	2,847	3,248	3,520	3,777
No pension or main benefit <sup>6</sup>	4,284	4,737	4,965	5,134	5,855
<b>Total</b>	<b>205,173</b>	<b>219,040</b>	<b>231,385</b>	<b>226,834</b>	<b>227,720</b>

#### Notes

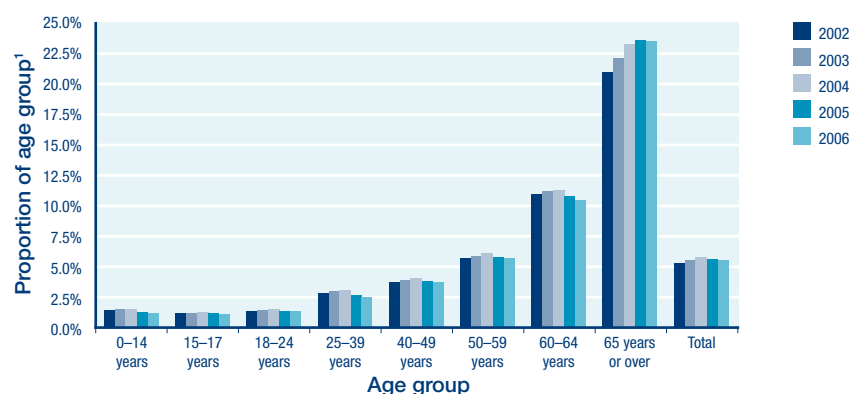
- 1 Numbers of clients recorded in SWIFTT as being covered by a Disability Allowance at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to a Disability Allowance through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Trends in the proportion of the New Zealand population covered by a Disability Allowance

Since 2002, around 5% of the New Zealand population have been covered by a Disability Allowance (see figure 4.8). The stability of this trend reflects the long-term nature of many of the treatment-related costs faced by clients receiving a Disability Allowance. Throughout this period, people aged 60 years or over have been significantly more likely than younger people to be covered by a Disability Allowance (see figure 4.8), reflecting the impact of ageing on the incidence of long-term or permanent health or disability issues.

figure  
4.8

### Trends in the proportion of the New Zealand population covered by a Disability Allowance, by age



#### Note

- 1 Proportion shows:
- number of people in age group recorded in SWIFTT as being covered by a Disability Allowance at the end of June, divided by
  - Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.18 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.8.

### Trends in Disability Allowances granted

The annual number of Disability Allowances granted decreased over the last two years, after increasing for the previous two years (see table 4.18). This largely reflects patterns in the use of pensions and main benefits.

Since 2001/2002, between 35% and 40% of the Disability Allowances granted were provided to clients or caregivers receiving an Invalid's Benefit or a sickness-related benefit. Around 27% of the Disability Allowances granted over this period were provided to clients or caregivers receiving New Zealand Superannuation (see table 4.18).

table  
4.18**Trends in the type of pension or main benefit paid to clients covered by Disability Allowances granted or paid to their caregivers**

Type of pension or main benefit paid when Disability Allowance granted	Disability Allowances granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	8,445	8,055	7,687	6,256	5,072
Carer's benefits <sup>3</sup>	9,386	10,965	12,033	10,437	9,692
Sickness-related benefits <sup>4</sup>	13,908	16,459	19,396	19,375	19,180
Invalid's Benefit	11,351	12,050	12,203	11,895	11,663
Widow's Benefit	781	997	1,133	896	870
Transitional Retirement Benefit <sup>5</sup>	1,564	1,285	496	0	0
Emergency Benefit	1,160	1,280	1,569	1,663	1,767
New Zealand Superannuation	20,199	21,909	22,265	21,360	21,086
Veteran's Pension	617	729	843	916	961
No pension or main benefit <sup>6</sup>	4,735	5,437	6,084	6,491	7,133
<b>Total</b>	<b>72,146</b>	<b>79,166</b>	<b>83,709</b>	<b>79,289</b>	<b>77,424</b>

**Notes**

- 1 Numbers of successful applications for Disability Allowances recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to a Disability Allowance through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

**Trends in expenditure on Disability Allowances**

The decrease in annual expenditure on Disability Allowances between 2004/2005 and 2005/2006 (see table 4.19) reflects a decrease in the rates at which Disability Allowances are paid. This decrease reflects in part the transfer of payments for vocational service fees from Disability Allowances to a non-departmental output class. Increases in annual expenditure on Disability Allowances between 1991/1992 and 2004/2005 (see table 4.19) reflect a combination of increases in the numbers receiving a Disability Allowance and patterns in the levels of Disability Allowance being provided.

table  
4.19

## Trends in annual expenditure on Disability Allowances

Year ended June	Expenditure on Disability Allowances <sup>1,2,3</sup> (\$m)
1991/1992	66
1992/1993	86
1993/1994	113
1994/1995	128
1995/1996	146
1996/1997	175
1997/1998	195
1998/1999	201
1999/2000	203
2000/2001	217
2001/2002	231
2002/2003	247
2003/2004	261
2004/2005	271
2005/2006	264

## Notes

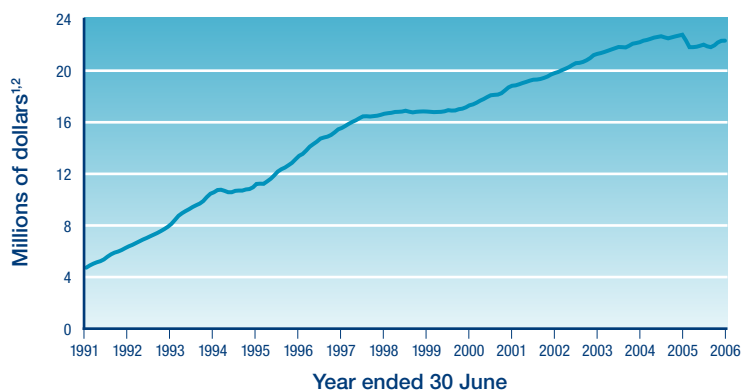
- 1 Expenditure on Disability Allowances in years ended June.
- 2 Expenditure shown is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Disability Allowances are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Monthly expenditure on Disability Allowances shows no marked seasonal changes (see figure 4.9). The slower increase of expenditure on Disability Allowances in:

- 1994/1995 was due to revision (effective from 1 July 1994) of the definition of valid reasons for receiving a Disability Allowance
- 1998/1999 and 1999/2000 was due to falling average rates of Disability Allowances being paid, combined with ongoing increases in numbers receiving Disability Allowances.

figure  
4.9

## Trends in monthly expenditure on Disability Allowances



## Notes

- 1 Expenditure is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Disability Allowances are not subject to taxation.
- 2 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

## Child Disability Allowance

A Child Disability Allowance is a fortnightly payment that can be made to the principal caregiver of a child with a physical or mental disability who requires constant care and attention because of that disability.

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 a Child Disability Allowance must be:

- a dependent child of the carer receiving the allowance
- ordinarily resident in New Zealand.

The Child Disability Allowance is not means tested.

Since 2002 between 16% and 20% of children covered by a Child Disability Allowance have also been covered by a Disability Allowance. In these cases, Disability Allowances are paid to reimburse the direct costs arising from the child's disability.

### Trends in the number of children covered by a Child Disability Allowance

Please note that information in this section shows the number of children covered by Child Disability Allowances received. This information may therefore differ from other published information showing the number of clients receiving a Child Disability Allowance that may cover one or more children.

Increases since 2002 in the number of children covered by a Child Disability Allowance (see table 4.20) reflect increasing numbers of children being granted a Child Disability Allowance as well as the long-term nature of the conditions these children have. Since 2002, between 57% and 60% of the children covered by a Child Disability Allowance had caregivers who were not receiving any pension or main benefit. Over this period, between 29% and 32% of these children had caregivers receiving a carer's benefit (see table 4.20).

table  
4.20

### Trends in the type of pension or main benefit paid to caregivers of children covered by a Child Disability Allowance

Type of pension or main benefit paid to caregivers at the end of June	Children covered by a Child Disability Allowance <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	974	905	712	579	501
Carer's benefits <sup>3</sup>	6,865	8,344	9,940	10,053	10,598
Sickness-related benefits <sup>4</sup>	474	632	769	742	831
Invalid's Benefit	1,059	1,352	1,606	1,740	1,860
Widow's Benefit	124	156	161	171	177
Transitional Retirement Benefit <sup>5</sup>	22	2	0	0	0
Emergency Benefit	149	193	227	209	232
New Zealand Superannuation	99	129	144	152	164
Veteran's Pension	4	5	3	3	3
No pension or main benefit <sup>6</sup>	13,978	15,624	17,909	19,401	21,841
<b>Total</b>	<b>23,748</b>	<b>27,342</b>	<b>31,471</b>	<b>33,050</b>	<b>36,207</b>

#### Notes

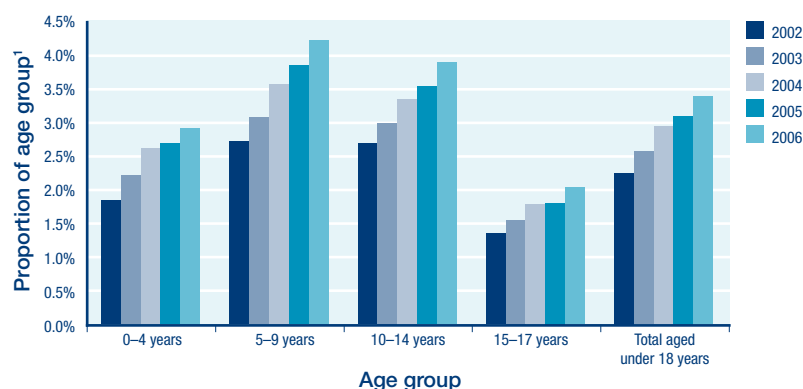
- 1 Numbers of children recorded in SWIFT as being covered by a Child Disability Allowance at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to a Child Disability Allowance through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Trends in the proportion of children aged under 18 years covered by a Child Disability Allowance

Increases since 2002 in the proportion of all children aged under 18 years in the New Zealand population who are covered by a Child Disability Allowance (see figure 4.10) reflect the long-term nature of the conditions that children eligible for a Child Disability Allowance have. Throughout this period, a higher proportion of children aged 5–14 than of other children aged under 18 years have been covered by a Child Disability Allowance.

figure  
4.10

### Trends in the proportion of children aged under 18 years covered by a Child Disability Allowance, by age



Note

- 1 Proportion shows:
  - a number of children in age group recorded in SWIFTT as being covered by a Child Disability Allowance at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.19 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.10.

### Trends in Child Disability Allowances granted

The number of Child Disability Allowances granted each year has increased since 2001/2002 (see table 4.21). Since 2003/2004, the proportion of children covered by Child Disability Allowances granted who had caregivers receiving no pension or main benefit has increased (from 45% to 51%). Over this period, around 38% of these children had caregivers receiving carer's benefits (see table 4.21).



table  
4.21**Trends in the type of pension or main benefit paid to caregivers of children covered by Child Disability Allowances granted**

Type of pension or main benefit paid when Child Disability Allowance granted	Child Disability Allowances granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	389	482	386	294	238
Carer's benefits <sup>3</sup>	2,222	3,011	3,512	3,336	3,515
Sickness-related benefits <sup>4</sup>	219	274	275	269	326
Invalid's Benefit	276	381	435	382	383
Widow's Benefit	26	49	46	45	42
Transitional Retirement Benefit <sup>5</sup>	8	3	0	0	0
Emergency Benefit	69	72	88	87	88
New Zealand Superannuation	18	41	40	38	41
Veteran's Pension	1	2	2	0	0
No pension or main benefit <sup>6</sup>	3,113	3,507	4,094	4,670	5,042
<b>Total</b>	<b>6,341</b>	<b>7,822</b>	<b>8,878</b>	<b>9,121</b>	<b>9,675</b>

**Notes**

- 1 Numbers of successful applications for Child Disability Allowances recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients entitled to a Child Disability Allowance through receiving an Orphan's Benefit or an Unsupported Child's Benefit.

**Trends in expenditure on Child Disability Allowances**

Increases since 1991/1992 in annual expenditure on Child Disability Allowances (see table 4.22) largely reflect increases in the number of children covered by a Child Disability Allowance.

table  
4.22

## Trends in annual expenditure on Child Disability Allowances

Year ended June	Expenditure on Child Disability Allowances <sup>1,2,3</sup> (\$m)
1991/1992	13
1992/1993	15
1993/1994	17
1994/1995	18
1995/1996	21
1996/1997	25
1997/1998	28
1998/1999	32
1999/2000	35
2000/2001	39
2001/2002	41
2002/2003	47
2003/2004	56
2004/2005	62
2005/2006	69

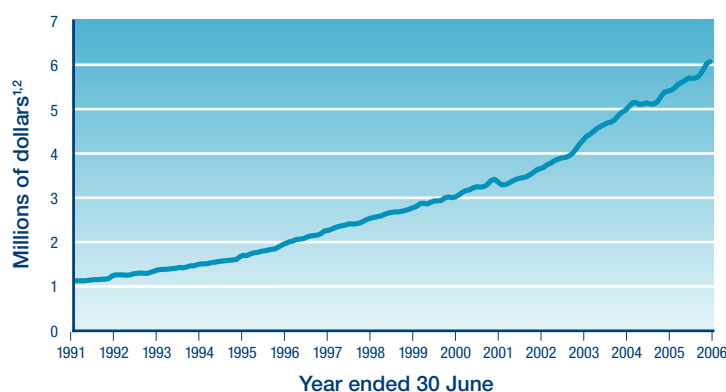
## Notes

- 1 Expenditure on Child Disability Allowances in years ended June.
- 2 Expenditure shown is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Child Disability Allowances are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Little seasonal variation is evident in monthly expenditure on Child Disability Allowances (see figure 4.11). A short halt to the increases in monthly expenditure on Child Disability Allowances during late 2000/2001 and early 2001/2002 arose from a review of overdue medical reviews, which led to a temporary fall in the number of Child Disability Allowance recipients.

figure  
4.11

## Trends in monthly expenditure on Child Disability Allowances



## Notes

- 1 Expenditure is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Child Disability Allowances are not subject to taxation.
- 2 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

## Training Incentive Allowance

A Training Incentive Allowance aims to assist people undertaking training or studies that will:

- enhance and improve their work skills
- improve their prospects of gaining sustainable paid employment and independence from the benefit system.

A Training Incentive Allowance is available to people who are receiving a carer's benefit, a Widow's Benefit or an Invalid's Benefit.

A Training Incentive Allowance contributes toward fees, course costs and associated costs (eg transport, childcare) faced by trainees and students. A Training Incentive Allowance may be paid as a lump sum, as an ongoing entitlement or as a combination of the two.

A number of policy changes were made in the 1998/1999 fiscal year with the intention of targeting expenditure to ensure the greatest benefits for Training Incentive Allowance recipients. These changes included:

- tightening objectives for providing a Training Incentive Allowance, particularly a greater focus on training for paid employment
- introducing co-payment for fees and course costs
- excluding people who had completed a degree in the previous five years
- excluding Training Opportunities Programmes and Work and Income courses
- excluding private training establishment courses outside the New Zealand Qualifications Authority accreditation framework.

In the 1999/2000 fiscal year, the co-payment requirement for fees and course costs was removed. Other policy changes in 1999/2000 were:

- adjusting the maximum amount of the Training Incentive Allowance on 1 April each year to reflect the change in the cost of living over the previous 12 months
- permitting consideration of granting a Training Incentive Allowance to people who have completed a degree in the previous five years when they intend to undertake employment-related courses that are less than 12 weeks long.

Personal Development and Employment Plans were introduced on 10 March 2003 for people receiving a Domestic Purposes Benefit or a Widow's Benefit. Training Incentive Allowances may be used to fund education and training that is included as a goal or activity in an individual's Personal Development and Employment Plan.

Please note that information provided in this section on Training Incentive Allowances granted includes ongoing Training Incentive Allowance payments only, while expenditure information includes both ongoing and lump sum payments.

### Trends in the number of ongoing Training Incentive Allowances granted

Clients may commence and cease receiving an ongoing Training Incentive Allowance at any point during the year, as their courses begin and end. Ongoing Training Incentive Allowances granted therefore offer a more complete view of use of this assistance than the numbers of people who are receiving an ongoing Training Incentive Allowance at any one point in time.

The annual number of ongoing Training Incentive Allowances granted has decreased in the last two years, following fluctuations between 2001/2002 and 2003/2004 (see table 4.23). This reflects the impact of the policy changes outlined above and of changes in numbers receiving carer's benefits, Invalid's Benefits and Widow's Benefits. Since 2001/2002, between 83% and 87% of the ongoing Training Incentive Allowances granted have been provided to clients receiving a carer's benefit (see table 4.23).

table  
4.23**Trends in the type of main benefit paid to clients granted an ongoing Training Incentive Allowance**

Type of main benefit paid when ongoing Training Incentive Allowance granted	Ongoing Training Incentive Allowances granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Carer's benefits <sup>2</sup>	18,478	18,250	19,927	16,812	14,324
Invalid's Benefit	2,431	2,464	2,631	2,704	2,636
Widow's Benefit	362	331	401	317	268
Other main benefits	18	14	5	0	0
<b>Total</b>	<b>21,289</b>	<b>21,059</b>	<b>22,964</b>	<b>19,833</b>	<b>17,228</b>

## Notes

- Numbers of successful applications for an ongoing Training Incentive Allowance recorded in SWIFTT during years ended June.
- Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.

**Trends in expenditure on Training Incentive Allowances**

Please note that information below on expenditure on Training Incentive Allowances includes expenditure on one-off Training Incentive Allowances (eg those provided to assist with course fees) as well as ongoing Training Incentive Allowances.

An upward trend between 1998/1999 and 2003/2004 in annual expenditure on Training Incentive Allowances, followed by decreases over the last two years (see table 4.24), largely reflect patterns in the numbers of ongoing Training Incentive Allowances granted.

table  
4.24**Trends in annual expenditure on Training Incentive Allowances**

Year ended June	Expenditure on Training Incentive Allowances <sup>1,2</sup> (\$m)
1991/1992	9
1992/1993	13
1993/1994	17
1994/1995	21
1995/1996	27
1996/1997	29
1997/1998	34
1998/1999	30
1999/2000	35
2000/2001	36
2001/2002	36
2002/2003	37
2003/2004	42
2004/2005	36
2005/2006	32

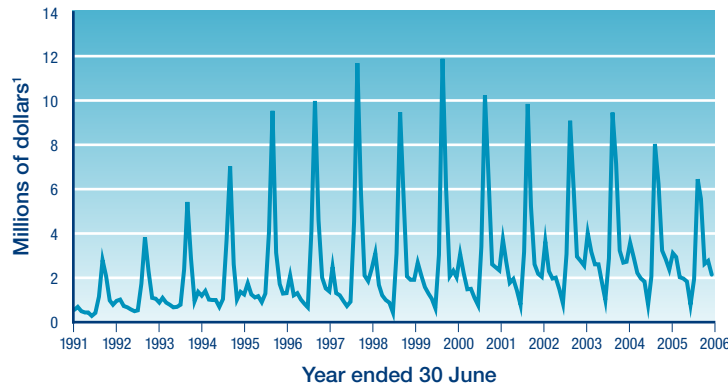
## Notes

- Expenditure on Training Incentive Allowances in years ended June.
- Expenditure data shown has not been smoothed. Training Incentive Allowances are not subject to taxation.

