

# **Monitoring the Impact of Social Policy, 1980–2001:**

## **Report on Significant Policy Events**

Occasional Paper Series

Resource Report 1

**Monitoring the Impact of Social Policy, 1980–2001:  
Report on Significant Policy Events**



Social Policy Evaluation & Research Committee  
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Occasional Paper Series

Resource Report 1

**DECEMBER 2005**

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## Executive Summary

In this report the author has attempted to map significant social policy events in New Zealand for the 1980–2001 period. Information was selected for inclusion based on its relevance to family wellbeing in New Zealand. The report is part of the Family and Whānau Wellbeing Project (FWWP), a five-year research project funded by the Foundation of Research, Science, and Technology. Data collection was focused on the annual Budget address and the triennial Treasury briefing to the incoming government, supplemented by departmental briefs and other sources.

The report is divided into five chapters, which serve to delineate significant policy shifts in the areas of social security, employment, health, education and housing. Within each social policy area the author has provided a three-tiered approach to presenting the relevant information:

- quick-reference chronological tables of historical key events
- a more detailed version of events for each period drawn from the Budget speeches and departmental briefs
- background material on social policy, where appropriate (and available), that describes the evolution of government departments (such as the health care system).

The period studied (1980–2001) was one of rapid economic restructuring and policy changes, including the devolution of the welfare state. The struggling economy in the early 1980s in New Zealand meant that the high dependency on welfare services by the population put financial strain on the existing welfare state structure. The period 1984–88 saw a response to this strain in the form of economic restructuring and associated social change. Throughout these changes the welfare state was largely maintained, but tighter controls were placed on qualification for assistance (e.g. means testing).

The next major upheaval in social policy was via the Budget under Finance Minister Ruth Richardson in July 1991. Further measures relating to welfare policies were instituted, with a strong emphasis on means testing and a limited state role. The 1994–99 period then saw a slowing of both economic restructuring and social policy reform within a socially conservative framework. Finally, the 2000/01 period witnessed a return – to some extent – to more interventionist welfare state priorities and policies and the earlier welfare state initiatives.

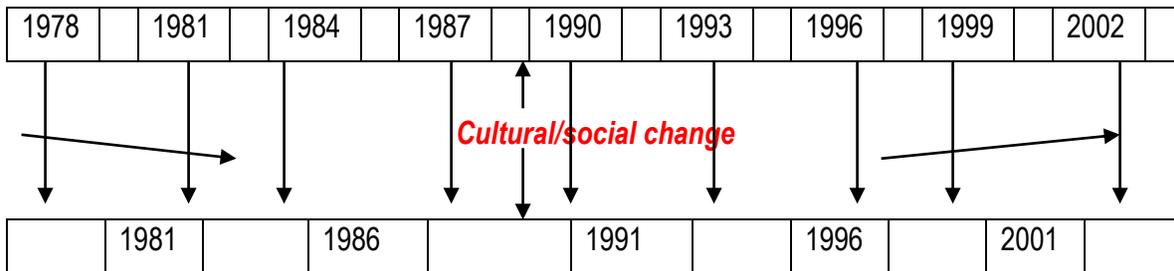
# Introduction

## Overview

The purpose of this report is to identify significant events in the area of social policy relevant to family wellbeing in New Zealand over the period 1980–2001. The report is part of the Family and Whānau Wellbeing Project (FWWP), a five-year research project funded by the Foundation of Research, Science, and Technology. In it the author focuses on five major areas of social policy relevant to family wellbeing: social security, employment, health, education, and housing. A companion report (*Family Wellbeing: Indicators from the 1981–2001 New Zealand Censuses* (Milligan et al., 2006) outlines these indicators for the five censuses (1981, 1986, 1991, 1996 and 2001 ).

It is envisaged that the data from these two reports will permit us to conduct a form of “event history” analysis, in which significant policy events in the political arena (see the upper panel of Figure 0.1 below) are related to key social outcomes derived from Census collections conducted over the same period (see lower panel of Figure 0.1).

### Economic/social policy advice and implementation



Time series of censuses

**Figure 0.1: Relationship between policy cycle and economic/social policy advice and implementation**

## Method

### Data collection

Information for this report was taken from a variety of sources in both print and electronic formats, including annual Budget speeches, briefs to incoming ministers/governments by Treasury, briefs to incoming ministers from government departments (such as Housing New Zealand), annual reports from government departments to ministers, occasional papers, secondary texts, electronic journals, and websites, both government departmental and otherwise.<sup>2</sup> In Appendix 1 we have included a list of electronic links (hypertexts) to the relevant Acts for those wanting to investigate the original family-oriented legislation.

<sup>2</sup> Access to these pieces of legislation often requires payment

Overall, the data collection focused on the annual parliamentary Budget address and the triennial Treasury briefing to the incoming government. Arguably, the Budget represents the single most comprehensive and inclusive policy speech for each year of government activity, while the Treasury briefings reflect the viewpoint of the Government department most involved in providing overall policy advice. Excerpts from this material are reproduced in the commentary on each policy area.

### Organising the data

This tracking of social policy legislation and events is primarily designed to provide the social policy context for the time-series data on social indicators, which have been drawn from the Census. The style of this report is therefore descriptive, but systematic, in trying to identify the major events over the selected period. Aside from the identification of key events through the analysis of text from documentary sources, it was also necessary to provide quantitative background data where possible. Therefore, frequencies of activities within schemes, initiatives and programmes for the five social policy areas are provided, where available.

An important feature to note about the way this information is presented is the characterisation of a number of distinct policy phases that do not necessarily coincide with the regular triennial election cycle over the 1980–2001 period. Although it might be convenient to accept the triennial election as the indicator of significant policy shift, this was a time of political volatility in which the views of the Finance Minister in each administration perhaps best captured the policy mix and ethos of the time. Thus, the author has identified six distinct policy phases according to the incumbent Finance Minister:

1. *1980–1984, Finance Minister Robert Muldoon* – the maintenance of existing welfare state structure in conditions of extreme financial difficulty.
2. *1984–1988, Finance Minister Roger Douglas* – a period of rapid economic restructuring and associated social change. Funding levels to the welfare state are largely maintained, but there is a trend towards means-testing, efficiency considerations, devolution, and a less interventionist state role.
3. *1989–1990, Finance Minister David Caygill* – a moderation of the extent of experimentation and economic restructuring, and relative consolidation.
4. *1991–1993, Finance Minister Ruth Richardson* – a return to economic restructuring, and the extension of reform measures much more systematically to social policy, with a strong emphasis on means testing and a limited state role.
5. *1994–1999, Finance Minister Bill Birch and Treasurer Winston Peters* – a moderation of both economic restructuring and social policy reform, within a socially conservative framework.
6. *2000–2001, Finance Minister Michael Cullen* – the reversal of many deregulatory economic and social initiatives and a return to “traditional”, more interventionist welfare state priorities and policies.

## Defining wellbeing

In order to identify significant events in the area of social policy relevant to family wellbeing in New Zealand we need to work with a clear definition of what in fact constitutes wellbeing. The Royal Commission on Social Policy (1988) suggested that social wellbeing involves:

- dignity and self-determination
- participation and belonging
- development of potential
- fair distribution of wealth and resources
- tolerance and respect for cultural diversity.

The complex nature of social wellbeing means that much useful information will fall outside the selective scope of policy areas examined within this report. However, the companion report, *Family Wellbeing: Indicators from the 1981–2001 New Zealand Censuses* (Milligan et al., 2006) addresses wellbeing and the construction of wellbeing indicators in more depth.

## Structure

This report concentrates on five areas of social policy: social security, employment, health, education and housing. In each case the author has attempted to collate information relevant to the level of experience of the family unit, since this is the focus of the larger research programme.

For each policy area the author has adopted almost exactly the same format. We start by providing a summary chronology of important events, boxed according to the six phases identified above. In the second (main) section the author presents an extended historical chronology, including excerpts from our standard documentary sources, again categorised into the policy phases identified above. Finally, in each policy area the author presents other material of a contextual and background nature, particularly listings of programmes and descriptions of delivery structures.

The basic structure of the five sections is as follows.

### **1. Social Security: Benefits and Income Support**

This section addresses a number of areas including types of support, important milestones in policy development, the number of people using benefits, and official debate on social security and income support over the study period.

### **2. Employment Policy: Programmes, Schemes and Initiatives**

Because the focus of the current research programme is the wellbeing of families, in this chapter the author has chosen to exclude events that more properly lie in the area of industrial relations and labour law (such as equal pay, employment contracts and employment relations). Although these clearly have an effect on wellbeing in a general sense, and can be said to reflect the overall policy tenor of the times, the focus here is on events that are consciously framed in a social policy context.

### **3. Health Policy**

In order to provide a context for family-oriented health policy, it is important to note that a number of significant changes in health-related legislation in the last 20 years have occurred, mainly concerning governance, administration, management and funding structures, and a brief sketch of these changes is offered. In the context part the author outlines the four major recent evolutions of the New Zealand health-care system.

### **4. Education Policy**

As with Health, the Education Policy chapter gives a brief introduction to the structure of education in New Zealand and the framework in which education policy is negotiated, decided, and implemented. The author then offers an outline of service provider types, starting from early childhood through to continuing education. Finally, the author provides a quick-reference table highlighting significant events, Acts and policy for the study period of 1980–2001.

### **5. Housing Policy**

Along with the usual chronology of significant events, we present a series of tables and figures which give an overview of important dates and occurrences for housing in New Zealand. These include relevant historical events/Acts in housing from 1952 to 2001, and figures showing durations and descriptions of key housing Acts from 1952 to 2002. We have also provided a description of the evolution of housing agencies and their organisational structures and obligations for the period 1974–2001.

## **The report as a resource**

The prime purpose of this report is to inform a larger programme of research designed to evaluate the impact of social policy over the period 1980–2001. However, in producing this material as a working paper/technical report that is widely available we hope that it can be a useful resource for other researchers. The information contained in the report – including the appendices of relevant Acts, key dates in social policy, chronologies of major economic events and reforms, and selected historical items of high social and/or political relevance – provides a reference point from which social researchers, political and social scientists, postgraduate students and others interested in New Zealand social policy history can begin their work.

We see this report as a useful resource that could, with additional resources, be updated on a regular basis to provide a centralised source of the evolution of social policy. The style and scope could also be modified to involve a level of analysis that the current report does not attempt. Another useful addition would be the sourcing and use of other government documents, such as annual departmental reports to ministers. These are useful for the information they contain about the delivery of programmes, schemes, financial expenditure, etc. An upcoming companion paper to this report, *Monitoring the Impact of Social Policy, 1980–2001: Government Social Expenditure Patterns* (Crothers et al, in preparation), uses OECD data on government expenditure for the social policy areas and time period discussed here.

