

| | |
|---|----------------------------------|
| Officer responsible Jonathan Fletcher | Author Mary Richardson |
| Corporate Plan Output: Policy Advice | |

The purpose of this report is to inform the Committee of some key social provisions in the Central Government 1999 Budget.

The Government Budget was announced on 20 May 1999. The budget included some key social provisions. Within the budget components were grouped under broad themes:

- Caring for Families
- Security for Families
- Building a Smarter Nation
- Making a Difference
- Innovative Environment
- High Performance Economy

A brief summary of the key provisions within each of these themes is outlined below.

CARING FOR FAMILIES

Tax Credits for New Parents - \$80 million over three years for a new parental tax credit for working families with a new child. The new tax credit will be paid on top of existing family assistance measures for low and middle income working families. Family assistance measures are now as follows:

Family Support - Will continue to be available to both beneficiary and low to middle income working families. It provides maximum payments of between \$32 and \$60 a week per child, depending on the child's age, and is subject to an income test.

Family Plus - Will be available to low and middle income working families, on top of Family Support, and will comprise:

- the new Parental Tax Credit: from 1 October this year, parents will get up to \$150 a week assistance for the first eight weeks after their child is born. The rate of assistance will depend on the parents' income.
- the Child Tax Credit: this is a new name for an existing tax credit of up to \$15 a week per child (previously the Independent Family Tax Credit).
- the Family Tax Credit: this is a new name for an existing tax credit which ensures a minimum income for parents working at least 30 hours a week (previously the Guaranteed Minimum Family Income).

Family Start - \$41 million over three years to expand Family Start to additional 13 sites. Family Start is a highly targeted home-based support service which will see a family worker providing advice and help to meet family needs, co-ordinating access to services, and working with parents to give them the skills and support to raise their children. The extra funding is for Family Start programmes operating in Kaitaia, Hamilton, Whakatane, Kawerau, Gisborne, Hastings, Wanganui, Horowhenua, Masterton, Porirua East, Nelson, Dunedin and Invercargill.

Social Workers in Schools - An extra \$10.4 million over three years will enable 70 new social workers to cover more than 35,000 pupils in 175 primary schools. Primary schools will be eligible to bid for a social worker provided they meet the criteria of the contestable fund.

Free Budget Advice - \$6.6 million over three years to free budgeting services advice for people who repeatedly apply for emergency income support. Under the new system anyone who has received three or more special needs grants within a year will be required to “take up” budget advice as a condition of receiving further assistance. Up to 13,000 people a year are expected to participate in this new service.

Children with a parent in prison - \$2.8 million over the next three years on a new programme to meet the specific needs of Prisoners with children aged under 5 and nearing the end of their term in prison . The programme will provide practical and emotional support, information and assistance tailored to meet the needs of each family.

Health Care - \$6.8 billion will be spent on health in 1999/00 to improve services in priority areas. The Government has confirmed an extra \$25 million for more operations, taking the total extra funding for elective surgery to \$239 million over two years. The extra \$25 million should result in 9,000 more operations over the next year.

New Hospitals - A new hospital in central Auckland that will cost at least \$250 million. The total cost will be finalised as part of the tender process. Planning is reportedly underway for new hospitals and upgrades of existing hospitals throughout the country.

Child and Youth Mental Health - extra \$2.8 million next year for services for children and youth with severe mental health problems who are in contact with the new Department of Child, Youth and Whanau Services. The health services will include respite care, day programmes and behavioural support for caregivers. Funding training of 500 caregivers.

In addition, \$1.5 million next year will fund special day programmes for severely disabled school leavers over age 21.

Prescription Glasses for Children - \$4.2 million over three years for eye care and prescription glasses subsidy . This will be available to children under six with a High Use Health Card or whose families hold a Community Services Card.