The strong seasonal pattern evident in expenditure on Training Incentive Allowances (see figure 4.12) arises because most Training Incentive Allowance expenditure arises from one-off payments made at the beginning of the school/academic year to cover tuition fees.

**figure 4.12**

**Trends in monthly expenditure on Training Incentive Allowances**



**Note**

<sup>1</sup> Expenditure on Training Incentive Allowances has not been smoothed. Training Incentive Allowances are not subject to taxation.

**Residential Care Subsidy and Residential Support Subsidy**

The Government, through District Health Boards, subsidises the costs of residential care for older people and for younger people with physical, intellectual or psychiatric disabilities (including drug and alcohol rehabilitation).

The Residential Care Subsidy provides funding for people who have been needs assessed by a District Health Board as requiring long-term or life-long residential care in a hospital or rest home and are receiving care from a service provider contracted by the Ministry of Health. This funding is available for people who:

- have assets assessed as being at or below the relevant threshold
- are aged 65 or over or are aged 50–64 years with no dependent children.

The Residential Support Subsidy provides funding via District Health Boards for the costs of contracted disability support and residential services for people with physical, intellectual or psychiatric disabilities (including drug and alcohol rehabilitation). The Residential Support Subsidy is not means tested.

MSD’s Work and Income service line is responsible for the financial means assessment to determine whether or not a person is financially eligible for the Residential Care Subsidy. If a person is financially eligible, Work and Income then determines whether the client can pay for or contribute towards the cost of their care. This assessment of financial eligibility is separate from the District Health Board’s assessment, which determines all other aspects of eligibility for the Residential Care Subsidy.

If a Work and Income client is found to be financially eligible for a Residential Care Subsidy or are receiving disability support or residential services via a Residential Support Subsidy, they must contribute any New Zealand Superannuation or other benefit they receive, less a personal allowance, toward the cost of their care.

Please note that information in this section is restricted to clients of Work and Income who:

- have been means assessed by Work and Income as being financially eligible for the Residential Care Subsidy, or
- are receiving disability support or residential services via a Residential Support Subsidy.

Other people who are not Work and Income clients may have these subsidies following assessment by the District Health Board or the health provider. Information in this section therefore should not be read as complete information on all individuals eligible for or taking up these subsidies.

### Trends in the number of Work and Income clients with a Residential Care Subsidy or Residential Support Subsidy being paid toward the costs of their care

The number of Work and Income clients with a Residential Care Subsidy or Residential Support Subsidy being paid toward the cost of their care has fluctuated since 2002, with a spike in 2006 among recipients of New Zealand Superannuation and those aged over 80 years (see tables 4.25 and 4.26). This reflects:

- the raising of the asset thresholds for the Residential Care Subsidy from 1 July 2005, which resulted in more people being financially eligible for the Residential Care Subsidy
- the dominance of those aged 80 years or over and those receiving New Zealand Superannuation among clients receiving a Residential Care Subsidy.

The asset threshold for Residential Care Subsidy was significantly raised for the first time on 1 July 2005. The number of Work and Income clients with a Residential Care Subsidy being paid towards the cost of their care is expected to increase as the asset thresholds for Residential Care Subsidy are increased by \$10,000 on 1 July each year.

Between 2005 and 2006, the proportion of Work and Income clients with a Residential Care Subsidy or Residential Support Subsidy who were:

- receiving New Zealand Superannuation rose (from 62% to 67%) (see table 4.25)
- receiving an Invalid's Benefit decreased (from 34% to 28%) (see table 4.25)
- aged 80 years or over rose from 45% to 51% (see table 4.26).

table  
4.25

### Trends in the type of pension or main benefit paid to Work and Income clients with a Residential Care Subsidy or a Residential Support Subsidy

Type of pension or main benefit paid at the end of June	Work and Income clients with a Residential Care Subsidy or Residential Support Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	19	12	19	14	5
Carer's benefits <sup>3</sup>	24	17	13	14	14
Sickness-related benefits <sup>4</sup>	640	622	536	519	522
Invalid's Benefit	7,403	7,513	7,531	7,706	7,664
Widow's Benefit	13	13	13	16	15
Transitional Retirement Benefit <sup>5</sup>	20	10	0	0	0
Emergency Benefit	112	139	165	221	258
New Zealand Superannuation	14,386	14,406	14,361	14,119	17,941
Veteran's Pension	276	281	304	306	450
No pension or main benefit <sup>6</sup>	45	50	51	56	86
<b>Total</b>	<b>22,938</b>	<b>23,063</b>	<b>22,993</b>	<b>22,971</b>	<b>26,955</b>

#### Notes

- 1 Numbers 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 or under the Residential Care Subsidy scheme.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

table  
4.26**Trends in the age of Work and Income clients with a Residential Care Subsidy or a Residential Support Subsidy**

Age of client at the end of June	Work and Income clients with a Residential Care Subsidy or a Residential Support Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Under 18 years	41	53	58	70	79
18–19 years	149	128	120	142	155
20–24 years	566	620	561	583	550
25–29 years	806	717	676	656	640
30–34 years	1,031	1,030	959	887	863
35–39 years	1,103	1,058	1,029	1,050	992
40–44 years	1,135	1,136	1,175	1,175	1,132
45–49 years	921	968	962	1,036	1,118
50–54 years	820	865	872	929	932
55–59 years	712	752	800	815	835
60–64 years	652	673	698	730	753
65–69 years	915	910	906	926	991
70–74 years	1,519	1,515	1,483	1,461	1,564
75–79 years	2,374	2,383	2,392	2,297	2,685
80 years or over	10,194	10,255	10,302	10,214	13,666
<b>Total</b>	<b>22,938</b>	<b>23,063</b>	<b>22,993</b>	<b>22,971</b>	<b>26,955</b>

## Note

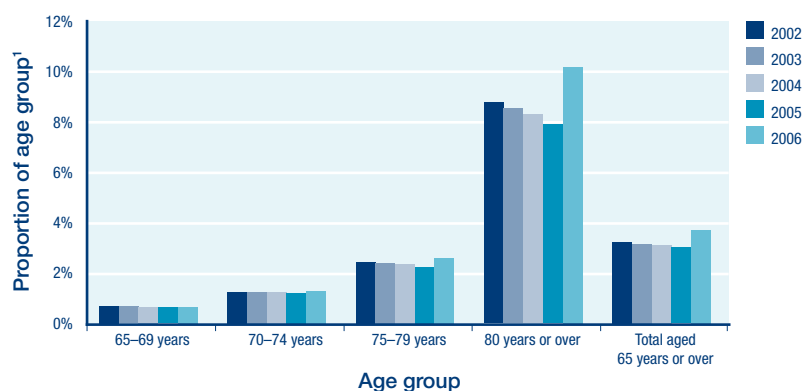
- <sup>1</sup> Numbers of clients recorded in SWIFTT as having their main benefit or pension (less a personal allowance) paid to a health provider at the end of June under the Residential Support Subsidy scheme or under the Residential Care Subsidy scheme.

**Trends in the proportion of people aged 65 years or over who are Work and Income clients and have a Residential Care Subsidy paid towards the cost of their care**

The proportion of all people aged 65 years or over in the New Zealand population who are Work and Income clients and have a Residential Care Subsidy increased significantly between 2005 and 2006 (see figure 4.13). This increase reflected the increased asset threshold for eligibility for these subsidies, and is particularly evident among people aged 80 years or over (reflecting the dominance of this age group among users of Residential Care Subsidies). Throughout this period, the proportion of people in each age group who are Work and Income clients and have a Residential Care Subsidy has increased with the increasing age of the clients (see figure 4.13), reflecting the health and medical impacts of ageing.

figure  
4.13

**Trends in the proportion of people aged 65 years or over who are Work and Income clients and have a Residential Care Subsidy paid towards the cost of their care, by age**



**Note**

1 Proportion shows:

- a number of Work and Income clients in age group 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 or under the Residential Care Subsidy scheme, divided by
- b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.20 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.13.

### **Trends in Work and Income clients who are found to be financially eligible for Residential Care Subsidies or take up Residential Support Subsidies**

Please note that successful applications to Work and Income for:

- Residential Care Subsidies indicate that the Work and Income assessment indicated that clients are financially eligible for a subsidy
- Residential Support Subsidies indicate that a Work and Income client took up a Residential Support Subsidy.

These statistics do not necessarily indicate the number of Work and Income clients who were assessed by District Health Boards as needing long-term or lifetime care in the year shown, or who began to use a subsidy in the year shown.

The annual number of Work and Income clients found to be financially eligible for Residential Care Subsidies or taking up Residential Support Subsidies increased significantly in the last year. This number has decreased between 2002/2003 and 2004/2005 (see table 4.27).

Between 2004/2005 and 2005/2006, the proportion of Work and Income clients assessed as financially eligible for a Residential Care Subsidy or taking up a Residential Support Subsidy who were receiving New Zealand Superannuation increased from 55% to 72%. Over the same period, the proportions of these clients receiving Invalid's Benefits or sickness-related benefits both decreased (see table 4.27).



table  
4.27

### Trends in the type of pension or main benefit paid to Work and Income clients found to be financially eligible for a Residential Care Subsidy or taking up a Residential Support Subsidy

Type of pension or main benefit paid when financial eligibility for Residential Care Subsidy is established or Residential Support Subsidy is taken up	Number of successful applications for Residential Care Subsidies and Residential Support Subsidies <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	43	40	33	28	16
Carer's benefits <sup>3</sup>	136	125	81	99	103
Sickness-related benefits <sup>4</sup>	1,937	1,878	1,751	1,482	1,430
Invalid's Benefit	1,612	1,820	1,703	1,885	1,665
Widow's Benefit	6	5	11	8	6
Transitional Retirement Benefit <sup>5</sup>	11	3	2	0	0
Emergency Benefit	63	79	92	124	119
New Zealand Superannuation	4,792	5,104	4,922	4,683	9,627
Veteran's Pension	124	126	140	150	310
No pension or main benefit <sup>6</sup>	18	21	23	32	60
<b>Total</b>	<b>8,742</b>	<b>9,201</b>	<b>8,758</b>	<b>8,491</b>	<b>13,336</b>

#### Notes

- Number of successful applications for Residential Care Subsidies or Residential Support Subsidies recorded in SWIFT during years ended June. A successful application indicates that the client has been found to be financially eligible for a Residential Care Subsidy or has taken up a Residential Support Subsidy.
- Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to trainees and Independent Youth Benefits.
- Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- Includes Sickness Benefits and Sickness Benefits – Hardship.
- This benefit was abolished on 1 April 2004.
- Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

## Hardship assistance

This consists of:

- Temporary Additional Assistance or Special Benefit
- hardship assistance paid as lump sums.

Trends in the use of hardship assistance are affected by the level of assistance offered to low-income families in New Zealand. As more assistance becomes available, there is a decreasing need for low-income families to seek hardship assistance in order to meet essential living costs. Since 2003/2004, the introduction and expansion of the Working for Families package has contributed to a decrease in the utilisation of hardship assistance.

During the year ended 30 June 2006, low-income families receiving Childcare Subsidies and OSCAR Subsidies benefited from increases under Working for Families in the rates of these subsidies. Recipients of carer's benefits form a large group of recipients of hardship assistance, so increased assistance with childcare costs is likely to be reflected to some extent in decreased use of hardship assistance.

## Special Benefit

A Special Benefit may be paid to people receiving main benefits or to other low-income earners. To receive a Special Benefit, clients must have:

- a deficiency between their ongoing income and their costs
- individual circumstances that warrant receiving a Special Benefit.

From 1 April 2005:

- families receiving increases in Accommodation Supplements have had their Special Benefits reviewed, which may result in their Special Benefit being reduced
- Family Support has been included as part of the income of a family, for the purposes of determining eligibility for a Special Benefit.

From 1 April 2006, Temporary Additional Support replaced new Special Benefits. Special Benefits paid after this date are restricted to those which were granted before 1 April 2006.

### *Trends in the number of clients receiving a Special Benefit*

The number of people receiving a Special Benefit has decreased between 2005 and 2006, following a slowing in 2005 of historic increases (see table 4.28). This pattern reflects a combination of:

- a range of initiatives aimed at ensuring that case managers and clients are aware of the availability of, and the eligibility criteria for, a Special Benefit (these initiatives included training, information dissemination and enhanced case management for clients receiving a Domestic Purposes Benefit or a Widow's Benefit)
- changes in numbers receiving carer's benefits
- an increase in the number of people assessed as being in financial hardship
- extra income available for low-income households since 1 October 2004 as a result of the Working for Families package
- the replacement of new Special Benefits with Temporary Additional Support from April 2006.

Since 2004, the proportion of Special Benefit recipients who were receiving a carer's benefit has decreased from 50% to 45%, while the proportion receiving an Invalid's Benefit has increased (from 18% to 25%) (see table 4.28).

table  
4.28

### Trends in the type of pension or main benefit paid to clients receiving a Special Benefit

Type of pension or main benefit paid at the end of June	Clients receiving a Special Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Unemployment-related benefits <sup>2</sup>	1,993	4,046	4,514	4,015	2,417
Carer's benefits <sup>3</sup>	6,563	16,632	25,553	24,600	20,160
Sickness-related benefits <sup>4</sup>	1,992	4,279	6,536	7,736	6,496
Invalid's Benefit	3,993	6,572	9,280	11,150	10,969
Widow's Benefit	230	479	741	748	651
Transitional Retirement Benefit <sup>5</sup>	42	31	0	0	0
Emergency Benefit	197	573	833	839	765
New Zealand Superannuation	259	537	794	1,019	1,127
Veteran's Pension	6	3	2	1	0
No pension or main benefit <sup>6</sup>	951	2,228	3,198	3,147	2,193
<b>Total</b>	<b>16,226</b>	<b>35,380</b>	<b>51,451</b>	<b>53,255</b>	<b>44,778</b>

#### Notes

- 1 Numbers of clients recorded in SWIFTT as receiving a Special Benefit at the end of June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### *Trends in Special Benefits granted*

The number of Special Benefits granted each year has decreased in the last year, after increasing between 2001/2002 and 2004/2005 (see table 4.29). This decrease is likely to reflect the unavailability of new Special Benefits after 1 April 2006.

Between 2002/2003 and 2005/2006, the proportion of Special Benefit recipients who were receiving a carer's benefit has decreased (from 41% to 34%), while the proportions receiving a sickness-related benefit and receiving no main benefit or pension both increased (see table 4.29). These changes reflect patterns in benefit use and the impact of the Working for Families package.

table  
4.29

### **Trends in the type of pension or main benefit paid to clients granted a Special Benefit**

Type of pension or main benefit paid when Special Benefit granted	Special Benefits granted <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	5,954	10,275	13,722	13,521	10,549
Carer's benefits <sup>3</sup>	8,307	21,913	29,522	26,203	19,137
Sickness-related benefit <sup>4</sup>	4,226	8,113	11,671	13,254	10,939
Invalid's Benefit	3,056	5,812	7,239	7,725	6,224
Widow's Benefit	260	626	785	634	488
Transitional Retirement Benefit <sup>5</sup>	58	66	36	0	0
Emergency Benefit	393	865	1,309	1,356	1,102
New Zealand Superannuation	222	609	750	905	887
Veteran's Pension	6	5	4	2	4
No pension or main benefit <sup>6</sup>	2,282	4,697	7,280	9,090	7,816
<b>Total</b>	<b>24,764</b>	<b>52,981</b>	<b>72,318</b>	<b>72,690</b>	<b>57,146</b>

#### Notes

- 1 Numbers of successful applications for Special Benefits recorded in SWIFTT during years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### *Trends in expenditure on Special Benefits*

Changes since 2000/2001 in annual expenditure on Special Benefits (see table 4.30) largely reflect changes in the numbers of people receiving a Special Benefit. In recent years, there have been lower increases in expenditure on Special Benefits (between 2003/2004 and 2004/2005) followed by decreases (in 2005/2006). These changes reflect the impact of increased assistance to low-income families through Working for Families, combined with the replacement of new Special Benefits with Temporary Additional Support from April 2006.

table  
4.30

## Trends in annual expenditure on Special Benefits

Year ended June	Expenditure on Special Benefits <sup>1,2,3</sup> (\$m)
1991/1992	53
1992/1993	62
1993/1994	67
1994/1995	80
1995/1996	87
1996/1997	74
1997/1998	59
1998/1999	44
1999/2000	34
2000/2001	39
2001/2002	48
2002/2003	79
2003/2004	137
2004/2005	174
2005/2006	159

## Notes

- 1 Expenditure on Special Benefits in years ended June.
- 2 Expenditure shown is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Special Benefits are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

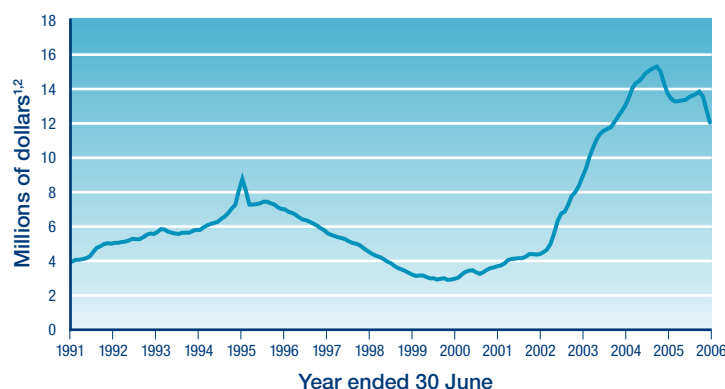
Monthly expenditure on Special Benefits shows little seasonal variation, and tends to follow patterns in the numbers of people receiving a Special Benefit (see figure 4.14). The spike in expenditure on Special Benefits around 1995 (see figure 4.14) reflects:

- the April 1995 increase in the average rate of Special Benefits, followed by
- the July 1995 transfer to Vote: Health of "maximised" Special Benefits to cover institutional boarding costs.

Decreases in Special Benefit expenditure in early 2005 reflect increases in the availability of other financial assistance following the introduction of Working for Families, and the consequently reduced demand for Special Benefits and reduced rates of Special Benefits being paid. The replacement of new Special Benefits with Temporary Additional Support from April 2006 has accelerated the decrease in monthly expenditure on Special Benefits.

figure  
4.14

### Trends in monthly expenditure on Special Benefits



#### Notes

- 1 Expenditure is adjusted to payment periods based on a standard 30-day month and smoothed using a two-month moving average. Special Benefits are not subject to taxation.
- 2 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

### Temporary Additional Support

Temporary Additional Support was introduced from 1 April 2006, and is used as a last resort to help clients meet regular essential living costs which cannot be met from their income or from other resources. Temporary Additional Support is available for a maximum of 13 weeks, but may be approved for a shorter period. Clients with an ongoing deficiency of income may reapply after receiving it for 13 weeks.

