



29 FEB 2012

MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Bowen State Building, Bowen Street, Wellington 6011, PO Box 1556, Wellington 6140 • Facsimile: 0-4-918 0099
Mr Joshua Grainger
Requests@fyi.org.nz

Dear Mr Grainger

Thank you for your email of 5 January 2012 requesting, under the Official Information Act 1982, the following information:

The guidelines that the Ministry uses in setting the Accommodation Benefit for the Student Allowance.

Advice and documents regarding the development of this policy/formula.

Using the current formula, what would the Accommodation Benefit be in each city if the \$40/\$60 cap was not in place?

Advice and documents regarding the \$40/\$60 cap on the Accommodation Benefit.

StudyLink connects students with financial help for a range of situations. This includes help with health, accommodation, work, childcare, and training costs. There is also help if students cannot find work during the study break, help for people with disabilities, help for emergencies, and information about family assistance.

You have asked for the guidelines that the Ministry uses in setting the Accommodation Benefit for Student Allowances. The maximum rates towards a student's accommodation costs are \$40 per week for a single person or \$60 per week for a single person with a child and are specified in schedule 3 of the Student Allowances Regulations 1998.

Guidelines for calculating regional specific rates of the Accommodation Benefit are provided for under Regulation 24 of the Student Allowances Regulations. Regional rates of Accommodation Benefit are calculated as a 75 percent or 50 percent subsidy on accommodation costs in excess of \$40, up to a maximum of \$60 or \$40 per week. More specifically, accommodation costs are identified using the average weekly per room residential bond rate for each region. The Residential Tenancy Bond data is provided by the Department of Building and Housing. The amount of \$40 is then subtracted from the average rate for each region. The result is then multiplied by 0.75 for sole parents and 0.5 for all other students.

There are situations where Accommodation Benefit rates are calculated using a different approach. For hostels, the rate is set (or adjusted) using actual rates up to a maximum of \$40.

There is also a generic 'rural rate' that is calculated by determining the average bond rate for all rural locations throughout the country and then applying the formula as set

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There is also a generic 'rural rate' that is calculated by determining the average bond rate for all rural locations throughout the country and then applying the formula as set out above. The use of the 'rural rate' avoids the problem of a lack of residential bond data for smaller locations. The following locations do not have tenancy bond data – Havelock North, Hawke's Bay, Northland, Paparoa, Rawene, and West Coast.

Where annual calculations result in a reduced rate for a particular region, the current rate is maintained.

You have requested the Accommodation Benefit rate in each city if the \$40/\$60 cap were not in place. This information is not held by the Ministry. In order to provide you with this information, officials would need to generate new reports based on raw data. The Official Information Act 1982 does not require the Ministry to generate new information on matters of interest to requesters in order to meet their request. Therefore I must refuse this part of your request under section 18(g) of the Act. This section requires me to consider whether the information you have requested is held by another department or Minister of the Crown. I have no grounds to believe that this is the case.

You have also requested advice and documents about the formation of the Accommodation Benefit for Student Allowances, and the Accommodation Benefit cap. I have identified four documents that relate to your request.

- Report to the Minister of Social Services and Employment, titled "*Increase in Student Allowance Accommodation Benefit Rates*", dated 3 November 2000.
- Cabinet Paper, titled "*2002 Budget: Social Services Package*" dated 22 April 2002 that falls within the scope of your request, and this has been included with the response. Information has been removed from the document that is not within scope of your request.
- An additional 2002 budget paper is also in scope titled "*Vote Work and Income, Proposal: Accommodation Benefit for Students*", dated April 2002.

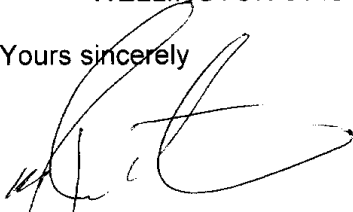
Please note that the Ministry is still consulting with the Department of the Prime Minister and Cabinet on the release of the *2002 Budget: Social Services Package* Cabinet Paper. This is anticipated that this consultation process will be completed shortly. One additional document is also the subject of further consultation, which will be completed at the same time.

I have withheld the name of a Ministry staff member in the fourth document under section 9(2)(a) of the Act which allows me to protect the privacy of natural persons. I believe the need to protect the privacy of these individuals outweighs any public interest in this information.

I hope you find this information about the Accommodation Benefit helpful. You have the right to seek an investigation and review of my response by the Ombudsman, whose address for contact purposes is:

The Ombudsman
Office of the Ombudsmen
PO Box 10-152
WELLINGTON 6143

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mike Smith', written over the 'Yours sincerely' text.