## Limitations

The scope of social policy examined in this report is limited to the principle aim of the project, which is to construct social indicators related to five areas of wellbeing from New Zealand national Census data: social security, employment, health, education and housing.

The information gathered under these five areas was selected for its relevance to and possible impact on the family unit. As noted, the main documents used for this study were the annual Budget speeches from the Ministers of Finance and briefs to incoming ministers/governments from Treasury. The strengths of these two series of documents are their continuity through time and the relative ease and certainty of their accessibility. (Frequently some data time series were incomplete or could not be provided for our entire study period, so in a number of cases we have used truncated and/or incomplete data sets to construct tables, graphs and figures.) The weakness of these documents was the sometimes variable character of the type, format and availability of information from year to year.

One outcome of carrying out the research for this report was the realisation that no document of this type exists, and that data for constructing such a publication are difficult to access. What should be of concern for social researchers, political scientists and others is the current limited availability of some historical government documents. The advent of the internet has meant a proliferation in the numbers of documents on government websites, but some documents which pre-date this period are lost or are unavailable except through appointment at the Parliamentary Library or at the National Library, Wellington. The availability of a continuous catalogue/chronology of annual reports and other documents from some government departments is problematic. Institutional memory has also suffered because of departmental restructuring during the period of study. It may be useful to consider increasing data archiving activity in this area of government documents. For example, digitally scanning and storing available texts in a central location would be invaluable.

We acknowledge the influence that other areas of policy such as industrial and labour laws have had on the wellbeing of the family. The State Sector Act 1988 and the Employment Contracts Act 1991 are just two Acts within this area that have been influential on outcomes for families. However, because of issues of data availability from the New Zealand Census and other reasons stated above, the examination of these areas of policy was deemed outside of the scope of the research project and therefore of this report.

# 1 Social Security: Benefits and Income Support

## 1.1 Summary of significant policy events

### Period 1: 1980–1984

- Because of the basic freeze of social policy development/spending, unemployment and other benefits are adjusted incrementally but no large changes are made to policy/programmes currently running. In 1982 the government introduces a number of tax legislation changes/cuts to combat, in part, the limits set by the freeze. A family tax rebate for families is introduced. A tax to some superannuation schemes is also introduced
- To combat inflation, the Government institutes a freeze of prices, wages, dividends, professional charges, directors' fees, rents and interest rates. This is to last for two years (1981–83).
- The New Zealand dollar is devalued at this time. Prior to the freeze there were increases in the Child Supplement, Disability Allowance and Tertiary Assistance Allowance, among others.

**Period 2: 1984–1988**

- This period is a watershed of change for benefits and unwaged support. The nature of services provided changes, as does the organisational efficiency of the service deliverers and the population on whom services should be focused.

**1984**

- The Family Care package is introduced for low-income families, including tax rebates, and there is a rise in superannuation and other benefits.

**1985**

- There is a means/income test for National Superannuation and the Family Benefit / tax rebate, and changes to benefit levels as an incentive to re-enter the workforce. There are concessions such as increased Family Benefit capitalisation and an increased Accommodation Benefit for beneficiaries.

**1986**

- Targeted assistance for low-income families is introduced in the form of tax concessions. These tax concessions are within the Guaranteed Minimum Family Income (GMFI) and the Family Support schemes. The National Superannuation surcharge is lowered (and is adjusted again in the 1988/89 financial year).

**1987**

- Treasury suggests that National Superannuation should change from being universally available for those reaching 60 years to one that is means tested, family assistance should move from a universal right to being targeted at those in most need, and there should be an income test for most benefits. Of major concern to the Government are benefit levels overall. The levels at this time, Treasury suggests, do not provide an incentive for those on benefits to find gainful employment.

**Period 3: 1988–1990****1989**

- It is proposed that the ten different categories of income support be collapsed into three: the Universal Benefit, the Guaranteed Retirement Income (GRI), and the War Veterans pension.
- The GRI is introduced (replacing National Superannuation), along with means testing for superannuitants.

**1990**

- The revised work test is introduced to assess the ability of people to return to paid employment. There is also a merging of the Family Support and Family Benefit schemes.

**Period 4: 1990–1993**

- This period is one of major changes to social assistance, including the December 1990 Economic and Social Initiative, the Social Security Act 1990, the social security benefit cuts of 1991, the Social Security Act 1991, and abolition of the Family Benefit.

**1990**

- Treasury suggests the Government's aims might be to:
  - abandon universalism
  - institute means testing/income testing for superannuation
  - tighten eligibility for the Unemployment Benefit
  - collect information to make more informed decisions about needs.
- Treasury suggests there is a need for coordinated policy, a welfare administration reorganisation, and a reduction in the dependency of some New Zealanders on the state.
- Welfare state reform is to be in the following areas: extra assistance for families with children; GRI; representation for senior citizens; a fair and reliable system of child support payments; an integrated income maintenance system; an incapacity scheme; the Universal Benefit; a core rate of payment; an income test and work test; provision for young people; and tighter controls on the welfare system.

**1991**

- Ruth Richardson's July Budget is released.
- On 1 December 1990 the qualifying age for the Unemployment Benefit is raised from 16 to 18 years.
- In April 1991 benefit cuts and a tightening of eligibility are introduced.
- A revised work test is made mandatory for applicants for the Universal Benefit.
- The 1991 Budget speech states there needs to be more focus on social assistance to those in genuine need; providers of social services need to be more responsive to the needs of individuals and their families; and New Zealanders need to be realistic about what the economy can afford in terms of welfare
- Changes include replacing the Accommodation Benefit with an Accommodation Supplement, income testing for superannuation (to be introduced in 1993) and the replacement of the GRI with the new Superannuation scheme.

**1992**

- Benefit rates are adjusted to encourage people into full-time employment.

**1993**

- Accommodation assistance is introduced.

**Period 5: 1994–1999****1994**

- Help for Low-income families and Family Support schemes for families with multiple children under 13 years are introduced.

**1995**

- The Government begins to discuss “social cohesion” and from “welfare to wellbeing” in the areas of social policy.

**1996**

- The Minister of Finance, Bill Birch, releases tax reduction and social policy programme details, which include the introduction of a tax credit for low-income working families.
- There is increased expenditure in family tax relief, and income tax reductions for low- and middle-income areas.
- Treasury suggests the need for an interconnectedness of fiscal and other policies. The Government is advised to reduce levels of benefit dependency and encourage the public to take more individual responsibility for superannuation.

**1997**

- The Beyond Dependency Conference is held.
- Family Support and the Family Tax Credit are increased.
- Discussion begins on the “Code for Social Responsibility” – a contract between the welfare recipient and the state.
- The Government proposes a retirement savings scheme.

**1998**

- The Community Wage replaces the Unemployment Benefit. Sickness and Invalid’s benefits are absorbed into the Community Wage.
- The Family Start programme pilot is launched.
- Some widows and some recipients of the Domestic Purposes Benefit are required to take up part-time work.

**1999**

- The Family Plus package and Strengthening Families strategy are introduced.
- The Superannuation 2000 Taskforce is commissioned.

**Period 6: 2000–2001*****2000***

- The base rate for superannuation is restored to 65% of the average wage.

***2001***

- The New Zealand Superannuation fund is foreshadowed. A percentage of the national surplus is to be diverted into the new fund for future superannuation.
- The introduction of paid parental leave by April 2002 is foreshadowed.
- The Social Security Amendment Act 2001 is introduced. Changes include: disestablishment of the Community Wage, re-establishment of an unemployment benefit and non-work-tested sickness benefit, and the abolition of the work capacity assessment process.

## 1.2 Details of significant policy events: chronology and documentary sources

### Period 1: 1980–1984, Finance Minister Robert Muldoon

#### *Budget speech, Financial Statement 9 July 1981 (Muldoon, 1981)*

In the 1981 Budget the Government made adjustments to social welfare expenditure for the following year. Key changes were:

- the Child Supplement paid to income-tested beneficiaries was increased (from \$4.00 to \$5.00 for each eligible child)
- the capitation subsidies payable to organisations providing residential day care for children were increased, as were certain allowances to foster parents
- the Disability Allowance was increased (from \$8.00 per week to a maximum of \$11.00)
- the Tertiary Assistance Grant was increased (from \$23.00 to \$27.00), and the Supplementary Hardship Grant allowed to students increased, up to \$47.00 per week.

#### *Budget speech, Financial Statement 5 August 1982 (Muldoon, 1982)*

A series of measures to combat inflation was announced, including a 12-month freeze of prices, wages, dividends, professional charges, directors' fees, rents and interest rates. Also announced was the devaluation of the New Zealand dollar and a significant reduction in income tax.

#### *Tax cuts and welfare*

Amid tax changes, changes were made to both family assistance schemes and tax rebates on superannuation for individuals.

#### *Family Rebate*

A Family Rebate of \$1,404 per year was introduced in October. This replaced the current low-income family, young family and spouse rebates, and was available to families with a dependent child (household income limit up to \$9,800). The rebate abated by 15 cents in the dollar for incomes between \$9,800 and \$19,160 per year.

#### *Superannuation schemes for individuals*

A new tax regime was introduced to stop tax avoidance by individuals who had been placing assets (e.g. business assets) into superannuation schemes (which had been tax free at that time).

#### *Life insurance and superannuation*

Lump-sum superannuation funds, which were tax exempt at the time, were now to be taxed at 31% on net investment income. Personal tax exemption for life insurance

premiums and contributions to superannuation schemes increased (from \$800 to \$1,400 for employer-subsidised schemes, and \$1,000 to \$1,400 outside such schemes).

***Budget speech, Financial Statement 28 July 1983 (Muldoon, 1983)***

There was to be a continuation of the freeze (from the previous year) of prices, wages, dividends, professional charges, directors' fees, rents and interest rates.

Tax rebates for low-income families increased (from \$1,404 to \$1,924 per year). This rebate was available to families with a dependent child and a household income limit of up to \$9,800. The rebate abated by 15 cents in the dollar for incomes \$9,801 to \$14,000 per year, and by 20 cents in the dollar in the range \$14,001 to \$20,470.

**Period 2: 1984–1988, Finance Minister Roger Douglas**

***Budget speech, Financial Statement 8 November 1984 (Douglas, 1984)***

*Low-income assistance*

A new form of low-income assistance, the Family Care package, was introduced. Some of the highlights were:

- a non-taxable \$10.00 per week for each child on top of Family Benefit payments to families earning up to \$20,470, with abatements of 25 cents in the dollar for those on higher incomes and abated to zero for incomes over \$24,550 for one child, and \$24,630 for two children (increased by \$2,080 for each additional child)
- the principal earner rebate increased from \$312 to \$520 per annum
- weekly income-tested social security benefits and war pensions increased (\$3.60 for a single person, \$6.00 for a married couple), and National Superannuation increased by the same amount
- beneficiaries' Child Supplement increased (from \$2 per week to \$8), although there was no increase for solo parents
- eligibility criteria for special benefits were widened.