Funding for Plunketline – Funding for Plunketline (service for Parents with newborn babies)

24 hour Health Line - A new 24-hour Healthline phone line with health professional available 24 hours a day to provide medical advice . The service will be trialed for two years in Northland, the North Island’s East Coast, the South Island’s West Coast and in Canterbury. It will run alongside Plunketline.

Fitness programmes for Children - Funding for Tamariki Maraerobics - a national television programme on aerobics for children. The funding will support 39 half-hour shows to be screened on national television

Removal of Public Broadcasting Fee - No more Public Broadcasting Fee after 1 July 2000. This will save individuals and families about \$110 a year. In future, public broadcasting activities will be funded from general taxation.

Testing Work capacity – of sickness and invalid beneficiaries

SECURITY FOR FAMILIES

Neighbourhood Safety Programmes - \$118,000 a year into three pilot neighbourhood safety programmes in Whangarei, Lower Hutt and Otara. Focus is on neighbourhood renewal and cleaning up neighbourhoods “with the help of Housing New Zealand as a major landlord in these communities”.

Restorative Justice - \$146,000 a year for the continuation of community diversion and assessment panels on trial in West Auckland and Timaru.

New Police Teams - Extra \$19.7 million over three years in eight Targeted Enforcement Teams, each of 10 police officers, for crime ‘hotspots’ throughout the North Island and Canterbury. The teams will focus on property crimes like burglary and car crime as well as violent crimes. The teams will be supported by an extra 16 non-sworn police staff. This will bring the number of sworn police to just under 7000 by 30 June 2000.

Tougher Sentences - The maximum penalties for home invasion crimes will be increased by between three and five years, depending on the crime. Proposal to increase the power of judges to impose longer non-parole periods, and extend bail laws, (making it harder for repeat offenders to get bail).

North Shore District Court Building - \$18 million for building a new District Court in Albany, on the North Shore.

Court Security - \$3.8 million initiative over three years to put security officers in ten of the (busiest) courts in the country. The security officers will have powers to search and seize weapons and detain offenders.

New Prisons - A 180-bed remand centre is being built at Christchurch Prison and a new remand prison will open at Mt Eden in May 2000. New prisons are also planned for Northland and Auckland.

New Youth Prisons - The Government is planning to establish seven youth prisons to get young people out of adult prisons. Over the next three years \$17.7 million will be spent on four youth prisons in Hawke’s Bay, Waikato, Wellington, and Christchurch. Three other new units are planned for Northland, Auckland, and Dunedin.

Monitoring Prisoners' Phone Calls – An additional \$900,000 over three years will be spent on extra staff to monitor calls. Plan to legislate this year to ensure that prisoners' telephone calls can be recorded and monitored - to avoid prisoners organising crime from within prisons.

BUILDING A SMARTER NATION

Information Technology in Schools - \$50 million over three years aims to give all children access to Information Technology (IT) at school. A \$25 million fund will be set up for schools to buy IT resources. Schools will be able to access the fund subject to a satisfactory IT plan that meets certain criteria. In addition to the IT fund, an extra \$10 million a year from 1 January 2000 will be added to operational funding to ensure schools have the funds for IT maintenance and support.

Operational Grants - \$11.6 million a year increase in school operations grants

Alternative Education - Development of alternative learning centres throughout the country for those students who are not able to learn in a traditional classroom, or who disrupt other pupils. The Government will invest \$21.7 million over three years in the new alternative education programmes, catering for up to 1000 students. Subject to an evaluation by 31 January 2000, this will be expanded to accommodate an additional 800 students (total new funding for the programmes up to \$36.8 million).

Eliminating Bullying in Schools - \$1.3 million over three years in the Eliminating Violence Programmes in schools.

School property - \$100 million (bringing the current capital works programme to \$537 million). Work will start on five new school sites in North Shore, Auckland isthmus, Coromandel Peninsula, Papamoa and Hawke's Bay this year, in addition to the seven already in progress.

280 New Classrooms - 200 new primary school classrooms and 80 new secondary school classrooms in schools throughout the country.