Mike Smith
Deputy Chief Executive, Students, Seniors and Integrity Services

Vote: Work and Income

Proposal: Accommodation Benefit for Students

Funding allocation: Social Services

Short Description

This proposal consists of changing the Accommodation Benefit (AB) calculation so that students who have a child or children and who do not have a spouse are paid a higher rate of AB. All other students will continue to receive AB using the current method of calculation.

The current rate is a 50% subsidy of the average per room rental accommodation cost (for each area) in excess of \$40. The proposal involves increasing the subsidy rate to 75% for students with children and without a spouse.

This change will impact on the existing maximum rate for AB (currently set at \$40 in the Student Allowance Regulations 1998). Refer to the risks section for further detail.

Impact on the Provisions

\$000	2002/03	2003/04	2004/05	2005/06
Total Operating Impact	276	585	602	619

Benefits

Increasing the AB rate for students with children and without a spouse reflects the higher costs of living for this group of students. This proposal will benefit around 1,800 people in the first year, rising to 1,900 in 2005/06.

This proposal can be implemented from 1 January 2003.

Costing information

For assumptions and methodology, see 'Attachment A'.

This costing is based on the assumption that the proportion of students who had a dependent child or dependent children but no spouse in 2001 will remain constant for the remaining outyears. Costs are likely to continue to increase in outyears depending

on actual growth in student numbers and changes in numbers of 'sole parent' students. The costing also assumes that the initiative will be put in place for the beginning of the 2003 calendar year.

Systems costs for new rates in the Student Allowances and Loans system and any operational costs will be absorbed.

Risks

No change to a statute is required. A change to the calculation does not in itself require a change to the regulations. However the initiative will require amendment of the maximum amount of AB available, as stated in the Student Allowance Regulations 1998. This is because the change will move AB rates for some students from just under the current maximum of \$40, to just under \$60, which is proposed as the new maximum.

Potential risks for student allowances associated with human rights issues are being considered as part of the Student Support Review currently underway, and being led by the Ministry of Education.

The AB is calculated and adjusted on an annual basis, in line with the latest Tenancy Bond data. Either the rates are increased, or where the housing data indicates a fall in the cost of rental accommodation, the rate is unchanged. For some rural areas the cost in rental accommodation has not increased for several years, and in some instances the data has shown that there has been a decrease.

Therefore, there will be instances where students with children, due to the low or decreasing average rental accommodation cost in their area, will not, under the new calculation receive an increase in AB. It is important that it is not expected that this proposal will result in an across-the-board increase for everyone in the target group.

Currently the rate for Auckland, for example, is approaching the maximum rate of \$40 per week set in the Regulations. It is likely that in the next year or two, the rate based on the current calculation will exceed the maximum rate. Therefore, changing the maximum may be required for other AB recipients, not only those targeted under this proposal. The costs of such changes would need to be included in future Budget rounds.

There is concern regarding the impact of this proposal on the Student Support Review and the Future Directions for Social Assistance policy work. In particular there is an existing issue arising from the different rates paid for the AS and the AB. The AS is paid at a rate significantly higher than the AB. Work around aligning accommodation assistance overall will be part of the Future Directions policy work.

Monitoring

There will be ongoing monitoring of this proposal using administrative data. This monitoring will identify take-up and expenditure on AB.

Draft Recommendations to Cabinet Committee

It is recommended that the Cabinet Committee:

- a **agree** to increase the Accommodation Benefit subsidy rate from 50% to 75% for students with children and without a spouse;
- b **agree** to increase the maximum rates for Accommodation Benefit as stated in the Student Allowance Regulations 1998 to \$60.00 per week;
- c **agree** to increase funding for additional Accommodation Benefit Expenditure with impact on the operating provisions set out below:

	All figures are \$m			
	2002/03	2003/04	2004/05	2005/06
Total impact	0.276	0.585	0.602	0.619

Appropriations

- d **approve** the following changes to appropriations to put into effect the decision in recommendation (a):

	\$m – increase/(decrease)				GST
	2002/03	2003/04	2004/05	2005/06	
Vote Work and Income					
BENEFITS AND OTHER UNREQUITED EXPENSES					
Student Allowances	0.276	0.585	0.602	0.619	n.a.

- e **invite** the Minister of Social Services and Employment to instruct Parliamentary Counsel to draft the necessary amendment to the Student Allowances Regulations 1998 to give effect to paragraph (b) above.