To receive Temporary Additional Support, clients must be aged 16 years or over and meet asset and residency tests. In addition, clients must:

- ensure that they are receiving all other assistance available to them
- show that they face a deficiency of income after having taken reasonable steps to reduce their costs and increase their income.

Temporary Additional Support is available to cover costs arising from:

- purchase of essential household furniture or appliances
- telephone rentals
- repayments for previously purchased vehicles in situations where there is no suitable public transport available and the vehicle is required for employment reasons or because of disability in the family
- employment-related costs (eg childcare, public transport or vehicle costs)
- accommodation where clients or their families are not eligible for the Accommodation Supplement
- health and disability costs where costs are not met through the Disability Allowance or where clients or their families are not eligible for the Disability Allowance.

Some of the above items have limits on the number of items which can be purchased using Temporary Additional Support and on the payment amounts made under the Temporary Additional Support programme.

### *Trends in the use of Temporary Additional Support*

Since its implementation in April 2006, the number of clients receiving Temporary Additional Support has increased rapidly, from 713 at the end of April 2006 to 4,555 at the end of June 2006.

Thirty-five percent of the clients receiving Temporary Additional Support at the end of June 2006 were receiving a carer's benefit, while 26% were receiving a sickness-related benefit. Seventeen percent of these clients were receiving an unemployment-related benefit.

### *Trends in expenditure on Temporary Additional Support*

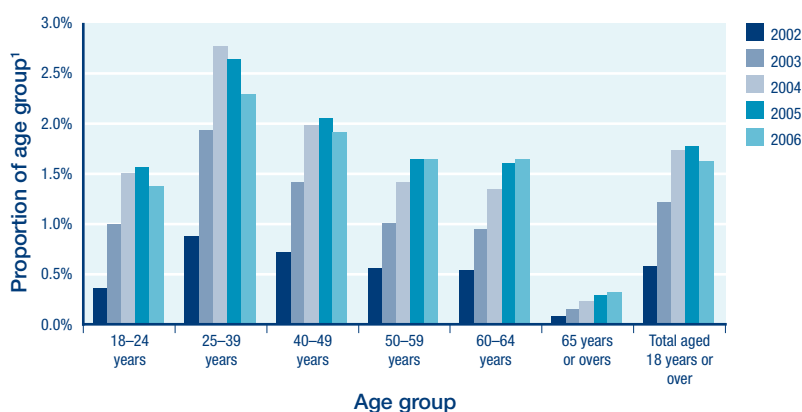
Expenditure on Temporary Additional Support in the last three months of the 2005/2006 financial year has totalled around \$1 million.

### **Trends in the proportion of people aged 18 years or over receiving a Special Benefit or Temporary Additional Support**

The proportion of all people aged 18 years or over in the New Zealand population who are receiving a Special Benefit or Temporary Additional Support decreased between 2005 and 2006, following three years of increases (see figure 4.15). This reflects the movement to Temporary Additional Support and the grandparenting of Special Benefits, combined with the decreases in numbers receiving carer's benefits since 2005 and increases in assistance with childcare costs available under Working for Families. Since 2002, the proportion of people aged 25 years or over receiving a Special Benefit or Temporary Additional Support has fallen with age (see figure 4.15).

**figure  
4.15**

### **Trends in the proportion of people aged 18 years or over receiving a Special Benefit or Temporary Additional Support, by age**



#### Note

- 1 Proportion shows:
  - a number of people in each age group recorded in SWIFTT as receiving a Special Benefit or Temporary Additional Support at the end of June, divided by
  - b Statistics New Zealand final estimate of the resident population in age group at the end of June.

See table A3.21 (Appendix 3) for a summary of the SWIFTT data underlying figure 4.15.

### **Hardship assistance available as lump sums**

The hardship assistance available as lump sums consists of:

- Special Needs Grants
- Recoverable Assistance Programme payments
- benefit advances.

## Eligibility for lump sum hardship assistance

### *Special Needs Grants*

Special Needs Grants are one-off payments made to those who have an immediate need or an emergency need and have no other way of paying to meet that need. Most Special Needs Grants are non-recoverable. Recoverable Special Needs Grants have to be repaid to Work and Income.

Special Needs Grants are available both to people who are receiving main benefits and to people who are not. Residency, income and cash asset tests apply.

As well as lump sums 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.

### *Recoverable Assistance Programme payments*

The Recoverable Assistance Programme was introduced on 1 July 1996 to provide recoverable assistance to low-income earners not receiving main benefits. Any low-income earner may apply for assistance with immediate and essential expenses under the Recoverable Assistance Programme.

The Recoverable Assistance Programme was designed to replace most recoverable Special Needs Grants, which had previously been available to people who were not receiving benefits.

The Recoverable Assistance Programme provides non-taxable, interest-free recoverable financial assistance to non-beneficiaries, to enable them to meet essential immediate needs for specific items or services. Under this programme, 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.

In approving a payment under the Recoverable Assistance Programme, Work and Income staff must:

- consider whether a Recoverable Assistance Programme payment would best meet the immediate need
- investigate other sources of assistance
- investigate the client's ability to repay the Recoverable Assistance Programme payment.

In order to receive Recoverable Assistance Programme payments, clients 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 for qualification for a Recoverable Assistance Programme payment, and the maximum amounts available, vary according to the age and circumstances of the applicant (see table 4.31). In exceptional circumstances, clients may be granted a Recoverable Assistance Programme payment if their cash assets exceed the limit shown in table 4.31.

**table  
4.31**

**Income limits, cash asset limits and maximum payments for the Recoverable Assistance Programme (applicable from 1 April 2006)**

Client category	Cash asset limit	Income limit <sup>1,2</sup>	Maximum payment <sup>1</sup>
Single person 16–17 years	\$869.81	\$20,659.60	\$1,055.46
Single person 18 years or over	\$869.81	\$23,744.76	\$1,304.28
Married couple with or without children	\$1,449.34	\$34,487.44	\$2,173.92
Sole parent with one child	\$1,449.34	\$28,812.68	\$1,713.42
Sole parent with two or more children	\$1,449.34	\$30,355.52	\$1,713.42

Notes

1 Asset limits, income limits and maximum payments applicable from 1 April 2006.

2 Income limits shown are gross of income tax.

Maximum payments have been set under the Recoverable Assistance Programme for a number of purposes. The amount of these maximum payments applicable from 1 April 2006 is shown in table 4.32.



table  
4.32**Maximum payments from the Recoverable Assistance Programme for specific purposes (applicable from 1 April 2006)**

Payment purpose	Status	Maximum payment <sup>1</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	\$150.00
	Married without children	\$300.00
	Single or married with children	\$400.00
Dentures, glasses, contact lenses and hearing aids		\$1,000.00
Drivers licence – renewals	Client aged under 75 years	\$44.30
	Client aged 75–79 years	\$18.30
	Client aged 80 years or over	\$59.30
Drivers licences – new	Learner licence	\$79.00
	Restricted licence	\$88.20
	Full licence	\$115.10
Electricity, gas or water		\$200.00
Fire, loss or burglary		\$1,000.00
Other emergency payments		\$200.00
School exam fees		\$200.00
School stationery		\$200.00
School uniforms (for each dependent child)		\$300.00
Telephone installation		\$200.00
Tenancy tribunal fees		\$20.00
Travel for stranded persons		\$200.00
Washing machines and fridges		\$400.00

Note

1 Maximum payments shown are applicable from 1 April 2006.

***Benefit advances***

Advance payments of main benefits enable people receiving these benefits to meet one-off immediate and essential needs that they cannot meet from their regular income. The advance is recovered from subsequent payments of the benefit or through ongoing repayments if the client ceases to receive a benefit.

Since 9 October 1995, benefit advances of up to six weeks' worth of the main benefit received have been available to everyone receiving a main benefit. At the same date, most recoverable Special Needs Grants provided to people receiving a main benefit were reclassified as benefit advances.

### Trends in the use of lump sum hardship assistance

The annual number of payments of lump sum emergency or hardship assistance has decreased since 2003/2004, after increasing for the previous two years. This decrease reflects decreases in the use of non-recoverable Special Needs Grants and of benefit advances (see table 4.33). This in turn reflects the impacts of a combination of:

- decreasing numbers receiving main benefits
- the increased availability and level of supplementary benefits and Family Support resulting from the Working for Families package.

Between 51% and 53% of the hardship assistance payments provided each year since 2001/2002 have been non-recoverable Special Needs Grants, while between 43% and 45% have been benefit advances, which are recoverable. The number of payments made under the Recoverable Assistance Programme continued to increase in 2005/2006, although at a slower rate than between 2002/2003 and 2004/2005 (see table 4.33).

table  
4.33

### Trends in the type of lump sum hardship assistance payments

Type of lump sum hardship assistance	Lump sum hardship assistance payments <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
<b>Non-recoverable lump sum hardship assistance</b>					
Special Needs Grants (non-recoverable)	379,890	387,791	395,746	384,880	376,537
<b>Recoverable lump sum hardship assistance</b>					
Special Needs Grants (recoverable)	13,274	14,776	16,615	16,625	16,854
Recoverable Assistance Programme	12,864	13,905	16,797	21,022	23,347
Benefit advances	309,948	325,590	343,263	339,349	327,147
<b>Total recoverable assistance</b>	<b>336,086</b>	<b>354,271</b>	<b>376,675</b>	<b>376,996</b>	<b>367,348</b>
<b>All lump sum hardship assistance</b>					
<b>Total lump sum hardship assistance</b>	<b>715,976</b>	<b>742,062</b>	<b>772,421</b>	<b>761,876</b>	<b>743,885</b>

Note

<sup>1</sup> Numbers of lump sum hardship assistance payments recorded in SWIFTT in years ended June.

### Trends in the use of Special Needs Grants and benefit advances

The combined number of Special Needs Grants and benefit advances has decreased over the last two years, after rising between 2001/2002 and 2003/2004 (see table 4.34). These decreases reflect both reduced use of benefits and increased financial assistance for low-income families available under the Working for Families package. Since 2001/2002, between 39% and 42% of Special Needs Grants and benefit advances have been paid to recipients of carer's benefits, while the proportion paid to people receiving unemployment-related benefits has decreased (from 28% to 14%) (see table 4.34). These changes reflect patterns in benefit use.

table  
4.34**Trends in the type of pension or main benefit paid to clients receiving Special Needs Grants or benefit advances**

Type of pension or main benefit paid when Special Needs Grant or benefit advance provided	Payments of Special Needs Grants or benefit advances <sup>1</sup>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>2</sup>	195,025	175,568	150,148	120,735	103,373
Carer's benefits <sup>3</sup>	273,601	297,496	317,473	310,574	291,412
Sickness-related benefits <sup>4</sup>	68,808	74,604	86,756	95,567	101,090
Invalid's Benefit	80,958	91,466	101,025	107,346	110,969
Widow's Benefit	6,236	6,632	7,549	7,060	5,928
Transitional Retirement Benefit <sup>5</sup>	1,658	899	243	0	0
Emergency Benefit	9,863	8,808	10,445	10,030	10,164
New Zealand Superannuation	16,007	18,362	22,206	23,380	24,126
Veteran's Pension	205	232	240	327	317
No pension or main benefit <sup>6</sup>	50,751	54,090	59,539	65,835	73,159
<b>Total</b>	<b>703,112</b>	<b>728,157</b>	<b>755,624</b>	<b>740,854</b>	<b>720,538</b>

**Notes**

- 1 Numbers of Special Needs Grants and benefit advances recorded in SWIFTT in years ended June.
- 2 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 3 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 4 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 5 This benefit was abolished on 1 April 2004.
- 6 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

The total annual value of Special Needs Grants and benefit advances provided each year has decreased slightly over the last two years, following increases between 2001/2002 and 2003/2004 (see table 4.35). This reflects trends in the number of non-recoverable Special Needs Grants payments made, as outlined above. The average value of payments made has shown slight increases each year since 2002.

Since 2002, between 42% and 45% of the annual value of Special Needs Grants and benefit advances has been provided to clients receiving carer's benefits. Over the same period, the proportion provided to clients receiving unemployment-related benefits has decreased (from 26% to 13%) (see table 4.35). This reflects patterns in benefit use.

table  
4.35**Trends in the value of Special Needs Grants and benefit advances paid to clients, by the type of pension or main benefit clients were receiving**

Type of pension or main benefit paid when Special Needs Grant or benefit advance provided	Value of Special Needs Grants and benefit advances <sup>1,2</sup>				
	2001/2002 Amount (\$000)	2002/2003 Amount (\$000)	2003/2004 Amount (\$000)	2004/2005 Amount (\$000)	2005/2006 Amount (\$000)
Unemployment-related benefits <sup>3</sup>	34,401	31,318	27,529	22,434	19,610
Carer's benefits <sup>4</sup>	56,432	61,502	67,474	66,749	65,106
Sickness-related benefits <sup>5</sup>	12,415	13,808	16,345	18,264	19,768
Invalid's Benefit	15,539	18,125	20,484	21,837	23,112
Widow's Benefit	1,279	1,390	1,668	1,565	1,387
Transitional Retirement Benefit <sup>6</sup>	376	201	61	0	0
Emergency Benefit	2,263	2,020	2,337	2,311	2,318
New Zealand Superannuation	4,354	5,014	6,177	6,423	7,056
Veteran's Pension	64	71	74	103	100
No pension or main benefit <sup>7</sup>	7,655	8,283	9,292	10,222	11,280
<b>Total</b>	<b>134,779</b>	<b>141,732</b>	<b>151,441</b>	<b>149,908</b>	<b>149,738</b>

**Notes**

- 1 Dollar value of Special Needs Grants and benefit advances recorded in SWIFTT in years ended June.
- 2 Due to rounding, values provided may not add to totals shown.
- 3 Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- 4 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- 5 Includes Sickness Benefits and Sickness Benefits – Hardship.
- 6 This benefit was abolished on 1 April 2004.
- 7 Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

Around 41% of the Special Needs Grants and benefit advances since 2001/2002 have been provided to pay for food, while around 35% have been provided to assist in “other emergency situations” (see table 4.36). Over this period, however, assistance for “other emergency situations” has accounted for between 51% and 53% of the total value of Special Needs Grants and benefit advances each year, while food has accounted for around 19% of this amount. This reflects differences in the level of assistance provided for the respective purposes.

table  
4.36

## Trends in the purpose 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>				
	2001/2002 Number	2002/2003 Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Advances	8,669	9,403	9,883	9,398	8,250
Disabled Civilian Amputee <sup>2</sup>	140	118	104	59	77
Food	287,167	295,243	302,260	299,739	297,485
Funeral Grants	31	21	23	27	15
Health-related assistance	10,070	12,577	14,955	15,752	14,781
Home help payments <sup>2</sup>	9	8	13	16	15
Live organ donors (income assistance)	0	0	0	13	48
Medical and associated costs	86,721	89,254	94,390	89,518	87,361
Other emergency situations	247,961	259,765	274,081	270,154	262,328
Payments for goods or services	1,503	1,127	904	583	403
People affected by benefit stand downs	2,921	2,297	2,808	2,651	1,627
Re-establishment accommodation element	588	659	612	637	653
Re-establishment grants	11,350	11,365	11,077	11,073	11,558
Rural sector (including Civil Defence Emergencies)	31	20	267	289	9
Sickness Benefit/Invalid's Benefit assessment travel	184	205	220	192	234
School education costs	36,437	38,735	36,835	34,287	30,943
Special Education Service <sup>3</sup>	5,102	2,711	16	0	0
Teen payment	0	0	0	0	5
Terminal benefit arrears <sup>2</sup>	0	0	2,565	2,139	770
Transfer to New Zealand Superannuation	684	723	626	592	554
Urgent house repairs and maintenance	3,544	3,926	3,978	3,704	3,374
Youth transition	0	0	7	31	48
<b>Total</b>	<b>703,112</b>	<b>728,157</b>	<b>755,624</b>	<b>740,854</b>	<b>720,538</b>

## Notes

- Numbers of Special Needs Grants and benefit advances recorded in SWIFTT in years ended June.
- These items were created as Special Needs Grants but were later transferred to other payment codes. table 4.38 and figure 4.16 below do not include expenditure on these items as Special Needs Grants expenditure.
- Transferred to other payment codes from July 2002.

### Trends in use of the Recoverable Assistance Programme

Increases since 2001/2002 in the total value of Recoverable Assistance Programme payments made (see table 4.37) reflect increases in both the number of payments made and the average value of payments made.

table  
4.37

### Trends in the total and average value of assistance provided under the Recoverable Assistance Programme

Level of assistance under Recoverable Assistance Programme	Level of assistance provided under the Recoverable Assistance Programme				
	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Amount (\$000) <sup>1</sup>	3,888	4,335	5,375	6,837	7,907
Number of payments <sup>2</sup>	12,864	13,905	16,797	21,022	23,347
Average value per payment (\$)	302	312	320	325	339

#### Notes

<sup>1</sup> Total expenditure on Recoverable Assistance Programme payments in years ended June.

<sup>2</sup> Numbers of Recoverable Assistance Programme payments recorded in SWIFTT in years ended June.

### Trends in expenditure on lump sum hardship assistance

#### Special Needs Grants

Please note that the expenditure data in table 4.38 includes expenditure on recoverable Special Needs Grants that were:

- provided to recipients of main benefits prior to 9 October 1995
- subsequently reclassified as benefit advances.

Expenditure on Special Needs Grants decreased in 2005/2006, following steady levels of expenditure over the previous two years and increases between 1997/1998 and 2002/2003. This largely reflects patterns in the number of Special Needs Grants made, which in turn reflect:

- increases between 1998/1999 and 1999/2000 in the number of Special Needs Grants provided, including assistance to students awaiting Student Allowances and to people who had made provision for possible disruption in the transition to the year 2000
- the declining real value of Family Income Assistance and of Accommodation Supplements prior to the implementation of the Working for Families package in October 2004
- demand for Special Needs Grants for food, which has remained at the levels reached during transition to the year 2000
- increased levels of other assistance to low-income families available since the implementation of Working for Families in October 2004.

table  
4.38

## Trends in annual expenditure on Special Needs Grants

Year ended June	Expenditure on Special Needs Grants <sup>1,2,3</sup> (\$m)
1991/1992	16
1992/1993	40
1993/1994	38
1994/1995	44
1995/1996	58
1996/1997	40
1997/1998	39
1998/1999	40
1999/2000	44
2000/2001	46
2001/2002	47
2002/2003	48
2003/2004	50
2004/2005	50
2005/2006	44

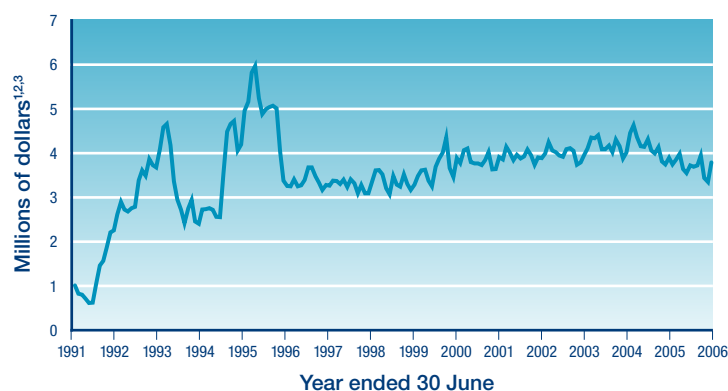
## Notes

- 1 Expenditure on recoverable and non-recoverable Special Needs Grants in years ended June. These figures may differ from expenditure on Special Needs Grants shown in other sources that are restricted to non-recoverable Special Needs Grants.
- 2 Expenditure shown is smoothed using a two-month moving average. Special Needs Grants are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Monthly expenditure on Special Needs Grants shows significant variation (see figure 4.16). This reflects variation in the number of Special Needs Grants made.

figure  
4.16

## Trends in monthly expenditure on Special Needs Grants



## Notes

- 1 Includes expenditure on recoverable and non-recoverable Special Needs Grants.
- 2 Expenditure on Special Needs Grants is smoothed using a two-month moving average. Special Needs Grants are not subject to taxation.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

### *Benefit advances and Recoverable Assistance Programme payments*

Increases since 1998/1999 in annual expenditure on:

- benefit advances reflect patterns in the number of people receiving pensions or main benefits
- Recoverable Assistance Programme payments reflect patterns in the numbers of low-income working families receiving supplementary benefits and hardship assistance from Work and Income.