MAKING A DIFFERENCE

Aimed at closing the gap between Maori and non-Maori.

Maori Mothers and their Children - Aims to cover up to 30 per cent of New Maori mothers and their children under the home visit programme that will operate in 18 centres throughout the country. The home visit programme includes preventative dental health services and funding to reduce paediatric waiting times (including cutting waiting times for Maori children needing surgery such as grommet operations).

Integrated Dental Care - A pilot programme called Oranga Niho will provide integrated dental services for children and emergency care to low income adults from July 1999.

Expansion Kura Kaupapa Maori (Maori immersion schools) - Capital provision of up to \$10 million over two years will be used to buy accommodation for new kura.

Targeted Individual Entitlement - Under the Targeted Individual Entitlement (TIE) scheme, \$3.4 million over three years will target Maori students from low-income families to attend a private school or a school outside their area. The scheme will provide 140 to 210 places this year, rising to 410 to 620 by 2001/02, depending on tuition, travel and boarding costs.

Early Childhood Teachers - \$1.5 million over three years to improve the skills of pre-school teachers working in immersion settings in the use of Te Reo.

Teaching and Learning Materials - \$6.5 million over three years to enable the Ministry of Education to provide more learning materials including an on-line Maori language resource site, a television programme and materials for the early childhood sector.

Education Expectations - \$12.7 million campaign over three years will raise awareness about Maori education achievement, and expectations about what Maori children can achieve at school.

Maori Business Development - \$8.2 million over three years to encourage the productive use of Maori land, stimulate the creation of new Maori businesses and help young Maori into permanent jobs (complementing the BIZ programme).

Training and Employment - New Maori industry-based training programme will be piloted in two areas over the next two years to help Maori into permanent jobs. We will place unemployed Maori into subsidised employment with an industry training agreement. The initiative will cater for 200 trainees in 1999/00, and 400 in 2000/01.

Maori Language Strategy - \$8.1 million over three years for Maori Language Commission to promote the Maori language and develop the first Maori-only dictionary and instruments to measure the skills of Government employees in speaking and translating Maori.

Survey on Maori Language - \$1.7 million over three years for a comprehensive survey of the health of the Maori language. A further \$2.1 million over three years has been allocated to monitor and evaluate the Maori Language Strategy.

Other Initiatives Other Maori education and language initiatives will be developed over the next three years, including:

- Tarari, Tautoko, Tauawhi a reading programme to be used for 100 students learning to read through Maori.
- Four Minute Reading Programme 12 week course involving parents or other members of the whanau in reading with children for four minutes a day.
- Books in Homes - \$100,000 of the existing \$1.2 million a year programme will be targeted to provide Maori language books

Whanau Awhina - Continued support for the Whanau Awhina justice programme of community assessment panels. (Te Whanau Awhina's community diversion scheme currently operates in West Auckland with the aim of keeping young offenders out of the criminal justice system and reducing Maori re-offending).

Extension of Mahi Tahi (Prison rehabilitation programme) - Extended to give 540 Maori inmates rehabilitative support over three years - \$225,000 a year.

Maori Wardens – 100% increase in funding will help Maori Wardens to work effectively with Maori youth at risk of offending.

Maori Provider Development Fund - \$3.9 million to assist new and existing Maori service providers with advice and training so that they can tender competitively for service delivery contracts from purchasing agencies.