2002 Budget Bid - Attachment A – Required for Each Budget Bid

New Initiatives: Increase the Accommodation Benefit rate for people with children and without a spouse.

Costing Methodology

The new rate information formulated by the new rate methodology was supplied by MSD. This outlined the new rates for students with dependents in all allowance regions. Current accommodation information was extracted off the Information Analysis Platform. Advice on extraction was sought from Student Services in Palmerston North. Differences between the existing rates and new rates were then established. This was then summed across the calendar year to create a calendar year figure. This was then rated up by the growth in allowance-eligible enrolment projections (as used in the DEFU01 forecast), and was inflated by the CPI to approximate the increase in rates experienced across outyears. The calendar year totals were then converted to fiscal year totals based on conversions used in the DEFU forecast.

This costing is based on the assumption that the proportion of students who had a dependent child or children and did not have a spouse in 2001 will remain constant for the remaining outyears. It also assumes that the initiative will be put in place for the beginning of the 2003 calendar year.

RELEASED UNDER THE OFFICIAL INFORMATION ACT



Work and Income NZ
Te Hiranga Tangata

National Office
8th Floor, Bowen State Building
Bowen Street
PO Box 12-136
Wellington
Fax 04-916-3393
Phone 04-916-3300

3 November 2000

Minister of Social Services and Employment

Increase in Student Allowance Accommodation Benefit Rates

The attached report (copy) is forwarded for your information. The report outlines the increase in Student Allowance Accommodation Benefit Rates for 2001 approved recently by Christine Rankin in accordance with Regulation 24 of the Student Allowance Regulations 1998.

I wish to draw your attention to two paragraphs in the report.

Paragraph 5 – the Ministry of Social Policy proposes to review the Accommodation Benefit as part of a wider review of assistance provided to Students.


Paragraph 7 – the new rates will result in an increase in expenditure on the Accommodation Benefit of approximately \$500,000 per annum. This increase will be included in the upcoming December Economic and Fiscal update.

Recommendation

It is recommended that you note the contents of the attached report.

Patricia Reade
General Manager, Specialist Services

HON. STEVE MAHAREY
SEEN / APPROVED


.....
3.11.00
.....





COPY

27 October 2000

Christine Rankin
Chief Executive
Department of Work and Income

Approval of Increased Student Allowance Accommodation Benefit Rates

Introduction

1. It is proposed to increase the Accommodation Benefit rates from 1 January 2001¹. This paper seeks your approval of the proposed new rates in accordance with Regulation 24 of the Student Allowance Regulations 1998.

Background

2. The Accommodation Benefit rates are reviewed by the Ministry of Social Policy, as part of their policy responsibility agreed to under the Protocol Agreement. The rates are determined using the agreed formula that firstly identifies the average per room weekly rental in each of the current 'regions'². The weekly rental information is obtained from the Housing New Zealand bond database. The Accommodation Benefit rate is then calculated by subtracting \$40 from the rental amount and multiplying it by 0.5. The maximum amount of Accommodation Benefit is set at \$40³. In summary, the Accommodation Benefit is a 50% subsidy on accommodation costs in excess of \$40 for average rental costs, up to a maximum of \$40.
3. In addition, there are two other rates that are set on a different basis. Firstly hostel rates, rates set for individual hostels attached to tertiary providers, are established as a result of application from individual hostels based on their actual charges (up to the maximum of \$40)⁴. Secondly, a single rural accommodation benefit rate is set for tertiary providers based in smaller rural centres. It is the average of the rural rates as determined by the formula noted in paragraph 2. A single rural rate is used instead of establishing separate individual rates for each rural tertiary provider.
4. The Ministry of Social Policy recently completed a review of the Accommodation Benefit Rates with a view to new rates being established for 2001. Appendix 1 identifies the current and proposed new rates for each 'region', but does not include the hostel as noted in paragraph 2.

¹ Changes to Accommodation Rates are implemented from 1 January, the beginning of the academic year.

² These 'regions' are areas, towns or cities that have a rate attached to them. Not all areas, towns or cities currently have a rate.

³ See Schedule 3 of the Student Allowance Regulations 1998.

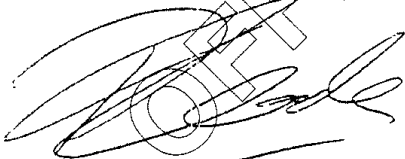
⁴ The currently rates are either those that were in use as of 1 January 1999, or new rates set as a result of changes in actual charges or new rates set for new hostels.