*National Superannuation tax surcharge*

From 1 April 1985 a tax surcharge of 25 cents in the dollar was implemented on additional income (exclusive of National Superannuation) above \$5,200 per year.

***Economic Management 1984 (NZ Treasury, 1984)***

*From universal entitlement to targeted assistance*

Treasury's advice to the Government was to adopt a more targeted social welfare system. Assistance was better directed to those most in need. Thus targeting was suggested in preference to universal assistance (both direct income transfers and in service delivery).

*Aims and justifications of suggested changes*

The changes were justified as follows.

It is not surprising that standards of individual and social welfare in New Zealand have come under pressure as a result of a lengthy period of mediocre economic performance. Thus the education, housing, health, and social welfare systems have been operating under difficult conditions. General improvements in social indicators and our ability to provide more resources in aggregate to those aspects of social service provision which government wishes to undertake will only be feasible with substantial improvements in economic performance, and these will not be rapidly achieved. In the period of resource constraints which lies ahead, there nevertheless appears to be considerable scope for improving the performance of social service policies. This applies to each of the four broad policy areas discussed above. The sorts of change that we think may produce such improvements fall into two key categories:

- A: those which would target social policies more on the basis of need which inevitably would require reducing government expenditure on those people with less need; and
- B: those which would allow the strengths of market processes to help allocate resources in ways which are more responsive to consumers' preferences and which involve least cost. (NZ Treasury, 1984, pages 272-273).

*Areas of change in the role of government*

Treasury's main concerns about the social welfare system in this briefing relate to income maintenance policies. Treasury stated that:

- a. In terms of achieving the greatest overall improvement in the community's welfare (e.g. are the policies sufficiently targeted to those most needing income support?); and
- b. subject to the constraints of minimising both distortionary impacts on economic choices (e.g. reducing incentives to work) and administrative costs, and of ensuring equal treatment between individuals in different circumstances but with similar total incomes (i.e. "horizontal equity"). Our concerns stem from the likely pressure for increasing government assistance to disadvantaged individuals in the community (which is evident in the trends outlined below), and the heightened need for fiscal restraint. The result is likely to be increasing conflict between those social welfare policies which are based largely on "needs" (e.g. income-tested, selective benefits such as the Unemployment Benefit, Domestic Purposes Benefit, Sickness and Invalidity benefit) and those which are based on what may be thought of as community "rights" (e.g. National Superannuation and the Family Benefit, which are universally applied without regard to income. (NZ Treasury, 1984, pages 260-261).

The proposed changes were as follows.

- National Superannuation would no longer be universal but means-tested.
- The Family Benefit/family tax rebate would no longer be universal but income-tested.
- Adjustment to the level of benefits would need to consider the impact on incentives to work and save.

***Budget speech, Financial Statement 13 June 1985 (Douglas, 1985)****Tax changes*

A goods and services tax (GST) was foreshadowed.

*Benefit reform*

There was to be a review of the benefit system, with special reference to incentives to work and alleviation of the poverty “trap”.

The Royal Commission on Social Policy was announced. The Royal Commission’s brief was to examine the policies, both public and social, that were required to ensure a fair and just society

*National Superannuation*

The government reviewed the tax surcharge applied to national superannuitants. There government was to be an increase (by approximately 15%) of specified exemption levels for “other income” applying under surcharge scheme (\$12,000 per annum for a married couple, \$7,200 for a single person).

*Other benefit changes*

These included:

- increased Family Benefit capitalisation limits for first-home seekers
- an increased Accommodation Benefit for beneficiaries
- the introduction of a Special Accommodation Benefit for modest-income wage and salary earners having difficulty with rent payments.

***Budget speech, Financial Statement 31 July 1986 (Douglas, 1986)****National Superannuation*

The National Superannuation surcharge rate was reduced from 25 to 18 cents in the dollar, and a commitment was made to ensure the maximum surcharge would not exceed 48 cents in the dollar.

***Budget speech, Financial Statement 18 July 1987 (Douglas, 1987)****Family Support and Guaranteed Minimum Family Income scheme*

From 1 April 1987 the level at which Family Support began abatement (18 cents in the dollar) was raised (from \$14,000 to \$15,000 per annum for a joint income household). The Guaranteed Minimum Family Income scheme meant those eligible could receive an extra \$20.00 per week. Full-time earners with one child were to receive \$270 per week, including the Family Benefit (a family of three would increase from \$294 to \$314 per week).

*National Superannuation surcharge*

Exemption levels applying to the surcharge increased to \$13,000 for a married couple per annum and to \$7,600 for a single person.

*Treasury briefing to the incoming government (NZ Treasury, 1987)*

The Treasury brief outlined a continuing programme of reform in social policy, as follows.

*National Superannuation*

The brief advocated a transition from a universally available pension at 60, to eligibility gauged on an income-related basis.

*Family assistance*

Universal payment of the Family Benefit was abolished in favour of targeting those in need (e.g. those unable to meet the full costs of child rearing themselves).

*Income-tested benefits*

Treasury stated that:

The main areas of income support include the Unemployment Benefit, other income-tested benefits, the Tertiary Assistance Grant and Access allowances ... considerations suggest that any regime of income support for young people should make provision for assistance from parents who can afford it and should strike relatively low and uniform rates of support for all young people without other income. The kind of system that might conform to these principles could involve payment on a family income-tested basis (possibly to the family) up to around 17 or 18 years of age. Beyond that age it might be appropriate to move to a uniform benefit somewhere in line with the Tertiary Assistance Grant until the person is 20. These rates should be the same for people in formal education, training schemes or unemployment (NZ Treasury, 1987, pages 177-178).

*Benefit levels overall*

It appears that while there may be significant concern about the movement in the relativity between benefits and wages in the last 15 years, it is rather more difficult to establish a firm basis on which to advocate a particular policy response. Clearly fundamental issues are involved such as defining the level of income, and the unit to which it is provided, appropriate for the current social and economic environment. However, the combination of efficiency considerations of maintaining incentives to work, and equity considerations of avoiding the poverty trap that is generated by unrealistic benefit rates, suggests that benefits are now too high in relation to wages, and this cannot be sustained indefinitely without significant social costs. (NZ Treasury, 1987, page 181)

*Universality, targeting and incentives to return to work*

Treasury addressed the appropriateness of the universal provision of services, tax assistance and financial assistance or targeted assistance within social policy as follows:

It may be with some innovative thinking about administration of assistance, aided by technological developments, a system could be devised for ensuring entitlements are rationalised, while minimising the loss of dignity for recipients of assistance. Whether or

not new technologies are adopted it seems that the appropriate balance between redistribution aims and the incentive problems posed by effective marginal tax rates is to provide more social assistance on a targeted basis. While care would need to be taken to ensure administrative procedures preserve the dignity of those receiving assistance, moving towards more targeting of assistance would permit a lower overall average tax rate. (NZ Treasury, 1987, page 186)

#### *Lowering the tax rate and benefit rates*

Treasury tackled the task of managing relative levels of benefits and the average working income and income tax abatements as follows.

With a slightly lower average tax rate as a result of greater targeting of social assistance, there should be some scope for rationalising the abatement of targeted assistance. However, the current abatement rates of up to 100 percent for many income support policies would still not be able to be reduced greatly. Part of the reason is that benefit levels are somewhat closer now than in the past to average incomes, leaving little room to abate income support gradually. Unless relative benefit levels are reduced, effective tax rates when tax and benefit abatement are combined are likely to remain in the 60–100 percent range. (NZ Treasury, 1987, page 186)

#### ***Budget speech, Financial Statement 28 July 1988 (Douglas, 1988)***

##### *National Superannuation*

From 1 October all new superannuitants who are married would be paid the same rate, regardless of age of spouse.

##### *Indexation of benefits*

Due to the decline in inflation, the Government would return to an annual indexing of National Superannuation, social security benefits and income-tested war pensions.

### **Period 3: 1988–1990, Finance Minister David Caygill**

#### ***Budget speech, Financial Statement 27 July 1989 (Caygill, 1989)***

##### *Family Support scheme changes*

On October 1989 the threshold of Family Support was raised from \$16,000 to \$17,500 (making most recipients better off by \$5.00 per week). On 1 April 1990 payment for the scheme would be to the principal caregiver.

##### *Guaranteed Minimum Family Income (GMFI) changes*

From 1 April 1989 an increase of \$10.00 per week was made to the GMFI, bringing the total per week to \$310 for a one-child family.

##### *School-leavers and the Unemployment Benefit*

The stand-down period for those aged less than 18 years increased to six months (to encourage entry into paid employment).

*Benefit reforms*

The Government decided to construct and offer a generic benefit, to be known as the Universal Benefit. Its specifications were to be that the rate of payment for a couple was to be set at the same level at the (then) level of Sickness and Invalid's benefits, and future adjustments would be set to within 65–72.5% of the ordinary-time average wage.

*National Superannuation / Guaranteed Retirement Income (GRI)*

A new system was created that would offer a Guaranteed Retirement Income from 1 April. This would be funded by a retirement tax of 7.5 cents in the dollar. The rate of the GRI was to be equal to that of National Superannuation. Eligibility was to be set at 60 years and to move to 65 years gradually between 2006 and 2025.

*National Superannuation surcharge*

The surcharge was introduced as a means-testing device for those with significant earnings or investments, or those still in full-time employment.

Changes reduced some ten different categories of income support to three: the Universal Benefit, Guaranteed Retirement Income and War Veterans pension.

***Budget speech, Financial Statement 24 July 1990 (Caygill, 1990)****The Universal Benefit*

This benefit was to come into effect on 1 April 1991 and was to replace the Unemployment, Widow's, Sickness, Invalid's and Domestic Purposes benefits (but would not affect the GRI and Veterans pensions). Under the new system, people would be entitled to a core rate of assistance, with additional payments for dependent children and extra living expenses for those living alone.

*Revised work test*

Applicants and current users of the Universal Benefit were to undergo an assessment related to their ability to undertake/return to paid employment. The assessment had three categories:

- ready and able to undertake work (accept work if offered)
- in transition to being ready for paid employment (accept training and experience and/or transition programmes)
- not currently expected to undertake paid employment.

*Living alone allowance*

Increased assistance was given for single superannuitants and veteran pensioners (an extra \$14.41 per week), which now equated to 65% of the married couple rate.

*Merging of Family Support and Family Benefit schemes*

This new form of family benefit was targeted at low income families and was to be indexed to future increases to the universal benefit. Under this new scheme the minimum

per child allowance stayed at \$6 (the maximum was raised from \$42 to \$49 for the first child and stayed at \$28 for subsequent children).

*Qualifying age for Unemployment Benefit*

From 1 December children of 16 and 17 years would be entitled to the Unemployment Benefit, and the full first-child rate of the Family Benefit would be available to children of 16 and 17 still in school.