In addition, expenditure on both benefit advances and Recoverable Assistance Programme payments reflects patterns in the level of assistance provided and in the other types of assistance available.

The higher levels of expenditure on benefit advances and Recoverable Assistance Programme payments during and after 1995/1996 compared with earlier years reflect:

- the expanded availability of benefit advances from 9 October 1995
- increases in the numbers of clients receiving New Zealand Superannuation, sickness-related benefits or Invalid's Benefits
- increases in the number of low-income working families seeking and receiving assistance from Work and Income, particularly following the implementation of the Working for Families package in October 2004.

table  
4.39

### Trends in annual expenditure on benefit advances and Recoverable Assistance Programme payments

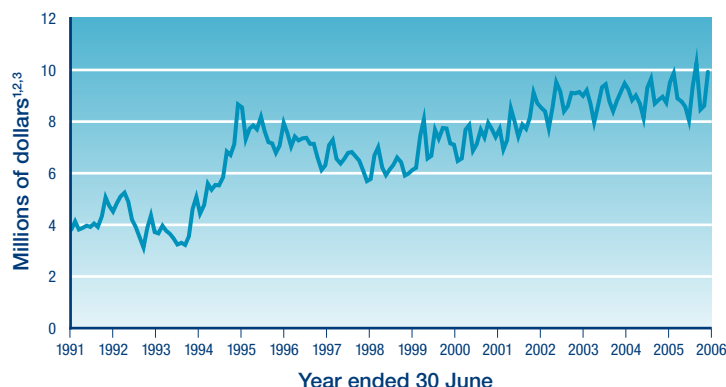
Year ended June	Expenditure on benefit advances and Recoverable Assistance Programme payments (\$m) <sup>1,2,3</sup>
1991/1992	21
1992/1993	50
1993/1994	48
1994/1995	48
1995/1996	82
1996/1997	88
1997/1998	81
1998/1999	75
1999/2000	79
2000/2001	87
2001/2002	91
2002/2003	103
2003/2004	106
2004/2005	107
2005/2006	109

#### Notes

- 1 Expenditure on benefit advances and Recoverable Assistance Programme payments in years ended June.
- 2 Expenditure has been smoothed using a two-month moving average. Benefit advances are not subject to taxation.
- 3 Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

Significant variation in monthly expenditure on benefit advances and Recoverable Assistance Programme payments (see figure 4.17) reflects seasonal variation in the number of benefit advances made.



figure  
4.17**Trends in monthly expenditure on benefit advances and Recoverable Assistance Programme payments****Notes**

- 1 Expenditure on benefit advances and Recoverable Assistance Programme payments in years ended June.
- 2 Expenditure is adjusted for the number of benefit advances and Recoverable Assistance Programme payments made during the month and smoothed using a two-month moving average. Benefit advances and Recoverable Assistance Programme payments are not subject to taxation.
- 3 Expenditure data in this graph differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.

**Student Allowance Transfer Grant**

Student Allowance Transfer Grants are available to clients (or their partners) if they are in hardship during the stand-down week between ceasing receiving a Student Allowance and their first payment of a main benefit. Student Allowance Transfer Grants were introduced on 1 October 2002.

**Eligibility for Student Allowance Transfer Grants**

To qualify for a Student Allowance Transfer Grant, clients 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)
- 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, or
  - the tertiary provider has lost their accreditation
- 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.

The amount of the grant payable in the stand-down week 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).

Income and asset limits for the Student Allowance Transfer Grant (see table 4.40) depend on the circumstances of the client.

table  
4.40**Asset and income limits for Student Allowance Transfer Grants (applicable from 1 April 2006)**

Circumstances of client	Income limit <sup>1</sup>	Asset limit <sup>2</sup>
Married couple without dependent children	\$270.26	\$1,449.34
Married couple with dependent children	None	\$1,449.34
Sole parent with one child	None	\$1,142.09
Sole parent with two or more children	None	\$1,226.85

## Notes

- Income limits (per week before tax) at 1 April 2006.
- Asset limits at 1 April 2006.

The Student Allowance Transfer Grant is non-recoverable and non-taxable.

**Number of Student Allowance Transfer Grants provided**

The annual number of Student Allowance Transfer Grants provided has decreased since 2002/2003 (see table 4.41), reflecting at least in part decreases in the number of students receiving a Student Allowance. Almost all of the Student Allowance Transfer Grants provided since 2002/2003 were provided to students who were transferring from a Student Allowance to an unemployment-related benefit (see table 4.41). The overwhelming majority of these students were transferring to an Unemployment Benefit – Hardship – Student.

The use of and expenditure on Student Allowance Transfer Grants is highly seasonal, with nearly 90% of these grants made between November and January.

table  
4.41**Trends in the type of main benefit applied for by clients granted a Student Allowance Transfer Grant**

Type of main benefit applied for when Student Allowance Transfer Grant granted	Student Allowance Transfer Grants provided <sup>1</sup>			
	2002/2003 <sup>2</sup> Number	2003/2004 Number	2004/2005 Number	2005/2006 Number
Unemployment-related benefits <sup>3</sup>	2,518	2,206	1,861	1,454
Carer's benefits <sup>4</sup>	121	87	67	64
Sickness-related benefits <sup>5</sup>	0	2	0	0
Invalid's Benefit	45	33	37	29
Widow's Benefit	0	0	1	0
Transitional Retirement Benefit <sup>6</sup>	0	0	0	0
Emergency Benefit	8	4	8	6
No main benefit <sup>7</sup>	10	8	11	4
<b>Total</b>	<b>2,702</b>	<b>2,340</b>	<b>1,985</b>	<b>1,557</b>

## Notes

- Numbers of Student Allowance Transfer Grants provided in years ended June.
- Includes nine months October 2002 – June 2003.
- Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to trainees and Independent Youth Benefits.
- Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.
- Includes Sickness Benefits and Sickness Benefits – Hardship.
- This benefit was abolished on 1 April 2004.
- Includes clients receiving an Orphan's Benefit or an Unsupported Child's Benefit.

### Expenditure on Student Allowance Transfer Grants

Total annual expenditure on Student Allowance Transfer Grants has decreased since 2002/2003, while the average size of each grant has fluctuated (see table 4.42). The decrease in expenditure on Student Allowance Transfer Grants largely reflects decreases in the number of students receiving a Student Allowance.

table  
4.42

#### Trends in annual expenditure on Student Allowance Transfer Grants

	Expenditure on Student Allowance Transfer Grants <sup>1</sup>			
	2002/2003 <sup>2</sup> Amount	2003/2004 Amount	2004/2005 Amount	2005/2006 Amount
Total expenditure (\$000)	640	573	495	380
Average value per payment (\$)	237	245	249	244

#### Notes

- 1 Expenditure on Student Allowance Transfer Grants recorded in SWIFTT during the year ended June.
- 2 Includes nine months' expenditure on Student Allowance Transfer Grants (October 2002 – June 2003).

## Section 5 Services to students

### Assistance available to students

MSD provides assistance to students through its StudyLink service line. The eligibility of students for this assistance depends on the age and circumstances of the student, as well as the nature of the course they are undertaking and of the education provider at which they are enrolled.

MSD assistance that is available to students comprises:

- Student Allowances
- Student Loans
- main benefits during study breaks
- supplementary assistance
- scholarships
- job search assistance during study breaks.<sup>ii</sup>

This report entered publication before the end of the 2006 academic year and is therefore restricted to information up to the end of the 2005 academic year.

### Student Allowance

The Student Allowances Scheme was introduced in 1989 to provide living support for New Zealand students studying full-time toward recognised tertiary qualifications and for adults studying full-time at secondary school. The aim of the scheme is to ensure that the need to meet day-to-day living expenses does not act as a barrier to full-time education for students from low and middle socio-economic groups.

#### *Eligibility for Student Allowance*

A Student Allowance is available to people who are:

- aged 18 years or over, or aged 16–17 if they meet criteria based on their circumstances
- enrolled as a full-time student
- on a recognised programme at an approved education provider
- either:
  - a New Zealand citizen, or
  - a permanent resident of New Zealand who has lived in New Zealand for at least two years and has held “permanent residency status” for at least two years.

Income tests are applied to the Student Allowance received by the student and the income of the student’s spouse (if any). An income test is also applied to the income of the parents of most students who have no children and who are aged under 25 years. Tests of academic achievement (to secure continued access to a Student Allowance) also apply.

Students who are not studying full-time may be eligible for a Student Allowance 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.

<sup>ii</sup> The Ministry of Social Development contracts Student Job Search to provide assistance to tertiary students looking for holiday and in-term employment – the majority of tertiary students use this service to find employment in the summer break. Work and Income also assists students in areas where Student Job Search is not available.

If a student is eligible for a Student Allowance and is living away from home, they are entitled to an Accommodation Benefit payable under the Student Allowances Scheme. This is a contribution towards their accommodation costs, up to a maximum of \$40 per week or \$60 per week for single students with a child or children.

### *Payment rates for Student Allowance*

A Student Allowance is available at different rates depending on the circumstances of the student and on their assumed living costs. For students who are living with one or both parents, or with an earning partner in a recognised relationship, a Student Allowance is paid at a discounted rate to reflect the lower living costs these students are likely to experience compared with students living away from home.

Table 5.1 shows the maximum net rate at which Student Allowances were paid between 1 April 2005 and 31 March 2006.

**table  
5.1**

**Maximum payment rates for Student Allowances (effective from 1 April 2005)**

Type of Student Allowance	Status	No children	One child	2 or more children
Single 16–24 years	Away from home	\$140.48		
	At home	\$112.98		
Single 25+ years	Away from home	\$168.59		
	At home	\$134.86		
Couple allowance – both students, no children	One eligible	\$168.59		
	Both eligible (each)	\$140.48		
Couple allowance – dependent spouse, no children		\$280.96		
Single student with dependent children			\$241.47	\$241.47
Couples – both students with dependent children	One eligible		\$241.47	\$241.47
	Both eligible (each)		\$140.48	\$140.48
Couples – dependent spouses with dependent children			\$280.96	\$280.96
Students in independent circumstances		\$140.48		
Earning spouse	Away from home	\$90.73		
	At home	\$60.91		

### *Trends in the number of students receiving a Student Allowance*

The number of Student Allowance recipients has declined steadily since 2001 (see table 5.2). The main reason for the decline is that the strength of the economy and the labour market over that period has meant that fewer students have met the targeting provisions of the allowances scheme.

Between 2004 and 2005, the proportion of Student Allowance recipients who were receiving targeted allowances for living away from home increased (from 51% to 57%). Over the same period, the proportion of these students who were receiving targeted Student Allowances for 16–24 year olds also increased (from 40% to 49%) (see table 5.2).

table  
5.2

## Trends in the type of Student Allowances received

Type of Student Allowance received	Students receiving Student Allowances <sup>1</sup>				
	2001 Number	2002 Number	2003 Number	2004 Number	2005 Number
Single 16–24 years – targeted away from home	20,312	18,910	16,349	14,742	17,585
Single 16–24 years – targeted at home	12,460	11,847	10,407	9,555	10,295
Single 25+ years – targeted away from home	17,200	17,462	16,822	16,260	15,011
Single 25+ years – targeted at home	2,260	2,272	2,129	1,977	1,873
Couple allowance – both students, no children	800	820	876	1,054	149
Couple allowance – both students <sup>2</sup>	0	0	0	0	1,328
Couple allowance – dependent spouse, no children	1,660	1,706	1,728	1,722	137
Couple allowance – dependent spouse <sup>2</sup>	0	0	0	0	4,890
Single student with dependent children	1,771	1,843	1,846	1,756	1,522
Couples – both students with dependent children	796	737	748	836	65
Couples – one student with dependent children <sup>2</sup>	0	0	0	0	153
Couples – dependent spouses with dependent children	4,960	4,680	4,176	4,028	232
Students in independent circumstances	6,468	7,087	7,685	7,594	2,437
Earning spouse – at home	1,398	1,369	1,153	1,193	1,045
Earning spouse – away from home	146	136	117	109	84
<b>Total</b>	<b>70,231</b>	<b>68,869</b>	<b>64,036</b>	<b>60,826</b>	<b>56,806</b>

## Notes

- 1 Numbers of students recorded as receiving Student Allowances during years ended 31 December.  
 2 New types of Student Allowances introduced in the year ended 31 December 2005.

*Trends in expenditure on Student Allowances*

Decreases between 2002 and 2005 in expenditure on Student Allowances (see table 5.3) largely reflect decreases in the number of students receiving Student Allowances.

table  
5.3

## Trends in annual expenditure on Student Allowances

	Expenditure on Student Allowances <sup>1</sup>				
	2001 Amount	2002 Amount	2003 Amount	2004 Number	2005 Number
Total expenditure (\$m)	367	367	351	341	318

## Note

- 1 Expenditure on Student Allowances (excluding Accommodation Benefit) during years ended 31 December.

### Student Loans<sup>iii</sup>

The Student Loan Scheme was introduced in 1992 to assist students studying at tertiary level. The purpose of the scheme is to ensure that the costs of study are not a barrier to students undertaking tertiary study.

#### *Eligibility for Student Loans*

Student Loans are available to people who are:

- New Zealand citizens, permanent residents or refugees
- enrolled on a tertiary course approved by the Ministry of Education that is:
  - full-time or approved limited full-time
  - part-time and 32 weeks or longer, or
  - part-time and less than 32 weeks, with a course load of 0.3 EFTS or more, or
  - part-time for part of the year with a course load between 0.25 and 0.3 EFTS and enrolled in a course that meets certain vocational conditions and be in employment or studying for a qualification that will lead to employment.

To receive Student Loan living costs, students must be enrolled in a full-time or approved limited full-time course. Students enrolled on courses that are part-time and 32 weeks or longer may receive a loan for fees and course-related costs only. Students enrolled on courses that are part-time and less than 32 weeks can only receive a Student Loan for fees. Full-time students can receive a loan for course fees, course-related costs, and living costs to a maximum of \$150 per week. If a student or their partner receives a Student Allowance of \$150 a week or more after tax, they may receive a Student Loan only for compulsory fees and course-related costs.

People who are currently bankrupt or who are on a course already paid for by the Government (such as Training Opportunities) are not eligible to receive a Student Loan.

Prisoners are eligible to access Student Loans for compulsory fees and course-related costs, subject to the agreement of the prison authority. Prisoners are not able to receive living costs unless they are on home detention.

#### *Accessibility of funds through Student Loans*

Limits have been established that prescribe maximum drawings that students may make from their Student Loan (see table 5.4).

**table  
5.4**

**Maximum amount available for Student Loans, by component (applicable over the 2005 academic year)**

Component of Student Loan	Maximum amounts available
Course fees (annual) <sup>1</sup>	Total fee cost
Course-related expenses (annual) <sup>2</sup>	\$1,000.00
Living costs (weekly) <sup>3</sup>	\$150.00

**Notes**

- 1 Payment of fees is reduced by any Training Incentive Allowance (available to some main benefit recipients) that is provided to pay fees.
- 2 Payment of course-related expenses is reduced by some of the Training Incentive Allowance (available to some main benefit recipients) that is provided to pay course-related expenses.
- 3 Payment of living costs is restricted to periods when the student is studying full-time and is reduced by any Student Allowance payments received.

<sup>iii</sup> Further information on use of the Student Loan Scheme is available from the Student Loan Scheme Annual Report published by the Ministry of Education. This report contains information on use of the Student Loan Scheme which is supplied by the Ministry of Education, StudyLink and Inland Revenue.

### *Trends in the number of students making drawings against Student Loans*

This section shows information about students making drawings against Student Loans during the calendar years (ended 31 December) indicated. It excludes information about drawings made against Student Loans in earlier calendar years, and therefore does not show the total levels of debt that students have accumulated through the Student Loan Scheme.

The number of students making drawings against Student Loans decreased between 2004 and 2005, following increases since 2001 (see table 5.5).

Of students making drawings against Student Loans over the last five years:

- around 44% drew a total of less than \$5,000 over the calendar year, while between 36% and 39% drew between \$5,000 and \$10,000 (see table 5.5)
- an increasing proportion were not receiving a Student Allowance (71% in 2005, compared with 62% in 2001) (see table 5.6)
- between 46% and 49% were attending a university, while between 24% and 27% were attending a polytechnic (see table 5.7).

**table  
5.5**

### **Trends in the annual amount per student drawn against Student Loans**

Amount drawn against Student Loan in the year ended 31 December	Students making drawings against Student Loans <sup>1</sup>				
	2001 Number	2002 Number	2003 Number	2004 Number	2005 Number
Under \$5,000	65,223	68,111	70,428	70,233	67,095
\$5,000 – \$9,999	58,307	56,056	57,143	56,975	55,573
\$10,000 – \$14,999	22,612	23,899	26,089	27,539	28,815
\$15,000 – \$19,999	1,484	1,608	1,515	1,507	1,937
\$20,000 – \$29,999	346	430	407	428	537
\$30,000 – \$39,999	71	119	142	115	153
\$40,000 – \$49,999	19	85	116	89	135
\$50,000 or over	80	218	410	146	166
<b>Total</b>	<b>148,142</b>	<b>150,526</b>	<b>156,250</b>	<b>157,032</b>	<b>154,411</b>

Note

<sup>1</sup> Numbers of students recorded as making drawings against Student Loans during years ended 31 December.



table  
5.6**Trends in the type of Student Allowances received by students making drawings against Student Loans**

Type of Student Allowance received when drawing made against Student Loan	Students making drawings against Student Loans <sup>1</sup>				
	2001 Number	2002 Number	2003 Number	2004 Number	2005 Number
Single 16–24 years – targeted away from home	16,966	15,943	13,861	12,487	14,989
Single 16–24 years – targeted at home	8,512	8,171	7,362	6,817	7,489
Single 25+ years – targeted away from home	14,229	14,035	13,553	13,084	12,154
Single 25+ years – targeted at home	1,695	1,690	1,555	1,480	1,407
Couple allowance – both students, no children	667	689	758	917	107
Couple allowance – both students <sup>2</sup>	0	0	0	0	1,122
Couple allowance – dependent spouse, no children	1,270	1,297	1,320	1,330	63
Couple allowance – dependent spouse <sup>2</sup>	0	0	0	0	3,715
Single student with dependent children	1,571	1,591	1,589	1,449	1,254
Couples – both students with dependent children	685	652	641	694	34
Couples – one student with dependent children <sup>2</sup>	0	0	0	0	136
Couples – dependent spouse with dependent children	3,919	3,632	3,259	2,998	96
Student in independent circumstances	5,455	6,009	6,648	6,590	1,993
Earning spouse – at home	1,184	1,147	933	953	807
Earning spouse – away from home	121	109	99	91	65
Not receiving any Student Allowance	91,868	95,561	104,672	108,142	108,980
<b>Total</b>	<b>148,142</b>	<b>150,526</b>	<b>156,250</b>	<b>157,032</b>	<b>154,411</b>

## Notes

<sup>1</sup> Numbers of students recorded as making drawings against Student Loans during years ended 31 December.