5. It should be noted that it is not proposed to reduce individual rates where a decrease is suggested, in line with a similar decision taken in 1998⁵, due to the adverse comment this would generate, and the fact that the Accommodation Benefit is a subsidy on accommodation costs only. In addition, the Ministry of Social Policy has proposed that a more substantial review of assistance for students during holiday periods take place in 2001, which is likely to include proposals to change the Accommodation Benefit.
6. Regulation 24 of the Student Allowance Regulations 1998 states that the amount of the Accommodation Benefit may be determined in accordance with guidelines issued from time to time by the Chief Executive⁶. The methodology referred to above has not changed since the scheme was administered by the Ministry of Education prior to 1 January 1999.
7. The proposed new rates will result in an overall increase in Crown expenditure on the Accommodation Benefit of approximately \$500,000 per annum. This represents an increase of 1.3%. Treasury have advised that this increase should be identified in the upcoming December Economic and Fiscal Update and that a separate approval is not required.

Recommendations

8. I recommend that you:
 - a) note that the amount of the Student Allowance Accommodation Benefit is set in accordance with Regulation 24 of the Student Allowance Regulations 1998;
 - b) note that the Ministry of Social Policy has reviewed the existing Accommodation Benefit rates using the agreed methodology;
 - c) note that only some Accommodation Benefit rates are affected by the review, and also that where a decrease in costs is suggested the rate will not be reduced;
 - d) note that the new Accommodation Benefit rates will result in an increase in expenditure of approximately \$500,000 per annum;
 - e) note that the increase in expenditure will be included in the December Economic and Fiscal Update forecast;
 - f) approve the new Accommodation Benefit rates as set out in Appendix 1 from 1 January 2001.

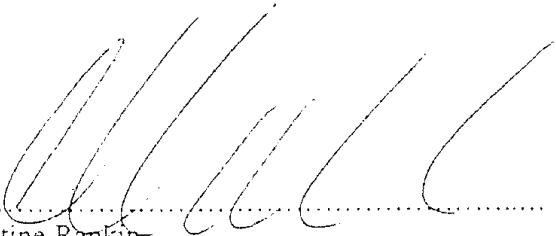


Patricia Reade
General Manager, Specialist Services

⁵ See report 99/446 to the Ministers of Social Services, Work and Income, Tertiary Education and Finance.

⁶ Being the Chief Executive of the Department responsible for the administration of the Social Security Act 1964.

Approved:



Christine Rankin
Chief Executive

Date:

3/10/08

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OFFICIAL INFORMATION ACT

Proposed Accommodation Benefit
Rates for 2001

Region	2000	2001	
	Current AB Rates	Proposed AB Rates	Change
ARROWTOWN	\$ 14.00	\$ 15.00	\$ 1.00
ASHBURTON	\$ 6.50	\$ 8.00	\$ 1.50
AUCKLAND	\$ 38.50	\$ 38.50	\$ -
BALCLUTHA	\$ 0.50	\$ 2.00	\$ 1.50
BLENHEIM	\$ 12.00	\$ 14.50	\$ 2.50
CAMBRIDGE	\$ 14.50	\$ 18.50	\$ 4.00
CARTERTON	\$ 11.00	\$ 14.00	\$ 3.00
CHRISTCHURCH	\$ 19.00	\$ 19.00	\$ -
CROMWELL	\$ 4.00	\$ 5.00	\$ 1.00
DANNEVIRKE	\$ 1.50	\$ 4.00	\$ 2.50
DARGAVILLE	\$ 13.00	\$ 13.00	\$ -
DUNEDIN	\$ 13.00	\$ 13.50	\$ 0.50
FEATHERSTON	\$ 5.00	\$ 5.00	\$ -
FEILDING	\$ 9.00	\$ 12.00	\$ 3.00
FOXTON	\$ 7.00	\$ 7.00	\$ -
GISBORNE	\$ 11.50	\$ 11.50	\$ -
GORE	\$ 2.00	\$ 2.00	\$ -
GREYMOUTH	\$ 7.00	\$ 7.00	\$ -
GREYTOWN	\$ 2.00	\$ 4.00	\$ 2.00
HAMILTON	\$ 18.50	\$ 18.50	\$ -
HASTINGS	\$ 14.50	\$ 14.50	\$ -
HAVELOCK NORTH	\$ 14.50	\$ 14.50	\$ -
HAWERA	\$ 9.50	\$ 9.50	\$ -
HAWKES BAY	\$ 14.50	\$ 14.50	\$ -
HOKITIKA	\$ 7.00	\$ 7.00	\$ -
HUNTLY	\$ 8.00	\$ 8.00	\$ -
INVERCARGILL	\$ 4.00	\$ 4.00	\$ -
KAIKOURA	\$ 9.50	\$ 9.50	\$ -