*Benefit fraud and information privacy legislation*

Proposed legislation was in motion for the sharing of limited client information between the Department of Social Welfare and Inland Revenue.

**Period 4: 1990–1993, Finance Minister Ruth Richardson**

*Briefing to the incoming government, 1990 (N Z Government, 1990)*

In the area of social policy and structural change, Treasury suggested that the Government's aims might be to: reduce the welfare system, reduce welfare dependency, raise employment, reduce evasion of parents from liability of support of children, examine ACC eligibility, and reform welfare administration.

Specific proposals were to abandon universalism, institute means-testing for superannuation, assess eligibility for the Unemployment Benefit, collect information to make more informed decisions about needs, and better coordinate policy.

*Budget speech, Financial statement 30 July 1991 (Richardson, 1991)*

The July Budget was released, covering the following.

*Accommodation Supplement*

A new form of financial assistance for housing was introduced, the targeted Accommodation Supplement, which was open both to tenants in state housing as well as to those in privately owned accommodation. It was administered by the Department of Social Welfare, and replaced the Accommodation Benefit.

*Guaranteed Retirement Income and National Superannuation scheme*

The GRI was replaced by the new National Superannuation scheme. In addition, the surcharge was abolished, a means test on incomes was introduced, and a change made in the retirement age (see below).

Income testing was to begin in April 1993. Details included: the first \$80.00 (per week) of private income would not affect superannuation; only half the value of pensions received from registered superannuation schemes and annuities received from life offices would be counted as private income (above this level there would be abatement at a rate of 65% for each additional dollar of private income); and earnings equivalent to a 10% return on an investment of about \$40,000 were permitted before abatement.

*Welfare fraud and abuse*

Information gathered by Social Welfare, ACC and the Inland Revenue Department could be cross-checked for possible misuse of public funds.

*Retirement age change*

From April 1992 the age for retirement would move from 60 to 61, then towards 65 at the rate of three months in age every six months.

***Budget speech, Financial Statement 2 July 1992 (Richardson, 1992)****Social security*

Benefit rates were adjusted to create a margin between those on welfare and those in full-time employment. Supplementary assistance programmes were established for those in special need, and the National Superannuation change was maintained. The Accommodation Supplement scheme was signalled for implementation the following year.

***Budget speech, Financial Statement 1 July 1993 (Richardson, 1993)****Accommodation Supplement*

The new accommodation supplement was to provide increased assistance to 165,000 low-income New Zealanders who were boarding, renting, or servicing a mortgage.

*Family Support scheme*

This was targeted at low-income families with teenagers, who would continue to receive \$42 for the first child. For subsequent children under 13 the payment would rise from \$22 to \$24 per child; for subsequent children over 13 years the payment would rise from \$22 to \$35 per week. It was forecast that this would assist 135,000 families.

**Period 5: 1994–1999, Finance Ministers Bill Birch and Winston Peters*****Treasury briefing to the incoming government, 1993 (NZ Treasury, 1993)***

There was limited discussion of welfare and social security issues, reiteration of the need for coordinated policy, and a statement on benefit eligibility and employment opportunities. It was suggested welfare systems should encourage work or training through benefit design and active labour market policies.

***Budget speech, Financial Statement 30 June 1994 (Birch, 1994)****Low-income families and the Family Support scheme*

It was held that the focus should be on low-income families with multiple children under 13 years. A second initiative was to raise the abatement level from \$17,500 to \$20,000.

For a family earning between \$20,000 and \$30,000, and with a second child under the age of 13, this would mean an increase of \$11.65 per week, or \$600 per year.

***Budget speech, Financial Statement 23 February 1995 (Birch, 1995)***

*Enhancing social cohesion*

The 1995 Budget aimed at enhancing social cohesion through focusing on employment and youth policy, housing and health, Treaty of Waitangi settlements, and welfare. The focus on welfare was in terms of helping New Zealanders into work and assisting those in need.

*Quality social services – from welfare to wellbeing*

Projected expenditure on welfare benefits was to be increased by \$250 million in 1995/96 and \$353 million in 1996/97.

***Budget speech, Financial Statement 3 February 1996 (Birch, 1996)***

The substantial reduction of public debt and the outlook of large, ongoing surpluses in the future meant that the Government could now provide income tax reductions, which focused on low- and middle-income earners.

Spending increases were to be in priority areas, particularly health and education, and increases in family tax relief.

*Social cohesion*

The response to the Employment Task Force was a set of information, assistance and work incentives aimed at helping people into work.

***Briefing to the incoming government, 1996 (NZ Treasury, 1996)***

The task for the Government, it was suggested by Treasury, was to achieve an interconnectedness of fiscal and other policies:

There is no one single policy that matters most. The object is to assemble a range of complementary and consistent policies that provide a reasonably stable policy environment. This is because individual decisions to work, save or spend are made every day in thousands of homes and workplaces. If people are to take a forward-looking approach to these decisions they need to know that there is a reasonable prospect that saving more, working harder, and investing in skills will leave them much better off over time (NZ Treasury, 1996, page 14).

More specifically, changes were needed in the welfare system in the areas of superannuation and social welfare.

*Superannuation*

The Government would encourage people to take responsibility for the possibility that the state may or may not be able to look after all in old age.

*Social welfare*

There were reducing levels of dependency. The unemployment rate had dropped, but dependency on social welfare remained high, with the numbers on Sickness, Invalid's and Domestic Purposes benefits rising. The aim was to raise full-time employment and reduce welfare dependence.

*Policy options*

Treasury addressed the issue of benefit dependency and appropriate social policy as follows:

If the adequacy of resources available to benefit-dependent households were the sole concern associated with prolonged benefit receipt, then one way to address this problem would be to increase the level of benefits ... This could discourage a movement off benefit into employment. Research suggests that, although these incentive effects can vary in size, they are real ... The most beneficial approach, then, is one that will provide adequate support for people in times of need, but keep them oriented to employment and training so as to maintain and enhance their long-term prospects through labour market participation (NZ Treasury, 1996, page 83).

*Possible solutions offered by Treasury*

Solution offered included:

- maintain a margin between benefit levels and the incomes that beneficiaries could potentially earn from paid employment, to ensure there was sufficient reward for remaining in or taking up employment
- require people to look for employment or participate in training, where their circumstances allow, and reinforce this with fair but explicit sanctions where they do not comply with the obligation to help themselves
- assist people to move into employment, when they are unlikely to be able to do so of their own accord, by providing advice, or help them to deal with specific problems such as child-care responsibilities that otherwise provide a barrier to employment
- inform people about the options available to them other than benefit receipt, and educate them about the potential long-term implications of prolonged benefit receipt
- make supplementary assistance available where the base benefit is not sufficient. (Treasury preferred to use supplementary assistance rather than trying to handle all concerns about the adequacy of benefits by increases in the base benefit.)

***Budget speech, Financial Statement February 1997 (Peters, 1997)****Welfare initiatives and changes*

There would be further support for families – both those in work and those making the transition to work. The Family Support and the independent Family Tax Credit were to be

increased from 1 July 1997, along with increases already announced in the Accommodation Supplement.

There was a foreshadowing of a “Code of Social Responsibility” – a form of contract between a welfare recipient and the state.

#### *Employment-related issues*

Work capacity testing for those receiving ACC support was to be improved. A similar approach was to be examined for sickness and invalid beneficiaries.

A total of \$22 million was to be spent on new employment initiatives in 1997/98 in order to establish a regional delivery structure for employment assistance and smooth access to employment, training and welfare services for job seekers; and on expanding the Community Taskforce and Limited Service Volunteer programmes.

#### *Abolition of the Superannuation surcharge*

From 1 April 1998 the Superannuation surcharge was to be abolished. The proposed Retirement Savings Scheme would require people who could save to save during their working lives. For those already in retirement, or close to retirement, benefits were maintained.

#### ***Budget speech, Financial Statement 14 May 1998 (Peters, 1998)***

##### *Community Wage*

From 1 October the Unemployment Benefit was to become the “Community Wage”.

##### *Invalid’s and Sickness benefits*

There would be a trial of a work capacity assessment of invalid and sickness beneficiaries. The trial would begin in November 1998 and be developed over the following two years.

##### *Workbridge established*

This new agency catered for incapacitated people who wanted to work.

##### *Unemployment and Sickness Benefit merging into Community Wage*

From 1 July 1998 the Sickness Benefit was to be paid at the level of the Unemployment Benefit. The Sickness Benefit would be merged into the Community Wage from 1 October.

##### *Domestic Purposes Benefit and the Childcare Subsidy*

The Childcare Subsidy was to be offered to low-income working parents whose children were aged five to thirteen years for out-of-school care. A sole parent with two school-aged children who took up work would have child care subsidised by up to \$72 a week during the school term time and by up to \$108 a week during school holidays.

*Beneficiaries required to take up part-time work*

From 1 February 1999 the Government required those on the Domestic Purposes and Widow's benefits whose youngest child was aged six to thirteen years to search for and take up part-time work. Those whose youngest child was 14 years and over would be required to seek full-time work. In addition to child-care assistance, an extra \$43 million was provided for case management, employment services and training to help those receiving the Domestic Purposes Benefit to find work.

*Strengthening Families initiative*

To assist families who were in need of assistance, the government was to increase resources to the Children, Young Persons and their Families Service by \$52 million over the following three years.

*Family Start programme*

Four pilot locations were established for a programme called Family Start. For identified families, this involved a greater amount of intensive home-based assistance for up to five years from the arrival of a new child into the home.

***Budget Speech, Financial Statement 20 May 1999 (Birch, 1999)****Family Plus package*

A Parental Tax Credit would be provided for working families from 1 October 1999. Low- and middle-income parents who were not on income support were entitled to a tax credit of up to \$150 a week for eight weeks from the birth of a child.

A child tax credit, the Independent Family Tax Credit, paid low- and middle-income working families up to \$15 a week per child, on top of the 1996–1998 reduction of 25% in the middle-income tax rate.

A Family Tax Credit, formerly the Guaranteed Minimum Family Income, ensured a minimum income for parents working at least 30 hours a week.

*Strengthening Families and helping those at risk*

A significant number of families faced multiple disadvantages: unemployment; poor skills, health, income and housing; behaviour disorders; and criminal histories. The Strengthening Families strategy offered interlocking services, both new and extended.

*Family Start programme*

The Family Start programme was a home-based support service, targeting families with newborn babies who were facing difficulties. A support worker was to visit the home until the child was two – or longer if necessary – to help with immunisation, health problems, relationship and parenting skills, and to create links with community services. The programme was to expand to 13 more centres, and up to 2,700 more at-risk families a year. This additional intensive long-term help was to cost \$41 million over the following three years.

*Superannuation*

The Government commissioned the Superannuation 2000 Taskforce. This was to, among other things, examine the impact of superannuation on incentives to save.