<sup>2</sup> New allowance types in the year ended 31 December 2005.

table  
5.7**Trends in the type of institutions attended by students making drawings against Student Loans**

Type of institution attended when drawing made against Student Loan	Students making drawings against Student Loans <sup>1</sup>				
	2001 Number	2002 Number	2003 Number	2004 Number	2005 Number
College of Education	5,279	5,457	5,559	5,314	2,483
Polytechnic	40,637	41,787	41,727	40,013	37,243
Private Training Establishment	28,404	25,551	27,485	28,459	30,633
University	68,384	71,451	73,774	74,671	76,163
Wānanga	2,826	3,671	4,559	4,587	4,466
Polytechnic and University	691	736	929	1,192	1,050
Polytechnic and other institution(s) <sup>2</sup>	943	964	1,113	1,252	988
University and other institution(s) <sup>2</sup>	745	731	843	1,203	1,092
Polytechnic, university and other institution(s) <sup>2</sup>	35	31	34	51	46
Miscellaneous combination <sup>2</sup>	162	137	216	284	245
Unknown	36	10	11	6	2
<b>Total</b>	<b>148,142</b>	<b>150,526</b>	<b>156,250</b>	<b>157,032</b>	<b>154,411</b>

**Notes**

- 1 Numbers of students recorded as making drawings against Student Loans during years ended 31 December.
- 2 Students may enrol to study at more than one institution at the same time. In these cases, table 5.7 shows all types of institutions where students were enrolled at the time of making a drawing against a Student Loan.

***Trends in the purpose of drawings against Student Loans***

Please note that the numbers of students making drawings against each component of their Student Loan do not add to the total number of students making one or more drawings shown in tables 5.5–5.7 above. This is because a student may make drawings against more than one Student Loan component (eg course fees and living costs) during the same academic year.

The number of students making drawings against course fees decreased in 2005 after increasing between 2001 and 2004 (see table 5.8), reflecting changes in the total number of students making drawings against Student Loans. The numbers of students making drawings against course-related costs and against living expenses also decreased in 2005, continuing a trend first apparent in 2004 (see table 5.8). These changes reflect the impact of:

- an increase in the number of part-time students, who have lower entitlements under the Student Loan scheme, face lower costs, and are more likely to finance their studies from other sources
- strengthening economic conditions, which provide greater opportunity for students to obtain part-time work while studying
- the StudyWise initiative implemented by StudyLink, which encourages students to budget for the costs of education, consider the costs of borrowing, and explore alternative options when financing their study.

table  
5.8**Trends in the number of drawings made against Student Loan components**

Student Loan component	Number of students making drawings against Student Loan components <sup>1</sup>				
	2001 Number	2002 Number	2003 Number	2004 Number	2005 Number
Course fees	138,334	139,323	144,678	145,549	143,406
Course-related costs	94,319	96,563	101,664	98,506	94,782
Living expenses	77,405	77,699	79,373	77,507	73,668

Note

1 Numbers of students making drawings against Student Loan components during years ended 31 December.

**Scholarships****Step Up Scholarships**

The Step Up Scholarship Scheme was piloted by StudyLink in 2004, and is aimed at students from low-income backgrounds who are studying approved full-time tertiary degree courses in the area of human or animal health and science or technology. In 2006, 240 scholarships were awarded to students undertaking animal or human health studies and 122 to students undertaking science and technology studies.

The scholarship helps to pay the compulsory fees for these courses providing all the terms and conditions of the scheme are met for the length of the qualification. Students are required to make a contribution towards their tuition fees of \$1,000 for human or animal health and \$2,000 for science and technology courses, which can be paid using a Student Loan. There is a bonding requirement for Step Up recipients to stay in New Zealand after graduation. A portion of the scholarship will be required to be repaid if a student does not stay in New Zealand for the applicable period.

To be eligible for Step Up Scholarships a student needs to:

- be entitled to, and have applied for or be receiving, a Student Allowance
- have course costs of at least \$3,000
- start each year of study between January and March
- be aged between 16 and 24 for human or animal health study, or have left secondary school within the last two years for science or technology study.

**Bonded Merit Scholarships**

Bonded Merit Scholarships are new scholarships available from 1 January 2006. Five hundred Bonded Merit Scholarships were awarded in 2006, which will increase to 1,000 in 2007. The scholarship is awarded to second year full-time tertiary students enrolled in bachelor degree study and recognises top academic achievement. To be eligible a student must have, and maintain, a B-grade average or higher.

The aim of Bonded Merit Scholarships is to provide an incentive for high-achieving students to remain in New Zealand once they have completed study. The Scholarship will pay \$3,000 each year towards course fees for a maximum of four years. Students who receive the Bonded Merit Scholarship will be required to remain in New Zealand for a period of time after they complete their degree. Students who do not remain in New Zealand for the applicable period are required to repay a portion of the scholarship they received.

**Other scholarships**

StudyLink is responsible for administering the payments for the following scholarships: Family and Community Services (FACS) Study Awards, Top Scholar,<sup>iv</sup> and Teach NZ. Recipients for these scholarships are decided by FACS, New Zealand Qualifications Authority, and Ministry of Education respectively.

iv The Top Scholar Scheme replaced "A" and "B" Bursaries in 2005.

### **Main benefits**

StudyLink primarily administers and assesses eligibility for Unemployment Benefits – Hardship – Students. This agency also assesses the eligibility for Unemployment Benefit or Emergency Benefit of 16–17 years olds who have been receiving a Student Allowance or have not previously been in full-time study.

#### ***Unemployment Benefit – Hardship – Students***

Unemployment Benefits – Hardship – Students are paid weekly to help students and prospective students meet living costs during the study breaks. The amount paid depends on the client's personal situation such as age, living arrangements, income and assets.

To qualify for an Unemployment Benefit – Hardship – Students, students needs to be aged 18 or over, aged 16–17 and living with a partner and children, or aged 16–17 and approved for the Independent Circumstances Allowance administered by StudyLink. In addition, applicants must have either:

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

In addition, all applicants for an Unemployment Benefit – Hardship – Students are required to:

- meet asset and residency tests
- actively seek full-time work during their study break, and to register with Student Job Search or Work and Income as part of this search.

### **Supplementary assistance**

The following supplementary assistance is available to students:

- Accommodation Supplement
- Student Allowance Transfer Grant
- Community Services Cards
- Away from Home Allowance
- Training Incentive Allowance
- Family Assistance
- Work Start Grant
- Disability Allowance
- Child Disability Allowance
- Childcare Subsidy and OSCAR (Out of School Care and Recreation) Subsidy
- Emergency assistance.

### **Job search**

The Ministry of Social Development contracts Student Job Search to provide assistance to tertiary students looking for holiday and in-term employment and to assist in the administration of the Unemployment Benefit Student Hardship. Work and Income also assists students in areas where Student Job Search is not available.

## Section 6 Additional information

### Community Services Card

#### Introduction

The Community Services Card is an entitlement card available to people on low to middle incomes or receiving income support. The card may be used to obtain higher subsidies on doctors' fees and prescriptions and to access secondary health services from public hospitals.

People receiving main benefits, Veteran's Pensions and the Residential Care Subsidy automatically receive a Community Services Card (and subsequent replacement cards), so they do not have to complete application forms. Most students in receipt of a Student Allowance are also issued cards automatically.

People who are working need to complete an application form in order to have their eligibility for a Community Services Card assessed. People receiving New Zealand Superannuation must apply for their first Community Services Card. Once the first application has been made, card renewal is automatic for more than 80% of people receiving New Zealand Superannuation.

The Ministry of Health commenced the implementation of Primary Health Organisations (PHOs) from 1 July 2002. The establishment of PHOs has affected the number of cards issued. There are two kinds of PHOs:

- "access" organisations, which receive maximum funding and whose patients are fully subsidised. People enrolled with an access PHO rarely need their Community Services Card for primary care services (GP visits and prescriptions), although the card is still necessary in order to access other health services
- "interim" organisations, which are partially funded. People enrolled with these PHOs may require a Community Services Card in order to gain the full subsidy available.

Ministry of Health officials have advised that, as additional subsidy funding is allocated to all PHOs across New Zealand, the need to use a Community Services Card in order to access subsidies for primary health services will reduce. It is anticipated that, by July 2009, the Community Services Card may be phased out as a means for obtaining primary health service subsidies. During the transition period, the Ministry of Health has charged MSD with ensuring that all people who are eligible for the Community Services Card are encouraged to apply for and retain their cards.

The card is still required by people who wish to access secondary health services provided by public hospitals and District Health Boards. The card is also used by other central and local government agencies as a mechanism for targeting services to low income people. These services include:

- assistance with text telephone rental (Ministry of Economic Development)
- TeachNZ Early Childhood scholarships (Ministry of Education)
- reduction or remission of fees for national secondary school qualifications (New Zealand Qualifications Authority).

In August 2005, the Ministry of Health released its National Travel Assistance policy, which included the Community Services Card as a component of its eligibility criteria. This policy became effective from 1 January 2006.

#### Trends in the number of Community Services Cards on issue

The decreases evident since 2002 in the number of Community Services Cards on issue (see table 6.1) have slowed in the last year. These decreases reflect several factors, including:

- the decrease in the number of people receiving main benefits
- increases in the adult minimum and ordinary weekly wages, which mean fewer people are eligible for cards
- the progressive roll-out of PHO funding, which has meant that fewer people need a card to access subsidies on primary health services

- people under 25 years of age and those aged 45 and upwards no longer require a card to access subsidies. People aged between 25 and 44 years will become entitled to full health subsidies from July 2007
- increases between 2005 and 2006 in the numbers of Family Support recipients holding a Community Services Card.

Of the holders of Community Services Cards since 2002 (see table 6.1):

- between 39% and 44% have been receiving a main benefit
- around 29% have been receiving New Zealand Superannuation.

table  
6.1

### Trends in the category of clients holding Community Services Cards

Category of clients card are issued to	Community Services Cards on issue <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Low-income earners and students not receiving Student Allowance <sup>2</sup>	108,430	104,894	83,791	75,640	68,055
Family Support recipients <sup>3</sup>	145,047	141,717	132,951	130,874	152,782
War Pension recipients	5,395	5,355	5,389	5,169	6,773
Students <sup>2</sup>	–	14,736	41,390	43,660	41,817
Main benefit recipients <sup>4,5</sup>	482,031	463,823	435,009	409,608	397,866
New Zealand Superannuation recipients <sup>6</sup>	311,211	311,018	310,133	305,810	301,883
Residential Care Subsidy recipients	19,747	19,743	19,640	19,419	21,022
Families not receiving Family Assistance	26,612	27,674	24,958	24,260	23,526
<b>Total</b>	<b>1,098,473</b>	<b>1,088,960</b>	<b>1,053,261</b>	<b>1,014,440</b>	<b>1,013,724</b>

#### Notes

- 1 Number of Community Services Cards on issue at 30 June. Cards are issued to adults in family units. A family unit can be a single person, or a couple and their dependent children.
- 2 Between July 2000 and June 2003, “low-income” included students receiving a Student Allowance who were granted a Community Services Card as low-income earners. Since June 2003, most students who receive a Student Allowance have had cards automatically issued. Students who are not entitled to Student Allowance must apply as low income earners.
- 3 “Family Support” includes both Group 1 (unabated) and Group 2 (abated) Family Support recipients, who have both been subsidised at Group 1 Family Support levels since July 1993.
- 4 “Main benefit recipients” includes students receiving an Unemployment Benefit – Hardship – Student or an Emergency Benefit.
- 5 The number of people in receipt of a main benefit as at 30 June does not correspond with the number of such people issued with a Community Services Card shown above. This is because the above numbers include:
  - spouses of people receiving main benefits
  - people who ceased receiving main benefits in the last 12 months whose card has an expiry date after the cessation of their benefit.
- 6 The number of people receiving New Zealand Superannuation does not correspond with the number of New Zealand Superannuation recipients issued with a Community Services Card shown above. This is because income tests for a Community Services Card exclude some people who receive New Zealand Superannuation from receiving a card.

### Trends in the number of Community Services Cards manually issued and renewed

The decreases evident since 2001/2002 in the number of new Community Services Cards manually issued each year have slowed in the last year (see table 6.2). These decreases reflect the impact of:

- the ongoing establishment of PHOs, which reduces the need for patients to hold Community Services Cards
- higher average weekly wages, which mean that fewer families are now eligible for cards
- increases between 2004/2005 and 2005/2006 in the number of new and renewed cards issued to recipients of Family Support.

Between 2004/2005 and 2005/2006, the proportion of new cards which were issued to Family Support recipients increased from 35% to 43%, with a corresponding fall in the proportion issued to low-income clients and students (from 42% to 34%). This reflects:

- decreases in numbers of people receiving benefits
- the ongoing impact of the Working for Families package through:
  - families being made aware of their entitlement to Family Assistance and to a Community Services Card
  - increased numbers of families being entitled to Family Assistance.

Since 2002, between 74% and 77% of the Community Services Cards reissued have been provided to low-income earners and students (see table 6.2). This group is expected to continue to decrease, due to several factors including:

- people in the 25–44 year age group becoming eligible for fully funded services from PHOs
- changes to the minimum and average wage levels.

table  
6.2

**Trends in the number of manual issues and renewals of Community Services Cards**

Type of new and renewed Community Services Cards	Community Services Cards manually issued and renewed <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>New cards</b>					
Low-income earners and students	63,919	61,762	50,955	48,672	41,951
Family Support recipients <sup>2</sup>	48,664	45,093	39,682	41,331	53,590
New Zealand Superannuation recipients	11,781	13,328	12,755	10,645	13,018
Families not receiving Family Assistance	17,498	19,094	16,430	16,481	15,698
<b>Total</b>	<b>141,862</b>	<b>139,277</b>	<b>119,822</b>	<b>117,129</b>	<b>124,257</b>
<b>Renewed cards</b>					
Low-income earners and students	58,076	57,053	48,598	41,097	35,177
Family Support recipients <sup>2</sup>	–	–	–	–	–
New Zealand Superannuation recipients	12,089	9,921	7,316	6,970	5,527
Families not receiving Family Assistance	8,640	8,452	7,404	6,548	5,979
<b>Total</b>	<b>78,805</b>	<b>75,029</b>	<b>63,318</b>	<b>54,615</b>	<b>46,683</b>
<b>All cards issued and renewed</b>					
Total (includes issue of renewed cards)	220,667	214,685	183,140	171,744	170,940

Notes

- 1 Numbers of new Community Services Cards manually issued and Community Services Cards renewed in years ended 30 June.
- 2 All cards manually issued to Family Support recipients (both new cards and renewals) are coded as new cards each year. Separate counts of renewals of cards held by Family Support recipients are not available.

### Trends in expenditure on Community Services Cards

Expenditure on claims for partial reimbursement of health charges under the Community Services Card Scheme is affected by a number of factors, including:

- seasonal variations (eg a mild winter tends to mean fewer claims than otherwise)
- the presence or absence of clusters of claims from or on behalf of high users, which can also affect trends across years.

Expenditure on Community Services Card reimbursements has decreased since 2002/2003, with a particularly marked decrease between 2003/2004 and 2004/2005 (see table 6.3). This reflects the ongoing implementation of subsidies for people enrolled in PHOs as well as the other factors outlined above.

table  
6.3

### Trends in annual expenditure on Community Services Cards

	Expenditure on Community Services Cards <sup>1,2</sup>				
	2002 Amount (\$000)	2003 Amount (\$000)	2004 Amount (\$000)	2005 Amount (\$000)	2006 Amount (\$000)
Total	321	326	318	227	217

#### Notes

- 1 MSD expenditure on partial claims against Community Services Cards in years ended 30 June.  
2 MSD expenditure on Community Services Card subsidies is reimbursed by the Ministry of Health.

## Benefit Control

### Background

The Benefit Control Unit covers activities to protect the integrity of the benefit system offered by MSD. Activities include:

- preventing fraud and abuse
- conducting early intervention interviews
- identifying discrepancies through data matching
- investigating suspected irregularities
- deterring abuse of the benefit system
- sanctioning persons involved in fraud.

Data matching is currently undertaken with Inland Revenue, the Department of Corrections, the New Zealand Customs Service, the Department of Internal Affairs for registered deaths and marriages, and the Accident Compensation Corporation. The purpose of these matches is to detect clients who are or have been in receipt of benefits or financial assistance to which they may not be entitled, or to prevent unnecessary debt. Following the implementation of a number of matches in fiscal 2006 there are plans to extend the range of agencies with which MSD matches data. The next new data match to be implemented will be with the Housing New Zealand Corporation which will commence during the 2006/2007 fiscal year. Students will be incorporated into the existing Customs match in the 2006/2007 year and are now in the new data matches.

### Trends in Benefit Control area cases investigated and overpayments identified

The decrease in 2005/2006 of both the number of cases being investigated and the overpayments identified (see table 6.4) reflects the focus by the Area Benefit Control teams on more serious and complex cases which require greater effort and resources to resolve. It also highlights the Early Intervention strategies which are designed either to prevent fraud from being committed or to detect it at an early stage.



table  
6.4**Trends in Area Benefit Control statistics**

Financial year <sup>1</sup>	Number of cases investigated	Overpayments identified Amount (\$)
2001/2002 <sup>2</sup>	47,835	47,506,880
2002/2003	49,813	42,723,950
2003/2004	53,631	50,048,006
2004/2005	55,632	41,455,851
2005/2006	45,992	35,757,865

## Notes

- 1 Financial years ended 30 June.
- 2 The 2002 year includes three months as part of the Department of Work and Income and nine months as part of MSD.