KAITAIA	\$ 13.00	\$ 14.00	\$ 1.00
KAPITI	\$ 20.50	\$ 23.00	\$ 2.50
KATIKATI	\$ 15.00	\$ 15.00	\$ -
KERIKERI	\$ 13.00	\$ 21.50	\$ 8.50
LEVIN	\$ 9.00	\$ 9.00	\$ -
MARTON	\$ 4.00	\$ 5.50	\$ 1.50
MASTERTON	\$ 5.00	\$ 6.00	\$ 1.00
MATAMATA	\$ 9.00	\$ 12.00	\$ 3.00
MORRINSVILLE	\$ 10.00	\$ 13.00	\$ 3.00
MOTUEKA	\$ 15.00	\$ 15.00	\$ -
NAPIER	\$ 14.50	\$ 17.00	\$ 2.50
NELSON	\$ 18.50	\$ 18.50	\$ -
NEW PLYMOUTH	\$ 13.50	\$ 13.50	\$ -
NORTHLAND	\$ 13.00	\$ 13.00	\$ -
OAMARU	\$ 4.00	\$ 4.00	\$ -
OPOTIKI	\$ 8.50	\$ 9.50	\$ 1.00
OTAKI	\$ 9.50	\$ 14.00	\$ 4.50
OTOROHANGA	\$ 3.00	\$ 3.00	\$ -
PAEROA	\$ 13.50	\$ 15.50	\$ 2.00
PALMERSTON NORTH	\$ 13.50	\$ 15.00	\$ 1.50
PAPAROA	\$ 13.00	\$ 13.00	\$ -
PICTON	\$ 8.50	\$ 13.00	\$ 4.50
PUTARARU	\$ 8.50	\$ 8.50	\$ -
QUEENSTOWN	\$ 18.50	\$ 26.50	\$ 8.00
REWENE	\$ 13.00	\$ 13.00	\$ -
RURAL RATE	\$ 6.00	\$ 9.00	\$ 3.00
ROTORUA	\$ 14.00	\$ 14.00	\$ -
STRATFORD	\$ 4.50	\$ 4.50	\$ -
TAUMARUNUI	\$ 1.50	\$ 8.50	\$ 7.00
TAUPO	\$ 16.50	\$ 16.50	\$ -

TAURANGA	\$ 21.50	\$ 21.50	\$ -
TE AROHA	\$ 9.00	\$ 10.50	\$ 1.50
TE AWAMUTU	\$ 11.00	\$ 14.50	\$ 3.50
TE KUITI	\$ 9.00	\$ 9.00	\$ -
TE PUKE	\$ 13.50	\$ 13.50	\$ -
THAMES	\$ 14.00	\$ 16.00	\$ 2.00
TIMARU	\$ 5.00	\$ 7.00	\$ 2.00
TURANGI	\$ 3.50	\$ 3.50	\$ -
TOKOROA	\$ 3.50	\$ 3.50	\$ -
WAIHI	\$ 10.50	\$ 12.00	\$ 1.50
WAIMATE	\$ 4.00	\$ 4.00	\$ -
WAIPAWA	\$ 8.50	\$ 12.00	\$ 3.50
WAIPUKURAU	\$ 3.50	\$ 6.00	\$ 2.50
WAIROA	\$ 3.00	\$ 4.00	\$ 1.00
WAITARA	\$ 5.50	\$ 7.50	\$ 2.00
WAKEFIELD	\$ 12.50	\$ 12.50	\$ -
WANAKA	\$ 22.00	\$ 22.00	\$ -
WANGANUI	\$ 6.50	\$ 6.50	\$ -
WARKWORTH (PUHOI)	\$ 34.50	\$ 34.50	\$ -
WELLINGTON	\$ 25.50	\$ 26.50	\$ 1.00
WELLSFORD	\$ 12.50	\$ 12.50	\$ -
WEST COAST	\$ 7.00	\$ 7.00	\$ -
WESTPORT	\$ 7.00	\$ 7.00	\$ -
WHAKATANE	\$ 14.60	\$ 15.50	\$ 0.90
WHANGAREI	\$ 13.00	\$ 13.50	\$ 0.50
WHITIANGA	\$ 15.00	\$ 16.00	\$ 1.00
WOODVILLE	\$ 4.00	\$ 4.00	\$ -