**Period 6: 2000–2001, Finance Minister Michael Cullen***Briefing to the incoming government, 1999 (NZ Treasury, 1999)*

Welfare and income support were not touched on in this document.

*Budget Speech, Financial Statement 2000 (Cullen, 2000)**Social services*

A total of \$36 million was allocated to the Department of Child, Youth and Family Services to continue improving the quality of services, including for Māori and Pacific clients.

*Superannuation*

The base rate for New Zealand Superannuation was restored to 65% of the average ordinary time net wage. Future funding options for superannuation were under consideration.

*Budget speech, Financial Statement 2001 (Cullen, 2001)**National Superannuation / New Zealand Superannuation Fund*

There was a proposal to divert part of the emerging structural surplus into a New Zealand Superannuation Fund.

*Paid parental leave*

The Paid Parental Leave scheme was to be introduced by 1 April 2002.

*Social Security Amendment Act 2001*

This aimed to:

- remove the requirement that work-tested beneficiaries undertake community work
- provide that activity in the community and voluntary work would be options that work-tested beneficiaries may undertake
- disestablish the Community Wage, and re-establish an unemployment benefit and non-work-tested sickness benefit
- simplify the sanctions regime for failure to comply with the work test
- abolish the work capacity assessment process
- increase the income thresholds for eligibility for the disability allowance.

## 1.3 Additional information

### Summary of types of support

The receipt of assistance from the state can vary in its form – financial or otherwise. Support is usually matched to the need and particular situation an individual may find themselves in. As Table 1.1 below illustrates, state assistance originates from a number of sources to match support with need.

**Table 1.1: Eligibility and appropriate types of support**

<b>Basis of eligibility for support</b>	<b>Source of support</b>
Sickness, unemployment, lone-parent invalid, widow	Sickness, Unemployment, Domestic Purposes, Invalid's, Widow's Benefits (NZISS)
Under 18 years of age	Independent Youth Benefit, Job Search allowance (NZISS)
Emergency financial circumstances	Special Benefit, Special Needs Grant (NZISS)
Inadequate wages	Family Support, Guaranteed Minimum Family Income (NZISS and Inland Revenue), Independent Family Tax Credit
Accommodation costs	Accommodation Supplement (NZISS)
Ageing	National Superannuation
Orphans and unsupported children	Unsupported Child's Benefit, Orphan's Benefit (NZISS)
Education costs and living costs to support study	Student Allowance (NZISS and Student Loans)
Accidental injury	Accident compensation (Accident Rehabilitation and Compensation Insurance Corporation)

Source: (Cheyne et al., 1999)

Note: **(NZISS)**. = New Zealand Income Support Services

## Relevant social security Acts and events

Table 1.2 shows some relevant social security Acts/amendments from the last 100 years. For a full list of Social Security Acts and amendments with hyperlinks to the relevant full description, see Appendix 1.

**Table 1.2: Milestones in social security development**

1926	1938	1964	1972	1973	1990	1991	1993	1994	1998	1999	2000	2001	2002	2003	2004	
<b>Family Allowance Act 1926</b>																
<b>Social Security Act 1938</b>																
<b>Social Security Act 1964</b>																
<b>Royal Commission on Social Security 1972</b>																
<b>Domestic Purposes Benefit 1973</b>																
<b>Social Security Act 1990</b>																
<b>Social Security benefit cuts 1991</b>																
<b>Social Security Act; abolition of family benefit 1991</b>																
<b>Social Security Amendment Act 1993</b>																
<b>Social Security Amendment (work test) Act 1998</b>																
<b>Social Security Community Wage 1998</b>																
<b>Social Security Amendment act 2001</b>																

## Social welfare programmes and schemes development

It is important to note and examine a government's intentions in social policy, and their implementation, but it is equally important to note the forms that social policy and its relevant Acts of Parliament take. This information can be found in the schemes and programmes formulated by various government departments, which can and do drift into and out of favour. They can be superseded, abolished or resurrected. They can be constantly modified, as seen with superannuation policy and its related schemes under various governments over the past 20 years. Table 1.3 below is a quick-reference table that lists, year by year, changes to the various programmes and schemes. The changes generally take the form of increasing or decreasing funding or benefit amounts.

**Table 1.3: Social welfare programme schemes: changes 1981–2001**

Year	Programme/scheme	Inception/change/abolition
1981	Child Supplement	Increased
	Capitation subsidies for residential day care	Increased
	Disability Allowance	Increased
	Tertiary assistance	Increased
1982	Family tax rebate (replacing low-income, young family and spouse tax rebates)	Introduced
	Superannuation schemes	Now taxable
1983	Social Security Amendment Act on welfare benefits	Increased
	Family tax rebate	Increased
1984	Family Care Package	Introduced
	Principle earner rebate	Increased
	Social security benefits	Increased
	Superannuation payments	Increased
	Child Supplement	Increased
	National Superannuation tax surcharge	Introduced
1985	GST	Proposed
	National Superannuation exception levels	Increased
	Family Benefit capitalisation limit	Increased
	Accommodation Benefit for beneficiaries	Increased
	Accommodation Benefit for low-income earners	Introduced
1986	National Superannuation surcharge	Reduced
	Guaranteed Minimum Family Income for full-time workers scheme	Introduced
	GST	Introduced
1987	Family Support tax abatement level	Raised
	National Superannuation exemption level	Raised
1988	National Superannuation rates married/spouse age	Modified
	Indexation of Super, social security benefits and income-tested war pensions	Introduced
1989	Family Support scheme threshold	Raised
	Guaranteed Minimum Family Income for full-time workers scheme level	Raised
	School-leavers age qualifying for Unemployment Benefit	Increased
	Universal Benefit	Proposed
	Eligibility for Super age raised from 60 to 65	Proposed
	National Superannuation surcharge	Modified
	Welfare systems multiple benefits	Modified into 3: Universal Benefit, war pensions and GRI
1990	Revised work test	Introduced

<b>Year</b>	<b>Programme/scheme</b>	<b>Inception/change/abolition</b>
	Living alone allowance	Introduced
	Family Support and Family Benefit schemes	Merged
	Children's qualifying age for Family Benefit (if at school)	Raised
	Children's qualifying age for Unemployment Benefit	Raised
1991	GRI scheme	Frozen
	Unemployment Benefit, Sickness Benefit, Domestic Purposes Benefit (DPB)	Cut
	Accommodation Supplement	Introduced
	National Superannuation scheme replacing GRI	Introduced
1992	Income testing for National Superannuation	Introduced
	Retirement age change 60 to 61	Introduced
	Benefit rates changes	Introduced
1993	Family Support Scheme (for families with young teenagers)	Introduced
1994	Family Support scheme	Modified
1995		
1996	Income tax reduction	Introduced
	Family Tax Credit (relief)	Increased
1997	Family Support	Increased
	Independent Family Tax Credit	Increased
	Accommodation Supplement	Increased
	National Superannuation surcharge	Abolished
	Retirement savings scheme	Proposed
1998	Community Wage replacing all previous unemployment benefits	Introduced
	Invalid's and Sickness benefits	Reformed
	Work capacity assessment	Introduced
	Equivalence of amounts paid to Community Wage and Sickness benefits	Introduced
	DPB and childcare subsidy	Introduced
	DPB scheme to encourage people into paid work	Introduced
	Strengthening Families initiative	Introduced
	Family Start programme	Piloted
1999	Family Plus package	Introduced
	Changes to Student Loan scheme	Introduced
2000	Rate of Superannuation payments for married couples	Increased
	Parental Tax Credit	Introduced
	Child Tax Credit (replaces independent Family Tax Credit)	Introduced
	Family Tax Credit (formerly the Guaranteed Minimum Family Income)	Introduced

Year	Programme/scheme	Inception/change/abolition
	Family Start programme	Expanded
	Superannuation Taskforce 2000	Commissioned
	Annual inflation to benefits	Implemented
	Superannuation base restored to 65% of national average wage	Introduced
2001	Income thresholds for eligibility for the Disability Allowance	Increased
	Work test beneficiaries to do community work	Abolished
	Community Wage	Disestablished
	Unemployment Benefit	Re-established
	Sickness Benefit	Re-established
	Work capacity assessment process	Abolished
	Paid parental leave	Under formulation

## Descriptions of key social welfare Acts, 1911–1973 Acts

### *Widows Pension Act 1911*

Widows with children were provided payments under the Widows Pension Act 1911. The expansion of coverage included a means test to ensure only truly destitute widows would qualify.

### *Miners Phthisis Act 1915*

The next group to be covered by state assistance were miners who were totally incapacitated by pneumoconiosis. This constituted the first coverage of invalidity based on persons incapacitated by specific disabling conditions. Eligibility for assistance was based on the medical condition, a residency test, and an occupational connection (mining) to the condition.

### *Pensions for the Blind 1924*

Pensions were provided for the blind, beginning in 1924. Initially it was only available for individuals who lost their sight while in New Zealand. This was later expanded to include individuals who lost their sight outside New Zealand, again subject to a strict residency requirement and means test.

### *Family Allowance Act 1926*

New Zealand became one of the first countries to accept the principle of the state having some responsibility for the wellbeing of families with dependent children with the Family Allowance Act 1926. A family was provided with an allowance of two shillings a week for children up to age 15, excluding the first two children. A one-year residency test and a means test were also included.

Over the space of 28 years New Zealand had developed the broad framework of its social welfare system. It was characterised by tight eligibility standards and low benefit payments, and was targeted to the most needy New Zealanders

through the use of means tests, residency requirements and categorical eligibility standards. The system had coalesced incrementally as New Zealand addressed the needs of specific categories of citizens. Rather than being the result of a radical or revolutionary approach to social welfare, it was a pragmatic, conservative approach to addressing the needs of destitute citizens. Yet, for its time, it formed the basis for the first modern, comprehensive welfare state.

The 1930s brought the second great economic shock to New Zealand in its brief history. New Zealand conducted the bulk of its trade with the United Kingdom. The UK provided a ready market for all the agricultural products New Zealand could produce. The dependence on one market for the sale of export goods resulted in an overdependence that would generate vulnerability and instability. The worldwide depression of the 1930s hit New Zealand particularly hard, because of its strong economic relationship with the UK. The eventual result was the Social Security Act.

### ***Social Security Act 1938***

The depression of the 1930s put tremendous pressure on the Government to address the needs of New Zealanders who were unable to find work, regardless of their personal circumstance. As the foreign markets for New Zealand products disappeared, the public increasingly called for the Government to respond. In 1938 the first Labour Government enacted the Social Security Act 1938.