**Trends in data matching cases investigated and overpayments identified**

The increase in case numbers in 2005/2006 reflects the introduction of new data matches which include students. While the next fiscal year will see the introduction of a further data match, work is being undertaken to review the data matching programmes to ensure the way they operate is focused on a revised outcomes framework that underpins MSD's work on the integrity of the benefit system. There is a potential that this may impact on the current trend.

table  
6.5**Trends in data matching Benefit Control statistics**

Financial year <sup>1</sup>	Number of cases investigated	Overpayments identified Amount (\$)
2001/2002 <sup>2</sup>	47,169	33,945,242
2002/2003	41,122	31,275,937
2003/2004 <sup>3</sup>	47,079	28,683,298
2004/2005 <sup>4</sup>	71,604	29,454,045
2005/2006 <sup>5</sup>	74,771	29,426,079

## Notes

- 1 Financial years ended 30 June.
- 2 The 2002 year includes three months as part of the Department of Work and Income and nine months as part of MSD.
- 3 The 2004 year includes overpayments of \$367,353 from the Client Review Process Initiatives that are aligned to Early Intervention.
- 4 The 2005 year includes overpayments of \$311,340 from the Client Review Process Initiatives that are aligned to Early Intervention.
- 5 The 2006 year includes overpayments of \$364,728 from the Client Review Process Initiatives that are aligned to Early Intervention.

## Debt Management

### Background

The Debt Management unit forms part of Integrity Services and is responsible for the recovery of Crown debt,<sup>v</sup> and for analysis and advice on all aspects of debt management. This unit also has a lead role in developing MSD debt strategies to minimise debt establishment.

New debts are established when a change in circumstances reduces a client's benefit entitlement or as a result of fraudulent activity. The Ministry also administers the payment of Recoverable Assistance. This is extra assistance paid to a client where an immediate need is clearly demonstrated. Recoverable assistance is required to be repaid by the client.

### Trends in debt values

The value of debt transactions in 2005/2006 are similar to those observed in 2004/2005 (see table 6.6). The value of debt established has generally declined since 2000/2001 as a result of increased emphasis on debt prevention, particularly initiatives to both prevent fraud and to detect fraud debt earlier. The decline in total debt established observed during 2005/2006 was lessened by the impact of increased Student Allowance debt establishment. From July 2005, MSD commenced data matching Student Allowance recipients with Inland Revenue, increasing the value of Student Allowance debt established.

The value of Recoverable Assistance increased significantly up to 2003/2004 as a result of Work and Income's efforts to ensure a client in need receives the extra assistance they are entitled to. The level of recoverable assistance paid has stabilised with lesser increases observed in the last two fiscal years.

Debt repaid or adjusted on review has increased in 2005/2006 as a result of increased student and benefit debt recovery. This represents a return to a more stable level after a series of one-off impacts skewed results from 2002 to 2004.

Overall the growth in debt value has slowed in 2005/2006 as a result of reduced debt established and greater debt recovery.

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<sup>v</sup> Debt Management is responsible for the recovery of non-current debt which consists mostly of benefit debts owed by clients who are no longer in receipt of a benefit but also includes: Student Allowance, fraudulent Student Loans, work debt, and aged debt as a result of now defunct programmes such as Liable Parent Contribution and Maintenance. Work and Income is responsible for the recovery of current debt, where clients with benefit debts are currently in receipt of a benefit.

table  
6.6**Trends in debt established, debt repaid and outstanding debt**

Financial year <sup>1</sup>	New debt established (\$m)	Recoverable Assistance paid (\$m)	Debt repaid or adjusted on review (\$m)	Outstanding debt at 30 June 2006 (\$m)
2000/2001	223.7	88.9	300.4	813.8
2001/2002	224.9	93.5	233.1 <sup>2</sup>	899.1 <sup>2</sup>
2002/2003	211.9	99.9	444.8 <sup>3</sup>	766.2
2003/2004	194.5	109.1	312.7	757.1
2004/2005	203.8	110.8	283.4	788.2
2005/2006	200.4	112.9	284.8	816.7

## Notes

- Financial years ended 30 June.
- Both debt adjusted on review and outstanding debt have been impacted by a financial reporting correction in June 2002. The total value of current benefit debt was previously understated by \$72m. The correction of this error has resulted in a decrease in debt adjusted on review and a corresponding increase in outstanding debt.
- In June 2002, MSD gained Ministerial approval to write off existing aged debt where all avenues of recovery have been proven to be exhausted. The write-off of these debts in 2002/2003 and to a lesser extent in 2003/2004 increased the value of debt repaid or adjusted on review. In April 2003, a portion of Residential Care Loan balances were transferred to the Ministry of Health which also contributed to the increased value of debt repaid or adjusted on review.

**Trends in debtor numbers**

The number of debtors has increased in each year except 2002/2003 when a large number of debts were written off, reducing debtor numbers. The increase in Benefit Debtor numbers has slowed in 2005/2006 as a result of an enduring period of lower benefit numbers. Liable Parent and Maintenance debtor numbers continue to decline as these programmes have been defunct for many years. Student Allowance debtor numbers have increased in 2005/2006 as a result of data matching Student Allowance recipients with IRD which commenced from July 2005.

table  
6.7**Trends in the number of debtors with open debts, by category**

Financial year <sup>1</sup>	Benefit debtors		Other debtors				Total debtors <sup>2</sup>
	Current clients <sup>3</sup>	Non-current clients <sup>4</sup>	Liable Parent Contributions <sup>5</sup>	Total Maintenance <sup>6</sup>	Student Allowances <sup>7</sup>	Work debt <sup>8</sup>	
2000/2001	170,561	121,613	28,653	9,792	3,480	609	334,708
2001/2002	173,296	127,788	26,639	8,691	3,729	624	340,767
2002/2003	176,025	108,709	10,240	4,825	3,817	637	304,253
2003/2004	182,491	114,888	8,341	3,025	4,209	101	313,055
2004/2005	185,551	123,931	7,219	2,607	4,208	96	323,612
2005/2006	189,561	126,513	6,430	2,253	10,834	113	335,704

## Notes

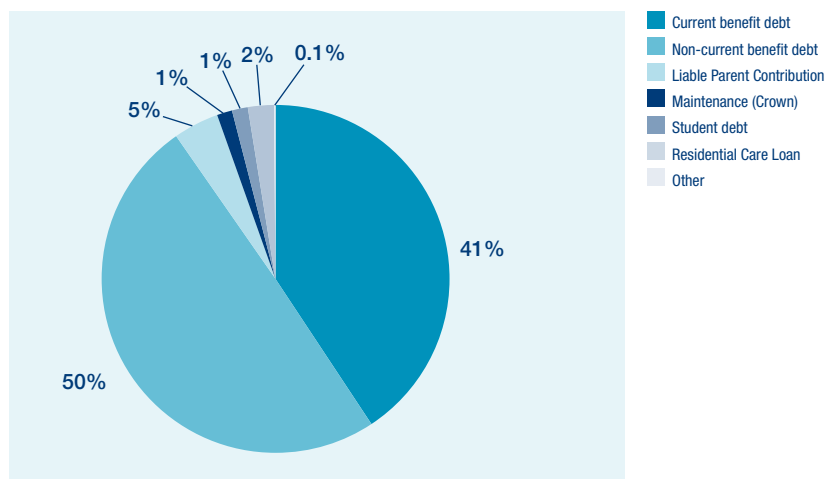
- Financial years ended 30 June.
- The total number of debtors may be overstated because of double-counting where a person has more than one type of debt.
- Debtors who are currently receiving income support from Work and Income and have had advances, grants or overpayments of income support.
- Debtors who are no longer receiving income support from Work and Income but who have had advances, grants or overpayments of income support.
- The Liable Parent Contribution Scheme ended in 1992. The number represents liable parents with arrears of payments.
- Administration of Maintenance Orders and registered agreements ended in 1992. The number represents Crown maintenance debtors with arrears of payments.
- Debtors who have received overpayments of Student Allowance. Prior to 1 January 1999, the Ministry of Education administered Student Allowance debt.
- Debtors who have received overpayment of employment-related grants and allowances. Prior to October 1998, the New Zealand Employment Service administered work debt.

### Debt composition

In total, 91% of all Crown debt is a result of benefit overpayment (including fraud) or recoverable assistance. Current benefit debt accounts for 41% of Crown debt, while non-current benefit debt accounts for 50% (see figure 6.1).

figure  
6.1

Total composition of Crown debt at 30 June 2006



## Payment overseas of New Zealand Superannuation and main benefits

### Introduction

There are two provisions that allow New Zealand Superannuation to be paid to overseas residents:

- the general portability provisions which apply to all countries with which New Zealand does not have a social security agreement or are not covered by the special portability arrangement for Pacific countries
- the special portability arrangement for Pacific countries which applies to 22 specified Pacific countries.

In addition, New Zealand has a network of social security agreements which allow both New Zealand Superannuation and some main benefits to be paid to overseas residents.

### Current social security agreements

New Zealand currently has social security agreements with Australia, the United Kingdom, the Netherlands, the Republic of Ireland, Greece (the Hellenic Republic), Canada, Denmark, and Jersey and Guernsey. An agreement was signed with Italy in June 1998, but it has not yet been ratified by Italy.

#### *Australia*

The agreement covers New Zealand Superannuation, Veteran's Pensions and Invalid's Benefits for people with severe disabilities. Under this agreement, individual pensioners receive dual payments (one from each Government, according to the proportion of the individual's working life spent in each country).

People going to Australia can use their periods of residence in New Zealand to help them qualify for an Australian pension covered by the agreement. Conversely, periods of residence in Australia will assist people coming to live in New Zealand to qualify for New Zealand benefits or pensions covered by the agreement.

Benefit reimbursements from New Zealand to Australia, which were calculated under the provisions of the previous agreement, continue to be made. Reimbursement amounts are set out in the new agreement and should phase out in approximately 2015. The reimbursement for the financial year beginning 1 July 2005 was \$AUD68.439 million.

At 30 June 2006, there were 3,960 people receiving Australian pensions in New Zealand. At the same date, there were 7,686 people receiving New Zealand income services in Australia. Twenty-nine people were receiving a Veteran's Pension, 1,543 people were receiving an Invalid's Benefit and 6,114 were receiving New Zealand Superannuation.

### ***The United Kingdom***

People going to the United Kingdom (UK) can use their periods of residence in New Zealand to help them qualify for a UK pension and certain other social security payments. People coming from the UK to New Zealand can use periods of UK residence to help them qualify for a New Zealand benefit. In addition, UK pensions are paid to New Zealand residents under UK domestic law.

There were 42,521 people receiving UK pensions in New Zealand at 30 June 2006.

### ***The Netherlands***

People who have lived in New Zealand for 12 months or more may, under the terms of the agreement, qualify for New Zealand Superannuation, Veteran's Pension, Invalid's Benefit, Widow's Benefit or Domestic Purposes Benefit for widowers while they are living in the Netherlands. The rate of payment is based on whole months of residence in New Zealand since age 20.

Anyone arriving in New Zealand from the Netherlands may use periods of residence or contributions made in the Netherlands to meet the residence criteria for New Zealand benefits within the scope of the agreement. A person who has limited residence, or who has made a limited number of insurance contributions in the Netherlands, may use New Zealand residence to help them qualify for a pension from the Netherlands.

At 30 June 2006, there were 3,207 people receiving Netherlands pensions in New Zealand. At the same date, there were 979 people receiving New Zealand income services in the Netherlands. Two people were receiving an Invalid's Benefit, one person was receiving a Widow's Benefit, and 976 people were receiving New Zealand Superannuation.

### ***The Republic of Ireland***

Under the agreement, former New Zealand residents who have lived or intend to live in the Republic of Ireland for more than 26 weeks may qualify for New Zealand Superannuation, Veteran's Pension, Widow's Benefit, Invalid's Benefit, Domestic Purposes Benefit for widowers or Orphan's Benefit. The rate of payment is based on whole months of residence in New Zealand since age 20. The agreement also allows payments of Irish social security benefits to qualifying New Zealand residents.

People coming to live in New Zealand from the Republic of Ireland may use periods of contributions to the Irish social security scheme as periods of New Zealand residence to assist them to meet the residence criteria for New Zealand income services.

At 30 June 2006, there were 105 people receiving New Zealand Superannuation in the Republic of Ireland and one person receiving an Invalid's Benefit. At the same date, there were 168 Irish pensions being paid in New Zealand.

### ***Greece (the Hellenic Republic)***

Under the agreement, former New Zealand residents who live or intend to live in Greece may qualify for New Zealand Superannuation, Veteran's Pension, Widow's Benefit, Invalid's Benefit or Domestic Purposes Benefit for widowers. The rate of payment is based on whole years of New Zealand residence since age 20. Orphan's Benefit and funeral grants are also payable at the full New Zealand rate.

People arriving in New Zealand from Greece may use periods of residence and/or insurance in Greece to qualify for New Zealand income services within the scope of the agreement. Periods of residence in New Zealand will also assist people who have made limited Greek insurance contributions to qualify for a Greek pension.

At 30 June 2006, there were six people receiving an Invalid's Benefit and 226 people receiving New Zealand Superannuation in Greece. At the same date, 12 Greek pensions had been granted to New Zealand residents under the agreement.

### ***Canada***

Under the agreement, former New Zealand residents who live or intend to live in Canada may qualify for New Zealand Superannuation, Veteran's Pension, Widow's Benefit, Invalid's Benefit or Domestic Purposes Benefit for widowers. The rate of payment is based on whole months of New Zealand residence since age 20.

Anyone arriving in New Zealand from Canada may use periods of residence or contributions made in Canada to meet the residence criteria for New Zealand income services within the scope of the agreement. Periods of residence in New Zealand will also assist people who have made limited contributions to the Canadian scheme, or who have insufficient periods of Canadian residence, to qualify for a Canadian pension.

At 30 June 2006, there were two people receiving Widow's Benefits, six people receiving an Invalid's Benefit and 378 people receiving New Zealand Superannuation in Canada. At the same date, there were 554 Canadian pensions being paid in New Zealand.

### ***Denmark***

Under the agreement, former New Zealand residents who live or intend to live in Denmark may qualify for New Zealand Superannuation, Widow's Benefit, Invalid's Benefit or Domestic Purposes Benefit for widowers. The rate of payment is based on whole months of New Zealand residence since age 20.

Anyone arriving in New Zealand from Denmark may use periods of residence or contributions made in Denmark to meet the residence criteria for New Zealand income services within the scope of the agreement. Periods of residence in New Zealand will also assist people 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 or New Zealand citizen.

At 30 June 2006, there were three people receiving an Invalid's Benefit and 52 people receiving New Zealand Superannuation in Denmark. At the same date, there were 80 Danish pensions being paid in New Zealand.

### ***Jersey and Guernsey***

Under the agreement, former New Zealand residents who live or intend to live in Jersey or Guernsey may qualify for New Zealand Superannuation, Veteran's Pensions, Widow's Benefit, Invalid's Benefit or Domestic Purposes Benefits for widowers. The rate of payment is based on whole years of New Zealand residence since age 20.

People coming to New Zealand who have made contributions to the Jersey or Guernsey social insurance schemes will be able to use those periods of insurance to qualify for New Zealand benefits within the scope of the agreement, which includes the Sickness Benefit. Periods of residence in New Zealand will also assist people who have made limited contributions to the Jersey or Guernsey insurance schemes to qualify for pensions available under those schemes.

At 30 June 2006, there were 56 people receiving New Zealand Superannuation in Jersey and Guernsey. At the same date, there were 149 Jersey or Guernsey pensions being paid in New Zealand.

### **Payments overseas under social security agreements**

At 30 June 2006, around 84% of the people receiving New Zealand pensions or income services while residing overseas were receiving New Zealand Superannuation. Of the people receiving New Zealand pensions or main benefits at 30 June 2006 while they were residing overseas, 75% were residing in Australia and 10% were living in the Netherlands.

### **Trends in the number of recipients of pensions or main benefits in New Zealand who qualify under social security agreements**

People who have come to New Zealand from overseas may qualify for some New Zealand pensions or main benefits under social security agreements because residency or social security contributions in another country are taken into account for meeting New Zealand residence requirements.

The total number of persons qualifying for New Zealand pensions or main benefits under international agreements has increased since 2002. This pattern has largely reflected increases in the number of people who qualified for New Zealand pensions or main benefits under the agreement with Australia (see table 6.8).

Since 2002, clients eligible under the agreement with Australia have formed an increasing proportion of persons qualifying for pensions or main benefits under international agreements (61% in 2006, compared with 19% in 2002) (see table 6.8). This reflects increasing numbers of clients qualifying under the agreement with Australia. There has been a corresponding fall in the proportion of people who were eligible under the agreement with the United Kingdom (see table 6.8).

table  
6.8**Trends in the number of clients qualifying for New Zealand pensions or main benefits under social security agreements, by country of reciprocity**

Country of reciprocity	Number of clients receiving New Zealand benefits or pensions who qualified by social security agreements <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Australia	1,099	1,800	3,822	6,331	8,870
Canada	197	235	282	320	390
Denmark	73	80	90	81	91
Greece	170	173	198	249	226
Ireland	80	106	138	140	123
Jersey and Guernsey	66	66	69	67	69
Netherlands	705	781	812	829	898
United Kingdom	3,524	3,693	3,899	3,782	3,860
<b>Total</b>	<b>5,914</b>	<b>6,934</b>	<b>9,310</b>	<b>11,799</b>	<b>14,527</b>

Note

<sup>1</sup> Numbers recorded as receiving payments at 30 June who qualified through social security agreements.

**Other provisions for payment of New Zealand Superannuation and Veteran's Pension overseas*****General portability***

Under the general portability provision, people eligible to receive New Zealand Superannuation or a Veteran's Pension in their own right may receive 50% of their payment while they are living outside New Zealand, provided that they are not living in a country that has a social security agreement with New Zealand. Applications under this provision must be made while the applicant is resident in New Zealand.

The uptake of the Payment Overseas programme has largely been from single people leaving New Zealand to return to the country of their birth. The principal destinations are Europe and North America.

At 30 June 2006, 193 people were receiving pension payments under the general portability provision.

***Special portability arrangement for Pacific countries***

People leaving New Zealand to reside in one of 22 Pacific countries can receive a rate of New Zealand Superannuation or a Veteran's Pension that is based on their New Zealand residence 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. People residing in New Zealand for 10–20 years since the age of 20 years are entitled to 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, they must be both resident and present in New Zealand and intending to live in the islands for 52 weeks or more.

Pacific countries covered by the arrangement are: American Samoa, the Cook Islands, the 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, and Wallis and Fortuna.

At 30 June 2006, New Zealand was paying 508 people under the special portability arrangements.



The significantly larger uptake of special portability as opposed to general portability reflects the more generous payment provisions of the former, the proximity of Pacific countries, and the close family links that are often maintained even after a person's immigration to New Zealand from a Pacific country.

### **Trends in total payments to New Zealanders living overseas**

New Zealanders living overseas may be eligible to receive New Zealand Superannuation or a Veteran's Pension under the special and general portability provisions of the Payment Overseas programme and under social security agreements.

At 30 June 2006, 10,201 New Zealanders living overseas were receiving payments of pensions or main benefits from New Zealand. Of these people, 8,607 were receiving New Zealand Superannuation, while 1,561 were receiving Invalid's Benefits, 30 were receiving Veteran's Pensions and three were receiving Widow's Benefits.