Maori Registration Services - \$799,000 over two years has been provided to help establish a national Maori Registration Service that will help link Maori with their tribes, and assist tribal groups in compiling comprehensive and accurate registers of their people

AN INNOVATIVE ENVIRONMENT

- Extra \$28.1 million over three years for research and development
- Encouraging new investment capital - \$3.3million over three years to promote NZ as place to invest
- Abolition of Stamp Duties (conveyance and Lease Duties)
- Removal of Estate Duty – not charged since 1992 but will now be removed from Law
- Commerce and Securities Commission – extra \$7.6 million funding over three years
- Revision of Commerce Act – to deal with anti competition behaviour
- Reviewing costs and benefits of occupational regulations e.g. conveyancing, legal and real estate industries
- Business Migrant Liaison Unit New Food Assurance Authority
- ACC Reform – ending State monopoly
- Motor vehicle registration fees increase (by \$47.50 for car) – to cover cost of vehicle accidents
- Resource Management Reform – confirm environment goals, but minimise “opportunities to abuse the Act for private advantage”
- Funding for development of biodiversity indicators
- Funding for national standards for organochlorine contamination and the cleaning up of worst contamination sites

HIGH PERFORMING ECONOMY

- Debt lowering
- Health and Education Spending increases (see above)
- Privatisation
- Intention to lower taxes in future

COMMENTARY

Health Funding

- Little new spending beyond the \$200m signalled in December 1998.
- \$25m to reduce elective surgery waiting lists but the extra funding in this area that started in 1996 will not continue past 2000 (this represent a \$70m reduction in funding for elective surgery next year).

Education

- Schools required to top up Government spending on IT or “adjust budgets” (Nick Smith). The typical primary school will get \$6000 and secondary school \$20,000.
- Extension of Voucher System of education (the scheme has the potential to further influence the move of students and money from schools which are often struggling, to schools which are already well resourced).

Poverty

- WINZ budget predictions are for a rise of 2.6% DP beneficiaries and 2.9% rise in sickness beneficiaries.
- The number of people estimated to take up free budgeting services could also represent the inadequacies of the current benefit levels (13,000 people are estimated to receive three or more special needs grants a year).

Unallocated spending

- Almost \$230m of the \$600m extra spending flagged in the Budget Policy Statement (December 1998) is not specifically allocated. Subtracting \$100m predicted for the PPTA settlement leaves “\$130m to play with before the election” (NZ Herald, 21 May 1999).

Economic forecast

- Weak/lopsided recovery scenario – manufacturing and farming imports expected to rise but so are imports. Domestic consumption “buoyant” but export sector is still struggling (Treasury expect export growth of between 4.5% and 5.5% over next 3 years, but imports also predicted to increase).
- No sign of any improvement in current account deficit – forecast to remain around 6.5% of GDP (will average 6.3 percent of GDP over next years).
- Small Govt deficit for 1999-2000 of \$36m.
- Treasury expect that Reserve Bank will raise short term interest rates but not until next year: 90-day bill rate and floating mortgage rate predicted to peak at 6.5% in three years.
- Forecasted growth of 2.9% next year, 3.5% following year and 3% year to March 2002.

Licence Fee

- Removal on one flat tax (Broadcasting Fee) is replaced with a rise in another (Vehicle registration), however the vehicle registration increases from 1 July 1999 and the broadcasting fee is not removed for another 12 months.
- Broadcast Licence fee brings in \$87m per year (after collection cost of \$11m). Government will match this out of direct tax.
- There are some concerns regarding the potential impact on broadcasting independence due to the reliance on vote funding (Beatson 1999).

Miscellaneous

- Single parent beneficiaries with a youngest child of 6 years old will be work tested and required to look for part time work.
- No guaranteed parental leave – but a tax payment on having a baby.
- \$10.7m increase for military counter-terrorist forces and bomb disposal squads (for extra duties including APEC).
- \$23m over 3 years on pure research (research which may have an unknown outcome)– needs infrastructure for turning research into business.
- Net migration expected to remain negative until 2002.

SOCIAL WORKERS IN SCHOOLS

Also of interest to the Committee is the extension of the Social Workers in Schools Project. 70 new social workers will cover 175 primary schools through New Zealand. This project is based on the Field workers in schools model and project initiated and funded by the Council. We are working with CYPFA to try to ensure that Christchurch schools are eligible for national funding notwithstanding the existing Council initiative.

Chairman's

Recommendation: That the Committee receive this report.