The Act extended coverage to new categories of individuals and incorporated the previously adopted incremental programmes into a comprehensive range of benefits. Coverage for sickness, unemployment, orphans and emergencies was established under the Act. Hailed as a major step forward in providing social security for New Zealanders, the 1938 Act followed the New Zealand tradition of pragmatic, incremental, developmental policies that retained the categorical means-tested approach paid for with tax revenue. During the parliamentary debate, the Ministers clearly signalled an intention to provide a comprehensive, targeted social welfare system for those most in need. The Minister of Health stated the Government's intent:

*'We have embarked on a comprehensive social security scheme embracing the needs of all those in the community whose need was great - a scheme that would provide adequate benefits for those who needed them most'*

*Royal Commission on Social Policy 1988*

With the passage of the 1938 Act New Zealand had in place a comprehensive, means-tested social welfare system that, with few changes, would deliver social security to New Zealanders for the next 60 years. It was, in the eyes of many New Zealanders at the time, the embodiment of Edward Bellamy's vision of a state guaranteeing "the nurture, education and comfortable maintenance of every citizen from the cradle to the grave".

### ***Domestic Purposes Benefit 1973***

The Royal Commission on Social Security in 1972 recommended that a statutory income support programme be established for "sole parents" with dependent

children. Legislation was enacted in 1973 in the form of the Domestic Purposes Benefit (DPB). The objective of the DPB was to provide sole parents with the income support necessary to enable them to stay home and look after their children. There was no expectation that a parent on the DPB would work or look for work, and theoretically a parent could continue to receive assistance until their child turned 18. The passage of the DPB was one of the last social policy initiatives undertaken in the context of a full employment economy. The 25 years that followed saw major changes in the New Zealand economy, with slow economic growth and rising unemployment becoming commonplace.

Source: (Knutson 1998b)(Knutson 1998a)

Table 1.4 below is a quick-reference table that lists historically relevant welfare policy, Acts, commissions and events for the 1898 to 2001 period.

**Table 1.4: Relevant welfare policy, Acts, commissions and events**

<b>Year</b>	<b>Relevant social policy/acts/commissions /events</b>
1898	Old Age Pensions Act 1898
1911	Widows Pension Act 1911
1915	Miners Phthisis Act 1915
1924	Pensions for the blind
1926	Family Allowance Act 1926
1938	Social Security Act 1938
1955	Adoption Act 1955
	Family Protection Act 1955
1971	Race Relations Act 1971
1972	Royal Commission on Social Security
	Equal Pay Act 1972
1973	Domestic Purposes Benefit
1977	Humans Rights Commission Act 1977
1981	Holidays Act 1981
1983	Minimum Wage Act 1983
	Wages Protection Act 1983
	Minimum Wage Act 1983
	Social Security Amendment Act 1983
1985	Adoption Information Act 1985
1986	Residential Tenancies Act 1986
1987	Labour Relations Act 1987
	Parental Leave/Employment Protection Act 1987
1988	State Sector Act 1988
1989	Children, Young Persons and their Families Act 1989
1990	Employment Equity Act 1990
	Social Security Act 1990
	Social Welfare (transitional provisions) Act 1990
1991	Benefit cuts: Unemployment, Sickness and Domestic Purposes
	Freeze of GRI scheme for almost two years
	Child Support Act 1991
	Employment Contracts Act 1991
	Benefit cuts, April
	Abolition of Family Benefit
1992	Health and Safety in Employment Act 1992
	Student Loan Scheme Act 1992
	Accident, Rehabilitation and Compensation Insurance Act 1992
1993	Privacy Act 1993
1994	Health and Disability in Employment Act 1994

<b>Year</b>	<b>Relevant social policy/acts/commissions /events</b>
1998	Introduction of Community Wage
	Social Security (Work Test) Amendment Act 1998
2000	Student Loan scheme changes
	Annual inflation adjustment benefits to (0.51%)
2001	Social Security Amendment Act 2001

Source: <http://www.bpwnz.org.nz/acc#acc/>; <http://www.bpwnz.org.nz/acc#accct 1983>

## 2 Employment: Programmes, Initiatives and Schemes

### 2.1 Summary of significant policy events

#### **Period 1: 1980–1984**

##### *1981*

- The Government introduces new employment measures, including a combination of taxation measures, government work experience programmes and direct employment schemes.

##### *1983*

- A number of labour-intensive, government-funded jobs are created in the areas of state house construction, road construction and forest maintenance.

##### *1984*

- The Household Labour Force Survey is introduced to measure unemployment.

#### **Period 2: 1984–1988**

##### *1985*

- The Government suggests that the job subsidies schemes of the previous government, such as the fully funded Project Employment Programme scheme, were not successful. They propose a series of new measures that include transition and training assistance, employment subsidies and job opportunities schemes.

#### **Period 3: 1988–1990**

##### *1990*

- The qualification age for the Unemployment Benefit is raised to 18 years.
- Various education and training schemes are introduced or continued, including: Link courses, apprenticeships, work experience and work skills programmes, Access work-based training, and the Job Plus programme.

**Period 4: 1991–1993*****1991***

- Ruth Richardson’s July Budget is released.

***1992***

- The Access scheme is replaced by the new Training Opportunities Programme. Other initiatives are Job Plus, Taskforce Green and Community Taskforce.

***1993***

- Skill New Zealand and Skills Pathways are launched, aimed at establishing industry-led skills training linked to the National Qualifications Framework.

**Period 5: 1994–1999*****1994***

- The National Qualifications Framework is introduced.
- The youth policy package is announced, to assist young people to make the transition from school to work or further education. It includes the Skill New Zealand Youth Project and aligning ages of eligibility and rates of income support for youth benefits to remove any disincentives to move between benefits.

***1996***

- Treasury suggests that in addition to formal training, skill development in the workplace could contribute to higher individual incomes and better company performance.

***1997***

- Government is to establish a regional delivery structure for employment assistance, with the aim of smoothing access to employment, training and welfare services for job seekers; and will expand the Community Taskforce and Limited Service Volunteer programmes.

***1998***

- The Community Wage is to replace all unemployment benefits currently paid to job seekers.
- The Government is to trial a work capacity assessment.

**Period 6: 2000–2001****2000**

- Modern Apprenticeships is a major new initiative to regain momentum in developing technological skills.
- The Government is to invest in the creation of job opportunities in areas of high unemployment, the development of Māori social employment services, and support of Māori women into business and training.

## **2.2 Details of significant policy events: chronology and documentary sources**

### **Period 1: 1980–1984, Finance Minister Robert Muldoon**

#### *Budget speech, Financial Statement 9 July 1981 (Muldoon, 1981)*

The Government made adjustments to employment and training expenditure for the following year. Key changes were in the areas of retraining assistance, a review of the apprenticeship system, modifications to training incentives and public sector job creation schemes, and subsidies for private sector job creation.

The new measures included a combination of:

- taxation measures, government experience programmes and direct employment schemes
- introduction of the first Job Programme – \$30.00 per week subsidy for employers
- an apprenticeship incentive scheme – \$40.00 per week for employers
- youth rates of pay to reflect experience
- job creation schemes – \$180 million from government
- training schemes – \$8.7 million from government.

#### *Community-based work development projects*

A total of \$400,000 was allocated for the salaries of 25 community-based project coordinators to provide managerial and organisational skills to help with the chronically long-term unemployed and the design of community-based work opportunities. A further \$100,000 was provided for the costs of administering the programme(s).

#### *Budget speech, Financial Statement 5 August 1982 (Muldoon, 1982)*

Participation in job creation programmes had grown, particularly those emphasising skill training. Young persons training programmes had expanded by 83% in the year to March 1982.

#### *Budget speech, Financial Statement 28 July 1983 (Muldoon, 1983)*

A limited programme of labour-intensive, government-funded activities that would hopefully lead to an increase in employment among wage earners was implemented. These comprised:

- a programme of new road construction
- an expanded forest replanting programme
- an increase of 230 state houses being built
- an upgrading and expansion of hospital buildings

- maintenance work supervised by the Ministry of Works and the Ministry of Education
- maintenance work supervised by the NZ Forest service and the Department of Lands and Surveys
- an expansion of teaching positions in the Kōhanga Reo programme.

The above initiatives were to provide 3,000 to 4,000 jobs of varying durations in the public and private sectors. A \$10 per week increase in the wage subsidy was also announced (increased to \$75.00).

## **Period 2: 1984–1988, Finance Minister Roger Douglas**

### ***Budget speech, Financial Statement 8 November 1984 (Douglas, 1984)***

There was very little about training schemes and job creation incentives in this Budget.

### ***Budget speech, Financial Statement 13 June 1985 (Douglas, 1985)***

The Government had spent \$350 million on job creation assistance and training schemes (via the Labour Department), with 112,500 placements made into ten schemes.

New measures for the following three years were to be:

- training and transition assistance
- employment subsidies
- employment subsidies for disadvantaged minority groups.

New schemes were to be:

- the new Job Opportunities scheme
- special assistance measures for groups with severe unemployment problems for Pacific and Māori peoples.

These measures were to replace and/or phase out the then fully subsidised schemes such as the Project Employment Programme (PEP).

### ***Budget speech, Financial Statement 31 July 1986 (Douglas, 1986)***

There was no mention of training schemes or job assistance in this Budget speech.

### ***Budget speech, Financial Statement 18 June 1987 (Douglas, 1987)***

There was no mention of training schemes or job assistance in this Budget speech.

### ***Budget speech, Financial Statement 28 July 1988 (Douglas, 1988)***

There was no mention of training schemes or job assistance in this Budget speech.

**Period 3: 1989–1990, Finance Minister David Caygill*****Budget speech, Financial Statement 27 July 1989 (Caygill, 1989)***

There was no mention of training schemes or job assistance in this Budget speech.

***Budget speech, Financial Statement 24 July 1990 (Caygill, 1990)***

The age of entitlement for the dole was raised to 18 years. Young people were encouraged to stay at school or take up one of the new or current education and/or training schemes. These schemes included:

- Link courses – 18,000 new places were created for secondary pupils to study at polytechnics while still at school
- apprenticeships – \$3.8 million was provided to create 800 new apprenticeship positions
- work experience and work skills – the Conservation Corps, whose objective was to provide work experience/work skills for young people in areas that included conservation, had success, with 62% of people in 1989 moving on to further training and/or employment, and funding for 500 new people was allocated for the year.
- Access work-based training – 7,200 new places were to be created for the year (46% of those trained moved into employment within one month)
- Job Plus programme – funded for 30,000 placements for the following 18 months
- encouraging community involvement in solving unemployment via the Bootstraps programme (self-help) – advice and encouragement given by local people, funded by the Community Employment Development unit.

**Period 4: 1991–1993, Finance Minister Ruth Richardson*****Budget speech, Financial Statement 30 July 1991 (Richardson, 1991)***

The July Budget was released.

Subsidy support was to be provided for 15,000 job seekers; 5,000 people were to get places on the Community Task Force and 18,000 were to get places in Job Clubs and at Job Search seminars.

***Budget speech, Financial Statement 2 July 1992 (Richardson, 1992)***

Initiatives and employment schemes for the period were as follows.