This reflects in part the fact that New Zealand Superannuation may be paid overseas to more countries than main benefits which are only paid overseas under an agreement. It may also reflect a higher propensity of retired people than of working aged beneficiaries to live in another country, which is often their country of origin.

### **Foreign pensions paid into New Zealand**

Please note that some people receive a reduced rate of New Zealand benefit because they are also receiving overseas pensions paid into New Zealand under social security agreements, or from non-agreement countries.

### **Trends in the number of Work and Income clients receiving overseas pensions**

The number of Work and Income clients who were also receiving overseas pensions has increased since 2002. Over this period, the proportion of these clients who were receiving a United Kingdom pension has decreased from 94% to 83%. Clients receiving an Australian pension accounted for most of the corresponding increase, although several other countries also showed small increases (see table 6.9).

table  
6.9**Trends in the number of Work and Income clients receiving an overseas pension, by country the pension is received from**

Country pension is received from	Number of Work and Income clients receiving an overseas pension <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Argentina	0	0	0	1	1
Australia	12	15	914	2,549	3,960
Austria	0	0	0	4	6
Barbados	1	1	3	3	3
Belgium	3	3	4	4	8
Bulgaria	0	0	3	4	10
Canada	141	210	306	387	554
Chile	0	0	1	0	0
China, People's Republic of	5	77	166	153	131
Cook Islands	0	0	0	0	2
Croatia	0	0	0	1	4
Czechoslovakia	0	0	2	2	4
Denmark	20	29	62	71	80
Egypt	0	0	1	0	0
Fiji	3	8	45	56	40
Finland	0	0	0	2	1
France	1	2	5	8	14
French Polynesia	0	0	0	2	1
German Democratic Republic (East)	30	55	1	3	3
Germany (West)	0	0	86	105	150
Greece	16	17	19	19	12
Guernsey	36	44	49	51	69
Hong Kong	0	0	0	0	1
Hungary	0	0	1	1	3
India	1	4	24	20	26
Ireland	57	71	91	131	168
Isle of Man	22	23	24	26	37
Israel	0	1	1	1	1
Italy	1	2	2	3	4
Japan	0	0	4	5	14
Jersey	44	50	50	63	80
Korea, Republic of	0	0	0	0	2
Malaysia	1	0	2	3	13
Malta	0	0	1	1	0
Marshall Islands	0	0	0	1	0
Netherlands	1,801	1,989	2,400	2,709	3,027
New Caledonia	0	0	0	0	1
Norway	2	2	3	3	6
Peru	0	0	0	0	1
Philippines	2	12	20	22	45
Poland	0	0	1	2	4
Portugal	0	0	0	1	1
Samoa, American	0	0	0	0	3
Samoa, Western	0	0	0	0	4
Singapore	0	0	2	2	1
South Africa, Republic of	4	9	26	36	14
Sri Lanka	25	31	57	53	22
Sweden	2	1	3	2	7
Switzerland	28	40	82	110	138
Tahiti	1	1	1	1	1
Union of Soviet Socialist Republics	0	0	13	22	29
United Kingdom	33,359	35,111	37,754	40,193	42,521
United States of America	35	53	98	150	223
Yugoslavia	0	2	7	9	12
Zimbabwe	1	1	2	2	2
<b>Total</b>	<b>35,654</b>	<b>37,864</b>	<b>42,336</b>	<b>46,996</b>	<b>51,464</b>

Note

<sup>1</sup> Numbers of Work and Income clients recorded as receiving an overseas pension as well as a pension or benefit at 30 June. This table excludes people who are not receiving financial assistance from Work and Income.

## Section 7 Trends since 1940 in use of, and expenditure on, pensions and main benefits

Table 7.1 shows trends since 1940 in the number of clients receiving pensions and main benefits. Table 7.2 shows trends since 1940 in expenditure on these financial services.

table  
7.1

**Historical summary – numbers of people receiving pensions and main benefits 1940–2006<sup>1,2</sup>**

Year <sup>3</sup>	Unemployment-related benefits and Emergency Benefits <sup>4</sup>	Independent Youth Benefit <sup>5</sup>	Sickness-related benefits <sup>6</sup>	Invalid's Benefit	Miner's Benefit
1940	4,053		2,565	11,811	988
1945	198		4,233	12,205	783
1950	12		4,931	9,476	636
1955	19		4,277	8,110	481
1960	312		4,064	8,024	353
1965	208		4,681	7,951	184
1970	983		5,876	8,342	98
1975	2,894		7,830	9,414	45
1980	20,850		7,504	15,647	21
1981	35,666		7,104	16,961	16
1982	32,596		7,177	17,891	16
1983	50,744		7,669	18,757	16
1984	50,136		9,452	20,187	13
1985	38,419		9,627	21,464	11
1986	42,405		9,517	21,993	10
1987	63,922		11,116	23,087	10
1988	86,782		13,132	24,379	9
1989	123,565		16,021	26,260	7
1990	149,078		19,511	27,824	6
1991	158,204	2,538	20,147	30,746	3
1992	174,542	3,682	24,093	31,831	1
1993	176,872	4,364	28,729	34,957	
1994	166,703	3,313	31,535	37,030	
1995	148,161	2,891	34,037	39,686	
1996	142,539	3,020	33,332	42,423	
1997	149,058	2,755	34,194	46,160	
1998	158,412	2,867	35,291	49,468	
1999	165,722	3,481	33,022	51,173	
2000	155,594	3,566	32,294	55,392	
2001	141,214	3,635	33,620	59,812	
2002	126,934	2,998	36,380	64,529	
2003	113,495	2,702	39,902	68,507	
2004	83,425	2,287	44,128	72,342	
2005	64,811	2,011	45,646	74,796	
2006	57,124	1,676	47,559	77,046	

### Notes

- 1 An historical summary of the number of people receiving pensions or main benefits prior to 1940 is included in the 1990 New Zealand Official Yearbook, p. 210. Since 1975, the numbers of people receiving Emergency Benefits or receiving benefits granted because of hardship have been included in the numbers receiving pensions or main benefits 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 partner or spouse. figures for New Zealand Superannuation and Veteran's Pension include non-qualified spouses from 1996.
- 3 Prior to 1990, the year ended 31 March; from 1990 onwards, the year ended 30 June.
- 4 Excludes people receiving an Independent Youth Benefit. Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or trainees, and Emergency Benefits paid to unemployed people or trainees. Includes persons aged 55 or over receiving an Unemployment Benefit. Includes Emergency Unemployment Benefits from 1991 to 1998 and Job Search Allowances from 1991 to 1995. From 1998, includes Young Job Seeker's Allowances and Emergency Benefits. From 1 July 2001, includes Unemployment Benefits – Hardship – Student. From 1 October 1998 until 30 June 2001, the main benefit in this group was known as a Community Wage – Job Seeker, and from 1 July 2001, it has been known as an Unemployment Benefit.
- 5 Includes Job Search Allowance from 1996 to 1998.

Please note that expenditure figures given in table 7.2 include expenditure on supplementary benefits received by people who are receiving the pensions or main benefits indicated, while expenditure data published in other sources may not. In addition, expenditure data in table 7.2 has been smoothed to create a consistent series across time, and (from 1996) reflects deductions for debts established and for clients receiving overseas pensions as well as the benefits shown. For these reasons, expenditure information in table 7.2 may differ from expenditure information on benefits and pensions published in other sources.

	Carer's benefits <sup>7</sup>	Widow's Benefit	Unsupported Child's Benefit and Orphan's Benefit	Family Benefit <sup>8</sup>	Transitional Retirement Benefit <sup>9</sup>	New Zealand Superannuation <sup>10</sup>	Veteran's Pension <sup>11</sup>
		10,174	330	11,053		93,262	
		10,965	421	24,251		158,332	
		14,198	366	254,920 <sup>8</sup>		186,512	
		12,197	300	298,370		199,236	
		13,049	277	343,193		204,036	
		14,529	316	376,824		214,659	
		15,663	315	408,397		241,772	
	17,231	16,738	376	452,389		289,348	
	37,040	16,120	413	460,897		405,834	
	39,412	15,416	388	461,211		418,901	
	43,447	14,737	365	459,994		430,175	
	48,121	14,125	362	460,798		441,789	
	53,144	13,921	384	460,382		451,128	
	56,548	13,557	365	455,961		459,813	
	62,570	13,304	364	455,330		465,079	
	69,146	13,019	496	450,072		473,401	
	74,862	12,862	1,537	436,066		479,985	
	85,615	13,026	2,993	437,287		485,962	
	94,823	12,676	5,239	446,373		495,500	3,428
	97,000	10,989	2,931			506,047	3,130
	96,722	9,873	3,135			504,561	5,393
	96,335	10,259	3,539			488,893	6,117
	100,256	9,012	4,093		6,540	477,400	6,278
	104,027	9,007	4,280		7,327	469,239	6,380
	108,790	9,043	4,655		7,832	481,565	6,687
	112,283	9,132	4,833		7,953	474,451	7,176
	113,329	9,372	5,078		8,151	469,307	7,277
	109,516	9,178	5,383		8,743	461,137	7,334
	108,939	9,104	5,799		8,856	453,401	7,248
	107,821	8,900	6,075		9,012	446,706	7,425
	108,009	8,774	6,332		5,118	450,435	7,587
	109,295	8,659	6,789		2,110	457,278	7,872
	109,526	8,413	7,051			464,624	8,465
	106,330	7,795	7,279			475,215	8,871
	102,331	7,181	7,502			488,825	9,472

6 Includes Sickness Benefits and Sickness Benefits – Hardship.

7 Includes Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.

8 Family Benefits were paid without a means test from 1 April 1946 and were abolished from 1 April 1991. Ongoing problems with data and programs used to extract the statistics relating to Family Benefit have meant that these statistics are of uncertain accuracy.

9 Transitional Retirement Benefits were introduced on 1 April 1994 and abolished on 1 April 2004.

10 Up to 1975, superannuation and age-related pensions were combined. From 1976, superannuation and age-related 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 from 1 April 1994 onward, it has been known as New Zealand Superannuation. The age of eligibility was raised to 61 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.

11 From 1996, includes non-qualified spouses receiving Veteran's Pensions, but excludes numbers receiving War Pensions. From 1 July 1999, Veteran's Pensions and War Pensions have been funded from Vote: Veteran's Affairs – Social Development.

table  
7.2**Historical summary – expenditure on pensions and main benefits 1940–2006**  
(\$'000)<sup>1,2,3,4,5</sup>

Year <sup>6</sup>	Unemployment-related benefits and Emergency Benefits <sup>7</sup>	Independent Youth Benefit <sup>8</sup>	Sickness-related benefits <sup>9</sup>	Invalid's Benefit	Miner's Benefit
1940	869		418	1,884	185
1945	56		704	2,145	149
1950	21		2,017	2,795	240
1955	11		2,554	3,233	257
1960	380		3,439	4,237	226
1965	197		3,914	4,830	153
1970	1,465		6,073	6,093	99
1975	5,155		15,887	13,665	84
1980	66,077		33,236	40,924	76
1981	118,757		38,553	49,580	68
1982	156,429		43,529	60,454	72
1983	195,218		52,355	79,074	95
1984	315,849		62,212	87,410	78
1985	274,689		72,550	105,724	72
1986	290,462		91,762	133,287	76
1987	459,685		124,292	159,823	74
1988	672,694		159,850	196,051	69
1989	987,275		197,745	226,304	72
1990	1,291,516		229,568	260,751	68
1991	1,483,324		248,672	289,212	39
1992	1,519,794	25,605	239,415	348,810	14
1993	1,638,905	28,640	284,597	372,786	
1994	1,591,047	26,263	329,995	422,324	
1995	1,407,266	21,547	352,167	463,598	
1996	1,373,513	21,552	378,850	494,849	
1997	1,468,178	20,739	406,164	555,200	
1998	1,593,891	20,764	434,956	622,157	
1999	1,688,066	26,610	403,708	654,432	
2000	1,679,544	29,229	384,680	700,385	
2001	1,576,914	31,532	385,680	761,656	
2002	1,456,216	29,782	415,683	843,535	
2003	1,325,672	25,205	460,209	926,515	
2004	1,133,429	23,350	518,943	996,639	
2005	882,817	20,628	571,866	1,057,376	
2006	763,757	18,266	612,367	1,097,936	

**Notes**

- Expenditure figures shown are on a cash basis until 30 June 1994, and on an accrual basis thereafter. Accrual figures exclude repayable amounts such as recoverable Special Needs Grants or benefit advances that are recorded as capital contributions. Accrual figures are also net of debts established and recoveries from clients receiving overseas pensions as well as the above benefits or pensions.
- Expenditure figures shown here are net of taxation, except for New Zealand Superannuation which is shown gross of taxation.
- Expenditure figures include expenditure on selected supplementary benefits paid to clients receiving the benefits and pensions shown. The selected supplementary benefits are Accommodation Supplements, Disability Allowances, Disability Allowances – Telephone Assistance, Disability Assistance Programme payments, Tenure Protection Allowances, Special Transfer Allowances, Training Incentive Allowances, Special Benefits, non-recoverable Special Needs Grants, Transition to Work assistance, Student Allowance Transfer Grants and Social Rehabilitation Assistance Programme payments.
- Expenditure data in this table differs from, and should not be cited as, MSD's official measure of expenditure on financial assistance provided to clients.
- An historical summary of expenditure on income support prior to 1940 is included in the 1990 New Zealand Official Yearbook, p. 210. Expenditure since 1977 on Emergency Benefits or benefits paid on grounds of hardship has been included in expenditure on the related benefit.
- Prior to 1990, the year ended 31 March; from 1990 onwards, the year ended 30 June.
- Includes expenditure on Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people and to people in training, on Emergency Benefits paid to unemployed people or to people in training, and on Independent Youth Benefits. Includes expenditure on unemployment-related benefits paid to people aged 55 years or over. From 1991 to 1998, includes Emergency Unemployment Benefits and Job Search Allowances. From 1998, includes Young Job Seeker's Allowances and Emergency Benefits. From 1 July 2001, includes Unemployment Benefits – Hardship – Student. From 1 October 1998, the main benefit in this group was known as a Community Wage – Job Seeker, and from 1 July 2001, it has been known as Unemployment Benefit.

	Carer's benefits <sup>10</sup>	Widow's Benefit	Unsupported Child's Benefit and Orphan's Benefit	Family Benefit <sup>11</sup>	Transitional Retirement Benefit <sup>12</sup>	New Zealand Superannuation <sup>13</sup>	Veteran's Pensions <sup>14</sup>
		1,572	30	505		13,036	
		1,971	47	2,810		18,974	
		4,320	62	29,702		34,627	
		5,329	58	36,358		58,002	
		7,832	79	63,584		85,502	
		10,215	110	65,925		110,314	
		13,742	150	73,318		155,822	
	30,156	27,967	381	153,175		365,803	
	169,449	53,342	778	220,854		1,334,115	
	198,053	57,815	865	306,773		1,556,518	
	252,654	62,164	943	297,705		1,895,845	
	333,617	73,954	1,114	293,044		2,418,930	
	380,836	71,295	1,186	289,689		2,526,031	
	460,385	78,495	1,004	284,167		2,743,512	
	603,878	89,338	1,281	281,957		3,341,211	
	709,568	94,732	1,700	273,248		3,650,165	
	808,787	104,170	6,174	290,556		3,986,544	
	962,871	106,062	14,074	258,445		4,314,259	
	1,136,718	114,888	24,742	284,444		4,774,676	1,147
	1,207,856	106,070	20,697	222,996		5,173,859	29,639
	1,161,191	85,468	15,080			5,514,482	33,331
	1,159,737	84,977	16,473			5,315,899	47,793
	1,228,054	86,665	19,185		17,385	5,102,551	54,660
	1,300,173	81,258	20,557		79,167	5,083,119	57,217
	1,440,122	85,008	22,929		90,698	5,170,506	60,612
	1,563,488	91,249	26,870		96,819	5,239,129	64,963
	1,654,035	93,931	29,831		99,875	5,259,198	70,414
	1,610,910	93,235	32,152		105,412	5,221,501	72,645
	1,590,813	91,592	35,413		112,384	5,227,598	73,801
	1,575,974	89,008	38,567		114,108	5,422,012	78,354
	1,588,381	88,958	41,953		86,567	5,600,488	83,605
	1,634,477	90,265	47,081		42,013	5,798,873	87,625
	1,716,917	90,252	50,991		9,679	6,059,395	95,803
	1,725,624	87,424	55,827			6,269,743	103,890
	1,682,154	82,446	64,624			6,615,876	112,335

8 Independent Youth Benefits began in December 1990, and expenditure is included in expenditure on unemployment-related benefits. Expenditure on Independent Youth Benefits has also been separated out as far as possible.

9 Includes expenditure on Sickness Benefits and Sickness Benefits – Hardship.

10 Includes expenditure on Domestic Purposes Benefits – Sole Parents, Domestic Purposes Benefits – Care of Sick or Infirm, Domestic Purposes Benefits – Women Alone and Emergency Maintenance Allowances.

11 Family Benefits were paid without a means test from 1 April 1946, and were abolished from 1 April 1991. Ongoing problems with data and programs used to extract the statistics related to Family Benefits have meant that these figures are of uncertain accuracy.

12 Transitional Retirement Benefits were introduced on 1 April 1994, and abolished on 1 April 2004.

13 Up to 1975, superannuation and age-related pensions were combined. From 1976, superannuation and age-related pensions were replaced by National Superannuation. For the period 1 April 1990 to 31 March 1992, this pension was called Guaranteed Retirement Income. From 1 April 1992 to 31 March 1994, it was known as National Superannuation, and from 1 April 1994, it has been known as New Zealand Superannuation. The age of eligibility was raised to 61 on 1 April 1992, and was raised progressively to reach 65 years on 1 April 2001. This table includes expenditure since 1940 on non-qualified spouses receiving New Zealand Superannuation.

14 Includes expenditure since 1940 on non-qualified spouses receiving a Veteran's Pension, but excludes expenditure on War Pensions. From 1 July 1999, Veteran's Pensions and War Pensions have been funded from Vote: Veteran's Affairs – Social Development.

## Appendix 1 Administration of benefits and pensions

### Income testing

Clients are subject to an income test if they are receiving:

- main benefits apart from Invalid's Benefits paid to totally blind people
- supplementary benefits apart from Unsupported Child's Benefits, Orphan's Benefits or a Child Disability Allowance.

Income testing involves both of the following:

- the assessment of income over the six months previous to when a person applies for a main benefit
- ongoing monitoring of income received in addition to a main benefit.

Unsupported Child's Benefits and Orphan's Benefits are tested on the income (other than personal earnings) of the child for whom these benefits are paid.

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 wages, salary, commission and Parental Leave payments, and 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.

Clients are required to declare other income received while they are in receipt of a main benefit. Receipt of other income over a certain level (generally \$80 per week before tax) leads to abatement of the main benefit received. Supplementary benefits may be abated due to receipt of other income even when the level of income received is too low to affect the client's main benefit.