- The Access scheme was replaced by the new Training Opportunities Programme, which was targeted to meet the needs of the most disadvantaged.

- The Job Plus employment subsidy scheme was reformed to meet the needs of the most disadvantaged.
- Taskforce Green and Community Taskforce were to provide workforce experience.
- Job Plus placements were to be increased by an extra 6,000 places.
- Taskforce Green was to increase fourfold in the following year.
- Total new placements for Job plus, Taskforce Green and Community Taskforce was to be 44,000 places for the year.

***Budget speech, Financial Statement 1 July 1993 (Richardson, 1993)***

Skill New Zealand was launched, and was to be in full operation by 1995. Its aim was to establish industry-led skills training linked to the National Qualifications Framework across all industries, including those not covered by traditional apprenticeship arrangements. Skills Pathways was introduced to enable innovative employers and educators to develop new courses linking on- and off-the-job training. The idea was to:

- aim the schemes at 16–21 year olds and cover the existing Youth Trainee commitments.
- provide funding of \$7.3 million
- provide an additional 1,100–1,500 training places
- introduce Skill Start
- encourage employers to take on high-cost young employees/trainees.
- provide subsidies from the Government at the rate of \$1,000 per trainee (up to three trainees).

*For the long-term unemployed*

- Job Plus, Taskforce Green and the Community Taskforce continued to encourage the creation of work experience opportunities – Job Plus would have 26,000 placed under the scheme for the year.
- Enterprise Allowance (as part of the Job Plus scheme) was set up for those who wanted to start their own business.
- Taskforce Green offered 26 weeks full-time work that was of benefit to the environment and local community.
- Community Taskforce was to provide three days' work experience per week for up to six months for those who had been out of work for at least 13 weeks.

## **Period 5: 1994–1999, Finance Ministers Bill Birch and Winston Peters**

### ***Budget speech, Financial Statement 30 June 1994 (Birch, 1994)***

The National Qualifications Framework was implemented introduced to offer students more flexibility in how they acquire qualifications. Other changes were:

- Skill New Zealand was developed to ensure relevant qualifications and training in all agencies
- Skill Start was extended, and would now also provide a further \$250 to Industry Training Organisations for each new Skill Start trainee.

Skill New Zealand was to be in full operation by 1995. It was to establish industry-led skills training linked to the National Qualifications Framework across all industries, including those not covered by traditional apprenticeship arrangements.

### ***Budget speech, Financial Statement 23 February 1995 (Birch, 1995)***

#### *Employment and youth policy*

The Government developed an education and employment package to give youth and the long-term unemployed appropriate skills to participate in the growing economy.

#### *Youth policy*

The youth policy package, announced in December 1994, was intended to help young people to make the transition from school to work or further education. The package drew on the recommendations of the Employment Task Force, and included:

- the Skill New Zealand Youth Project
- intensive case management for youth unemployment beneficiaries and independent youth beneficiaries
- aligning ages of eligibility and rates of income support for youth benefits to remove any disincentives to move between benefits.

### ***Budget speech, Financial Statement 13 February 1996 (Birch, 1996)***

There was no mention of training schemes or job assistance in this Budget speech.

### ***Briefing to the incoming government 1996 (NZ Treasury, 1996)***

#### *Observations of on-the-job training and experience*

Treasury suggested that in addition to formal training, skill development in the workplace could contribute to higher individual incomes and better firm/company performance. This could come from both work experience and training programmes in firms.

*Companies' commitment to training*

Treasury stated that around one-third of companies had a high commitment to training. Generally, however, the ability and commitment of firms to identify and develop the skills they required in their workforce was seen as mediocre. Many managers had only a hazy knowledge of their training programmes and how they would measure the return on the money being spent on training.

***Budget speech, Financial Statement 26 June 1997 (Peters, 1997)***

The Government was to spend \$22 million on new employment initiatives in 1997/98, bringing total spending on employment to \$290 million. These resources would be used to:

- establish a regional delivery structure for employment assistance
- smooth access to employment, training and welfare services for job seekers
- expand the Community Taskforce and Limited Service Volunteer programmes.

The Community Taskforce and Limited Service Volunteer programmes were to support the Government's objective of encouraging greater self-reliance through work. These programmes aimed to provide job seekers with the additional job skills they needed if they were unable to find paid work.

***Budget speech, Financial Statement 14 May 1998 (Peters, 1998)***

The main points were as follows.

- The main thrust of the Government's employment strategy was to assist people into unsubsidised work. Part of this strategy was targeted at the long-term unemployed.
- The Government was to increase the overall level of resources available for implementing the employment strategy by \$142 million in 1998/99 and \$125 million in 1999/2000. This funding included a transfer from Vote: Education of Training Opportunity Programme resources. The strategy was to reinforce the individualised case management approach of assistance, with every job seeker's needs being assessed and summarised in an "employment action plan", together with achievable steps towards employment.
- The Government was to provide appropriate assistance and tailored support to those who were looking for work.
- To advance the employment strategy, the integrated employment and income support service was to be up and running from 1 October 1998. This new service promised to provide a "one stop shop" that would address not only people's income support needs but also their employment and training requirements and obligations.

- Regional employment commissioners with local knowledge and expertise were to be appointed to decide what types of employment assistance best met local needs with local knowledge and community networks.
- From 1 October the Community Wage was to replace all unemployment benefits currently paid to job seekers.
- The Government was to trial a work capacity assessment.

***Budget speech, Financial Statement 20 May 1999 (Birch, 1999)***

There was very little about training schemes and job creation incentives in this Budget.

**Period 6: 2000–2001, Finance Minister Michael Cullen**

***Budget speech, Financial Statement 15 June 2000 (Cullen, 2000)***

*Funding apprenticeships*

Modern Apprenticeships was a major new initiative to regain momentum in developing technological skills. Over \$5.5 million was to go towards rebuilding apprenticeship programmes in the next financial year: \$42 million over the following four-year period. An additional \$23 million was to go to the Industry Training Fund to subsidise trainees' costs.

*Creation of job opportunities*

In this area:

- \$70 million was to be invested in the following four years on creating new job opportunities in areas of high disadvantage
- \$21 million was allocated for the development of Māori social employment services
- \$14 million was targeted specifically to supporting Māori women into business and training.

***Budget speech, Financial Statement 24 May 2001 (Cullen, 2001)***

There was nothing about training schemes and job creation incentives in this Budget.

## **2.3 Additional information**

### **Employment programmes and training schemes overview**

The direction and intensity of unemployment policy in relation to assistance schemes fluctuated within our study period (1981–2001). The analysis of the delicate balance of labour market conditions (national and international), government decision-making (both proactive and reactive), policy content, programme and scheme content, employment

relations, etc. is best discussed elsewhere. However, we can at least provide some context for policy analysis, as well as a series of historical snapshots of governments' reactions to and/or provisions for unemployment issues.

The following section comprises two sub-sections. First is a (non-exhaustive) table (2.1) of programmes and schemes for the study period, including both those aimed at the general population and those specifically focused on Māori. A description of these schemes and initiatives can be found in Table 2.2. In the following table (2.3) we present the main initiatives available in any given year for the study period. (Unfortunately we are unable to give exact start and finish dates for these Schemes and or programmes).

### **Programmes, schemes and services, 1981–2001**

**Table 2.1: A non-exhaustive list of names of programmes, schemes and services, 1981–2001**

1.	Job Plus
2.	Job Connection
3.	Job Skills
4.	Job Link and Job Intro
5.	Job Plus Training
6.	Job Support
7.	Enterprise Allowance
8.	Job Plus Māori Assets
9.	Community Taskforce
10.	Taskforce Green (and Tourism Green and Possum Control)
11.	New Zealand Conservation Corps and Youth Service Corps
12.	Wāhine Ahuru / Turning Point
13.	Limited Service Volunteers
14.	Tane Atawhai
15.	Hikoi ki Paerangi / New Horizons
16.	Māori Youth Pilot
17.	Wāhine Pakari
18.	Compass
19.	Boost Pilot
20.	Job Clubs, Job Search seminars
21.	Job Action and Youth Action
22.	Individualised employment assistance
23.	Access
24.	Training Opportunities Programme
25.	Skill Enhancement and Skill Pathways
26.	Training Incentive Allowance
27.	Mahi a Iwi

\* Some of these are Māori oriented/specific in scope

The following table provides a description of the programmes and schemes listed above. (For a more comprehensive evaluation of these programmes, see Fletcher 1999).

**Table 2.2: Descriptions of employment programmes and schemes**

<b>1. Job Plus (NZES)</b>	A partial wage subsidy to hire disadvantaged job seekers for full-time permanent employment. The subsidy was generally for six months with a maximum of 12 months. Target group: those registered with NZES for 26+ weeks and other priority clients.
<b>2. Job Connection (NZES)</b>	A fully-funded (\$380 per week) 6-month work project with intensive supervision and assistance for very-long-term registered unemployed (4 years plus).
<b>3. Job Skills and Youth Employment Initiative (Christchurch City Council/NZES)</b>	A modification of the Job Plus subsidy, which allowed Christchurch City Council's Youth Employment Service to provide fully subsidised workers to the private sector for four days per week. Target group: 16–24-year-old unemployed.
<b>4. Job Link, Job Intro (NZES)</b>	Provided up to four weeks' unpaid work experience and informal training in the workplace as a "trial" employment period. Job Link was targeted at job seekers registered for 26+ weeks; Job Intro at 16–20-year-olds registered for 13+ weeks.
<b>5. Job Plus Training (NZES)</b>	Provided short-term training, usually tied to a specific vacancy. Target group: those registered for 26+ weeks.
<b>6. Job Support (Workbridge, on contract to NZES)</b>	Funded wage subsidies and/or purchase of support services to assist people with disabilities to work in open employment. Target group: Workbridge clients entering open employment.
<b>7. Enterprise Allowance and capitalisation option (NZES)</b>	The self-employment equivalent of Job Plus, Enterprise Allowance provided a partial subsidy for people entering self-employment (max. \$10,000), and also included an option to capitalise up to \$5,000 for start-up costs. Target group: work-tested beneficiaries registered for 15+ weeks and with a realistic chance of succeeding in self-employment.
<b>8. Job Plus Māori Assets (NZES/CEG)</b>	Aimed to increase Māori participation in job training and work through flexible use of the Job Plus subsidy for temporary projects related to Māori economic development.
<b>9. Community Taskforce (NZES)</b>	A work experience programme for job-seekers registered as unemployed for 26+ weeks to work on community projects three days per week while receiving a benefit, plus \$15 per week travel allowance.
<b>10. Taskforce Green (and Tourism Green and Possum Control Programme) (NZES)</b>	A work experience programme providing full-time temporary work to improve long-term unemployed job-seekers' skills and work habits while undertaking projects of environmental and community benefit. Tourism Green was a fully funded variant of Taskforce Green for Department of Conservation projects of benefit to the environment, employment and tourism. The Possum Control Programme was a similar programme for possum and goat control projects. Target group: those registered with NZES for 26+ weeks.
<b>11. New Zealand Conservation Corps and Youth Services Corps (MYA)</b>	New Zealand Conservation Corps provided young people with work skill acquisition and personal development opportunities through participation in 20-week conservation-oriented projects that included community work, education, work experience, recreation and Te Ao Māori components. Youth Services Corps applied the same approach to social services projects. Target group: 16–25-year-olds registered for 13+ weeks.
<b>12. Wāhine Ahuru / Turning Point (NZES)</b>	A programme run over ten consecutive mornings for women considering returning to the workforce. Delivered by specially trained women employment advisers, Wāhine Ahuru was initially developed for Māori women but was subsequently generalised.