New Zealand Superannuation and Veteran's Pensions are not income tested unless:

- non-qualified spouses are included, or
- the qualified client receiving a Veteran's Pension is aged under 65 years.

### Work testing

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

- a full-time work test
- a part-time work test, or
- a requirement to meet Work and Income case managers to plan their entry into paid work.

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

For many clients who are not exempted from the work test and who have no dependent children aged under six years, fulfilling their work-test requirements involves registering as job seekers.

Any work or training being undertaken (whether this began before or after they became subject to a work test) may be counted toward fulfilling a client's obligations under the work test.

During the 2003/2004 financial year, work-tested clients had Government expectations about meeting the work test made clearer. Other work-test requirements added during the 2003/2004 financial year included a requirement to:

- take drug tests if required to by a prospective employer (from 22 October 2003)
- commute to seek and undertake paid work if there is no such work available in their local area (from 8 March 2004).

## The Personal Development and Employment Plan

The Personal Development and Employment Plan process involves the development and implementation of a plan to assist the client in moving toward employment, and therefore toward economic and social participation in society. The planning process involves:

- assessing client circumstances, strengths and needs
- developing and implementing a plan based on that assessment.

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

- any features of individual circumstances or parenting responsibilities that may affect their ability to obtain employment
- any specific constraints on the client's ability to obtain or retain employment that arise from the client's individual circumstances or parenting responsibilities
- any practical assistance that the client may need in order to support themselves through employment
- the client's skills and experience (including those developed through unpaid work) that are relevant to helping them find the most effective path to enable them to obtain employment.

The plan should:

- include provision of information and financial assistance by Work and Income
- consider the following aspects of the client's circumstances and needs:
  - financial
  - accommodation
  - health
  - employment
  - personal needs
  - education and training
  - social participation
- include realistic dates by which action points are to be achieved.

The client is expected to:

- contribute to the development of their Personal Development and Employment Plan
- contribute to an annual review of progress against their plan, and to the amendment of their plan if changed circumstances require such amendments
- demonstrate commitment to fulfilling the goals of their plan.

Case managers may, with the agreement of their manager, waive the requirement that the client participate in the Personal Development and Employment Plan process:

- permanently in some restricted circumstances (terminal illness, residing overseas)
- for up to three months after consideration of:
  - the ability of the client to co-operate in planning for their future
  - whether it would be reasonable to expect the client to participate in the planning process at this time
  - the client's individual circumstances (eg bereavement, mental health issues, birth of a new baby, recent or difficult separation).

If a client is required to participate in the Personal Development and Employment Plan process but persistently refuses to do so, they may be sanctioned by benefit reduction or suspension.



## Appendix 2 Definition of the officially unemployed, and differences from registered job seekers

### Definition of the officially unemployed

The officially unemployed are people aged 15–64 years who:

- are without any paid work and without unpaid work in a relative's business
- have actively sought work in the previous four weeks (ie done more than check newspaper advertisements)
- are available to take up work.

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

### Key differences between the officially unemployed and registered job seekers

There are a number of differences between registered job seekers and people counted as officially unemployed. These differences contribute to these measures of unemployment being incompatible. It should be noted that the count of registered job seekers used in this report is an administrative measure only, and should not be treated as an official measure of unemployment.

The key differences between registered job seekers and the officially unemployed concern:

- whether and how much people can work before being counted as unemployed – registered job seekers may be working up to 29 hours per week, as long as they are seeking to increase their hours of work; the officially unemployed, however, must have had no paid work and no unpaid work in a relative's business
- what job search activities the unemployed must be undertaking – there are no specific job search criteria for registered job seekers, although people who face a work test have an obligation to take reasonable steps to find suitable paid employment; the officially unemployed, however, must have actively sought work (ie done more than looking at job advertisements in the newspaper) within the previous four weeks
- availability for work – most registered job seekers are expected to be available for work but, at any time, some (eg those caring for a sick child) may not be immediately available; all of the officially unemployed, however, must either be available to start work or have a job to start in the next four weeks.

## Appendix 3 SWIFTT and SOLO data showing the ages of clients receiving financial assistance and registered as job seekers

table  
A3.1

Trends in the number of people aged 18 years or over receiving Work and Income assistance (used in figure 2.1)

Population group and assistance received at the end of June	Clients receiving Work and Income assistance				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Working aged clients receiving a main benefit <sup>1</sup>	342,933	334,173	309,360	290,466	280,299
Working aged clients registered as job seekers <sup>2</sup>	164,413	141,200	104,360	80,869	75,020
Clients aged 65 years or over receiving a pension <sup>3</sup>	438,250	446,027	455,090	467,201	482,637
People aged 18 or over receiving one or more supplementary benefits, Temporary Additional Support or a Special Benefit <sup>4</sup>	428,561	434,014	429,153	441,369	455,146

Notes

- 1 Numbers of working aged clients recorded in SWIFTT as receiving a main benefit at the end of June.
- 2 Numbers of working aged job registered in SOLO at the end of June.
- 3 Numbers of working aged clients recorded in SWIFTT as receiving a pension at the end of June. Excludes clients receiving War Disablement Pensions.
- 4 Numbers of clients aged 18 years or over recorded in SWIFTT as receiving one or more supplementary benefits (including an Unsupported Child's Benefit or an Orphan's Benefit), Temporary Additional Support or a Special Benefit. Includes some clients receiving one or more supplementary benefits and Temporary Additional Support or a Special Benefit.

table  
A3.2

Trends in the age of children aged under 18 years who are dependent on clients receiving a main benefit (used in figure 2.2)

Age of child at the end of June	Children under 18 years dependent on clients receiving a main benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	79,473	77,579	75,190	70,914	67,173
5–9 years	78,838	77,316	74,220	69,967	65,665
10–14 years	70,325	69,608	67,057	63,550	59,660
15–17 years	27,157	28,118	28,496	28,376	28,253
Total children aged under 18 years	255,793	252,621	244,963	232,807	220,751

Note

- 1 Numbers of children recorded in SWIFTT as dependent on clients receiving a main benefit at the end of June.

table  
A3.3**Trends in the age of children aged under 18 years who are dependent on registered job seekers (used in figure 2.3)**

Age of child at the end of June	Children under 18 years dependent on registered job seekers <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	16,922	16,650	13,819	10,801	9,843
5–9 years	27,035	22,364	15,790	11,594	11,041
10–14 years	31,276	25,853	17,176	12,169	11,291
15–17 years	13,086	11,328	7,824	5,775	5,812
Total children aged under 18 years	88,319	76,195	54,609	40,339	37,987

## Notes

- Information on the numbers and ages of children dependent on job seekers is only available for job seekers who were also receiving financial assistance from Work and Income. At each of the dates shown, around 95% of registered job seekers were receiving such assistance.
- Numbers of children recorded in SWIFTT as dependent on job seekers who are registered in SOLO at the end of June.

table  
A3.4**Trends in the age of working aged clients receiving an unemployment-related benefit (used in figure 3.1)**

Age of client at the end of June	Working aged clients receiving an unemployment-related benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	34,296	29,875	20,269	15,281	12,137
25–39 years	38,720	32,436	22,195	16,764	14,278
40–49 years	18,580	15,836	10,911	8,187	7,091
50–59 years	16,503	14,831	9,671	6,745	5,551
60–64 years	10,454	10,889	10,526	8,365	6,441
Total working aged clients	118,553	103,867	73,572	55,342	45,498

## Notes

- Includes Unemployment Benefits and Unemployment Benefits – Hardship paid to unemployed people or to those in training, and Independent Youth Benefits.
- Numbers of clients recorded in SWIFTT as receiving an unemployment-related benefit at the end of June.

table  
A3.5**Trends in the number of clients aged 16–17 years receiving an Independent Youth Benefit (used in figure 3.2)**

Age of client at the end of June	Clients aged 16–17 years receiving an Independent Youth Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
Total aged 16–17 years	2,771	2,612	2,169	1,914	1,611

## Note

- Numbers of clients aged 16–17 years recorded in SWIFTT as receiving an Independent Youth Benefit at the end of June.

table  
A3.6**Trends in the age of working aged clients receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance (used in figure 3.4)**

Age of client at the end of June	Working aged clients receiving a Domestic Purposes Benefit – Sole Parent or an Emergency Maintenance Allowance <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	18,492	18,476	18,499	17,911	17,479
25–39 years	59,408	58,929	57,657	54,823	51,609
40–49 years	20,703	21,823	22,518	22,285	21,500
50–59 years	2,850	3,083	3,451	3,629	3,835
60–64 years	191	205	199	181	190
<b>Total working aged clients</b>	<b>101,644</b>	<b>102,516</b>	<b>102,324</b>	<b>98,829</b>	<b>94,613</b>

Note

- 1 Numbers of clients recorded in SWIFTT as receiving a Domestic Purposes Benefit – Sole Parent or Emergency Maintenance Allowance at the end of June.

table  
A3.7**Trends in the age of working aged clients receiving a sickness-related benefit (used in figure 3.6)**

Age of client at the end of June	Working aged clients receiving a sickness-related benefit <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	4,488	5,306	5,486	5,705	6,530
25–39 years	11,486	12,272	13,201	13,194	13,669
40–49 years	8,871	9,867	10,533	10,689	11,140
50–59 years	8,703	9,283	11,235	11,682	11,489
60–64 years	2,476	2,762	3,243	3,906	4,244
<b>Total working aged clients</b>	<b>36,024</b>	<b>39,490</b>	<b>43,698</b>	<b>45,176</b>	<b>47,072</b>

Notes

- 1 Includes Sickness Benefits and Sickness Benefits – Hardship.  
2 Numbers of clients recorded in SWIFTT as receiving a sickness-related benefit at the end of June.

table  
A3.8**Trends in the age of working aged clients receiving an Invalid's Benefit (used in figure 3.8)**

Age of client at the end of June	Working aged clients receiving an Invalid's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	4,599	4,828	5,077	5,273	5,456
25–39 years	16,083	16,416	16,652	16,600	16,546
40–49 years	14,920	15,957	16,976	17,757	18,351
50–59 years	17,468	18,862	20,180	21,160	22,108
60–64 years	10,144	11,067	11,922	12,396	12,888
<b>Total working aged clients</b>	<b>63,214</b>	<b>67,130</b>	<b>70,807</b>	<b>73,186</b>	<b>75,349</b>

Note

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

table  
A3.9**Trends in the age of working aged clients receiving a Widow's Benefit (used in figure 3.10)**

Age of client at the end of June	Working aged clients receiving a Widow's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	11	11	9	10	13
25–39 years	417	409	348	330	298
40–49 years	1,110	1,067	996	936	838
50–59 years	3,215	3,036	2,839	2,662	2,530
60–64 years	3,894	4,003	4,069	3,699	3,322
Total working aged clients	8,647	8,526	8,261	7,637	7,001

Note

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

table  
A3.10**Trends in the age of working aged registered job seekers (used in figure 3.12)**

Age of registered job seeker at the end of June	Working aged registered job seekers <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	42,862	38,033	27,093	21,408	19,452
25–39 years	66,001	55,522	39,265	29,516	27,765
40–49 years	35,203	30,201	21,210	16,303	15,264
50–59 years	18,797	16,115	15,662	11,814	10,920
60–64 years	1,550	1,329	1,130	1,828	1,619
Total working aged clients	164,413	141,200	104,360	80,869	75,020

Note

1 Numbers of job seekers registered in SOLO at the end of June.

table  
A3.11**Trends in the age of clients aged 65 years or over receiving New Zealand Superannuation (used in figure 3.13)**

Age of client at the end of June	Clients aged 65 years or over receiving New Zealand Superannuation <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
65–69 years	120,489	123,485	127,786	135,322	144,867
70–74 years	112,741	112,069	111,757	111,329	111,240
75–79 years	90,434	92,571	94,098	95,021	96,754
80 years or over	107,593	110,658	113,661	117,367	120,993
Total aged 65 years or over	431,257	438,783	447,302	459,039	473,854

Note

1 Numbers of clients recorded in SWIFTT as receiving New Zealand Superannuation at the end of June.

table  
A3.12**Trends in the age of clients aged 65 years or over receiving a Veteran's Pension (used in figure 3.15)**

Age of client at the end of June	Clients aged 65 years or over receiving a Veteran's Pension <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
65–69 years	395	415	452	478	562
70–74 years	773	753	779	776	828
75–79 years	2,114	1,887	1,793	1,670	1,577
80 years or over	3,711	4,189	4,764	5,238	5,816
<b>Total aged 65 years or over</b>	<b>6,993</b>	<b>7,244</b>	<b>7,788</b>	<b>8,162</b>	<b>8,783</b>

Note

1 Numbers of clients recorded in SWIFTT as receiving a Veteran's Pension at the end of June.

table  
A3.13**Trends in the age of working aged clients receiving an Emergency Benefit (used in figure 3.17)**

Age of client at the end of June	Working aged clients receiving an Emergency Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	405	558	503	425	433
25–39 years	1,193	1,343	1,240	1,037	1,017
40–49 years	759	898	843	744	822
50–59 years	815	789	809	783	833
60–64 years	805	788	734	489	633
<b>Total working aged clients</b>	<b>3,977</b>	<b>4,376</b>	<b>4,129</b>	<b>3,478</b>	<b>3,738</b>

Note

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

table  
A3.14**Trends in the age of clients aged 18 years or over receiving an Accommodation Supplement (used in figure 4.1)**

Age of client at the end of June	Clients aged 18 years or over receiving an Accommodation Supplement <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	47,298	45,004	38,638	37,113	36,741
25–39 years	103,891	98,938	90,945	92,576	93,960
40–49 years	46,221	46,258	44,892	47,394	49,860
50–59 years	26,523	26,958	26,285	27,711	29,251
60–64 years	11,792	12,014	12,026	12,299	12,442
65 years or over	19,271	19,710	21,159	22,932	24,682
<b>Total aged 18 years or over</b>	<b>254,996</b>	<b>248,882</b>	<b>233,945</b>	<b>240,025</b>	<b>246,936</b>

Note

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

table  
A3.15**Trends in the age of children aged under 18 years covered by an Unsupported Child's Benefit or an Orphan's Benefit (used in figure 4.3)**

Age of child at the end of June	Children aged under 18 years covered by an Unsupported Child's Benefit or Orphan's Benefit <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	986	1,059	1,107	1,193	1,299
5–9 years	2,197	2,384	2,554	2,637	2,736
10–14 years	3,117	3,309	3,448	3,565	3,685
15–17 years	1,850	2,080	2,184	2,237	2,310
<b>Total aged under 18 years</b>	<b>8,150</b>	<b>8,832</b>	<b>9,293</b>	<b>9,632</b>	<b>10,030</b>

Note

- <sup>1</sup> Numbers of children recorded in SWIFTT as being covered by an Unsupported Child's Benefit or Orphan's Benefit at the end of June.

table  
A3.16**Trends in the number of children aged under five years covered by a Childcare Subsidy (used in figure 4.5)**

Age of child at the end of June	Children aged under five years covered by a Childcare Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
<b>Total children aged under five years</b>	<b>26,498</b>	<b>25,503</b>	<b>24,119</b>	<b>33,181</b>	<b>36,744</b>

Note

- <sup>1</sup> Numbers of children aged under five years recorded in SWIFTT as being covered by a Childcare Subsidy at the end of June.

table  
A3.17**Trends in the age of children aged 5–13 years covered by an OSCAR Subsidy (used in figure 4.6)**

Age of child at the end of June	Children aged 5–13 years covered by an OSCAR Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
5–9 years	1,534	1,529	1,727	3,404	4,355
10–13 years	347	319	384	881	1,291
<b>Total aged 5–13 years</b>	<b>1,881</b>	<b>1,848</b>	<b>2,111</b>	<b>4,285</b>	<b>5,646</b>

Note

- <sup>1</sup> Numbers of children recorded in SWIFTT as being covered by an OSCAR Subsidy at the end of June.

table  
A3.18**Trends in the age of people covered by a Disability Allowance (used in figure 4.8)**

Age at the end of June	People covered by a Disability Allowance <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–14 years	12,153	12,564	12,619	10,589	9,611
15–17 years	1,807	1,972	2,226	1,971	1,881
18–24 years	4,904	5,449	5,740	5,377	5,220
25–39 years	23,695	24,821	25,260	21,694	20,685
40–49 years	21,052	22,882	24,170	22,626	22,770
50–59 years	25,045	26,811	28,705	27,795	28,079
60–64 years	18,331	19,062	19,817	19,388	19,198
65 years or over	98,184	105,478	112,848	117,394	120,276
Total clients covered by a Disability Allowance	205,171	219,040	231,385	226,834	227,720

## Notes

- 1 Includes Disability Allowances, Disability Allowances – Telephone Support and assistance delivered under the Disability Assistance Programme.
- 2 Numbers of people recorded in SWIFTT as being covered by a Disability Allowance at the end of June.

table  
A3.19**Trends in the age of children aged under 18 years covered by a Child Disability Allowance (used in figure 4.10)**

Age of child at the end of June	Children aged under 18 covered by a Child Disability Allowance <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
0–4 years	5,150	6,179	7,368	7,581	8,236
5–9 years	7,947	9,009	10,360	11,115	12,201
10–14 years	8,257	9,318	10,412	10,883	11,805
15–17 years	2,316	2,747	3,220	3,365	3,866
Total children aged under 18 years	23,670	27,253	31,360	32,944	36,108

## Note

- 1 Numbers of children recorded in SWIFTT as being covered by a Child Disability Allowance at the end of June.

table  
A3.20**Trends in the age of clients aged 65 years or over receiving a Residential Care Subsidy (used in figure 4.13)**

Age of client at the end of June	Clients aged 65 years or over receiving a Residential Care Subsidy <sup>1</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
65–69 years	915	910	906	926	991
70–74 years	1,519	1,515	1,483	1,461	1,564
75–79 years	2,374	2,383	2,392	2,297	2,685
80 years or over	10,194	10,255	10,302	10,214	13,666
Total clients aged 65 years or over	15,002	15,063	15,083	14,898	18,906

## Note

- 1 Numbers of clients recorded in SWIFTT as receiving a Residential Care Subsidy at the end of June.



table  
A3.21**Trends in the age of clients aged 18 years or over receiving a Special Benefit or Temporary Additional Support (used in figure 4.15)**

Age of client at the end of June	Clients aged 18 years or over receiving a Special Benefit or Temporary Additional Support <sup>1,2</sup>				
	2002 Number	2003 Number	2004 Number	2005 Number	2006 Number
18–24 years	1,314	3,886	6,038	6,325	5,608
25–39 years	7,293	16,291	23,400	22,192	19,236
40–49 years	3,997	8,313	11,881	12,479	11,696
50–59 years	2,420	4,562	6,633	7,933	8,164
60–64 years	869	1,597	2,357	2,876	2,998
65 years or over	307	673	1,043	1,336	1,559
<b>Total clients aged 18 years or over</b>	<b>16,200</b>	<b>35,322</b>	<b>51,352</b>	<b>53,141</b>	<b>49,261</b>

## Notes

- 1 Numbers of clients recorded in SWIFTT as receiving a Special Benefit at the end of June.
- 2 Temporary Additional Support was available from 1 April 2006.



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