<b>13. Limited Service Volunteers (NZ Defence Forces/NZES)</b>	A 6-week residential military (army) training programme designed to build self-confidence and motivate unemployed job-seekers.
<b>14. Tane Atawhai (NZES)</b>	A marae-based seminar to help Māori men identify barriers they faced in obtaining work and to identify employment and training options. Target group: Māori men enrolled with NZES, especially those who had been out of the workforce a long time.
<b>15. Hikoi ki Paerangi / New Horizons (NZES)</b>	A 2-week (half-days) seminar for women sole parents considering returning to the workforce, designed to build their knowledge, motivation and confidence. Target group: all women sole parents receiving income support for 12 months or more (originally intended for Income Support's Compass clients).
<b>16. Māori Youth Pilot (NZES)</b>	A 6-week training course provided by Māori for young Māori aimed at increasing the self-esteem and self-management of young Māori job seekers, primarily through training in tikanga Māori, and to instil good work habits and help participants identify appropriate career and training options before further referral.
<b>17. Wāhine Pakari (NZES)</b>	A 4-week (previously 6-week) training programme run by Māori women for Māori women to give them the skills to enter self-employment, businesses, further education and training and employment.
<b>18. Compass (DSW)</b>	Compass assisted sole-parent beneficiaries to take steps towards workplace participation by providing them with individual career counselling and help in accessing child care, education, training and employment opportunities.
<b>19. Boost Pilot (DSW)</b>	Set up in 1994 in six NZISS centres to provide support and assistance to 16- and 17-year-olds eligible for the Independent Youth Benefit. The goal was to reduce young people's need for the Independent Youth Benefit through family reconciliation, training and employment. The programme used case management, counselling, community activities, education and training and activity plans as a means to achieve these ends. Boost was discontinued in July 1997.
<b>20. Job Clubs, Job Search seminars (NZES)</b>	Short (1- or 2-day) job search assistance course run by NZES employment advisers.

Source: adapted from (Fletcher, 1999)

The following table provides an historical listing of, unemployment key events, Initiatives, schemes, programmes and policy

**Table 2.3: Quick reference historical mapping of initiatives, schemes, programmes and key policy points**

<b>Year</b>	<b>Initiatives, schemes, programmes and policy</b>
<b>1980–81</b>	<ul style="list-style-type: none"> <li>• Project Employment Programme (PEP) in place</li> <li>• First Job Programme introduced</li> <li>• Job Creation schemes</li> <li>• Training schemes</li> <li>• Community-based work development projects</li> </ul>
<b>1981–82</b>	No information available
<b>1982–83</b>	<ul style="list-style-type: none"> <li>• New road construction</li> <li>• Expanded forest replanting programme</li> <li>• Increase of 230 state houses built</li> <li>• Upgrading and expansion of hospital buildings</li> <li>• Maintenance work supervised by the Ministry of Works and the Ministry of education</li> <li>• Maintenance work supervised by the NZ Forest service and the Department of Lands and Survey</li> <li>• Expansion of teaching positions in the Te Kōhanga Reo programme</li> </ul>
<b>1983–84</b>	No information available
<b>1984–85</b>	<ul style="list-style-type: none"> <li>• Training and transition assistance</li> <li>• Employment subsidies</li> <li>• Employment subsidies for disadvantaged minority groups</li> <li>• Job Opportunities scheme</li> <li>• Special assistance measures: Pacific and Māori peoples</li> <li>• Replacement/phasing out of the PEP scheme</li> </ul>
<b>1985–89</b>	No information available
<b>1989–90</b>	<ul style="list-style-type: none"> <li>• Entitlement for the dole raised to 18 years</li> <li>• Link courses</li> <li>• Apprenticeships</li> <li>• Work experience and work skills</li> <li>• Conservation Corps</li> <li>• Access work-based training</li> <li>• Job Plus programme</li> <li>• Community Employment Development unit</li> </ul>
<b>1990–91</b>	<ul style="list-style-type: none"> <li>• Community Taskforce</li> <li>• Job Clubs</li> <li>• Job Search seminars</li> </ul>
<b>1991–92</b>	<ul style="list-style-type: none"> <li>• Access scheme replaced by Training Opportunities Programme</li> <li>• Job Plus</li> <li>• Taskforce Green and Community Taskforce instituted to provide workforce experience</li> </ul>
<b>1992–93</b>	<ul style="list-style-type: none"> <li>• Skill New Zealand</li> <li>• National Qualifications Framework</li> <li>• Skills Pathways</li> <li>• Skill Start</li> <li>• Job Plus</li> <li>• Taskforce Green</li> <li>• Community Taskforce Enterprise Allowance</li> </ul>
<b>1993–94</b>	<ul style="list-style-type: none"> <li>• Skill New Zealand</li> <li>• Skill Start</li> <li>• Industry Training Organisations</li> </ul>

<b>Year</b>	<b>Initiatives, schemes, programmes and policy</b>
<b>1994–95</b>	<ul style="list-style-type: none"> <li>• Skill New Zealand Youth Project</li> </ul>
<b>1995–96</b>	No information available
<b>1996–97</b>	<ul style="list-style-type: none"> <li>• Community Taskforce</li> <li>• Limited Service Volunteers programmes</li> <li>• Regional delivery structure for employment assistance</li> </ul>
<b>1997–98</b>	<ul style="list-style-type: none"> <li>• Assisting people into un-subsidised work</li> <li>• Training Opportunity Programme resources</li> <li>• Community Wage</li> <li>• Integrated employment and income support service</li> <li>• Regional employment commissioners</li> <li>• Work capacity assessment</li> </ul>
<b>1998–99</b>	No information available
<b>1999–2000</b>	<ul style="list-style-type: none"> <li>• Funding apprenticeships</li> <li>• Industry Training Fund</li> </ul>
<b>2001–2001</b>	No information available

Notes:

CEG = Community Employment Group;

DoL = Department of labour;

DSW = Department of Social Welfare;

ETSA = Education and Training Support Agency;

NZISS = NZ Incentive Scheme Series;

NZES = New Zealand Employment Service;

MYA= Ministry of Youth Affairs.

### 3 Health Policy

#### 3.1 Summary of significant policy events

**Period 1: 1980–1984****1983**

- The Area Health Board Act 1983 is passed allowing for the formation of Area Health Boards. This is to affect the governance structure for health in New Zealand until the formation of the Regional Health Authorities in the early 1990s.
- Rural health is given assistance by offering incentives to practitioners to stay and/or move to areas not seen as financially profitable (compared to urban/high-population density areas).

**Period 2: 1984–1988****1984**

- The Government makes adjustments to health expenditures for the following areas: General Medical Services (GMS) consultation for children, prescription surcharges and alcohol-related programmes.
- Treasury begins a dialogue about individual/societal responsibility for good health, and is beginning to talk about the passing of responsibility for the institutionalised from the state proper to the community/community health. The community care-based model is seen as more cost effective.

**1985**

- Expenditure for the GMS and immunisation benefits is increased.

**Period 3: 1988–1990****1988**

- The Gibbs Report is issued: This report targeted three areas that needed attention in hospitals: poor management performance, lack of management information, and, the most radical, the need for restructuring to create a competitive market for health. They argued that the dual roles of purchasing and providing health services created a conflict of interest. Therefore they should be split and allocated to separate organizations as the basis for a competitive market in health care. (Jacobs and Barnett, 2000, page 192)

**1989**

- Expenditure is allocated for the National Cervical Screening Programme, secure psychiatric units and implementation of the Mason report.

**1990**

- A nationwide network of Area Health Boards is now in place (elected in 1989).
- Key GMS benefit details include subsidised GP visits for under sixes and cost concessions for the elderly and chronically ill.

**Period 4: 1990–1993****1991**

- Ruth Richardson's July Budget is released.
- Social assistance reforms are to be implemented over the following three years in the areas of accident compensation, housing, social welfare, superannuation and health. Health changes are to involve a system that differentiates between income groups: user part-charges for health services are to evolve by offering assistance on the basis of need rather than universal right depending on income level (high, modest and low incomes).
- Superannuitants are to have a separate health charges scheme.

**1992**

- The user part-charges for health services scheme is modified to allow for families' financial circumstances and the total amount paid.

**Period 5: 1994–1999****1994**

- Health expenditure is to increase in the areas of pharmaceuticals, the GMS and laboratory and maternity services.

**1995**

- Health funding is allocated for care to reduce waiting times for those most in need, and to improve mental health, physical and environment health. The Government states that improving the health system will need continued community involvement in setting priorities for health care.

**1996**

- The Government indicates the need for expansion of resources for Health: Prioritised areas for funding are: existing GP, pharmacy, laboratory and hospital services; Māori health; mental health; child health; and environmental health.
- Treasury, concerned at the increase in beneficiary numbers, suggests a redefinition of “incapacity”.

**1997**

- New funding for health is to provide for a reduction in waiting lists; better mental health services; free doctor visits and pharmaceuticals for all children under six years of age; and improvements in Māori health. Income and asset testing are to be removed for older people in long-stay public hospital care, as is asset testing for older people in long-stay private hospital care.

**1998**

- Expenditure is increased in the areas of subsidised (free) doctors’ visits for children under six years, and elective surgery.
- Legislation is introduced to better protect the rights of people with intellectual disabilities and provide clarity for service providers and caregivers.

**1999**

- Family Start, a help scheme / home-based support service, designed to target families with newborn babies, is introduced.
- The Māori health initiative is introduced to give Māori communities the resources and responsibility to respond to their own health needs. The Health Funding Authority promises to spend about \$47 million on health services for Māori by Māori, in addition to services from mainstream providers.

**Period 6: 2000–2001*****2000***

- The health services are reorganised from the Health Funding Authority to District Health Boards.
- The New Zealand Public Health and Disability Act is passed.
- “Closing the Gaps” budget and initiatives are introduced. Increases in expenditure are in the areas of mental health, disability, elective surgery, smoking and Māori health.

***2001***

- Increases in expenditure are in the areas of elective surgery, children with high and complex needs, and alcohol and substance abuse programmes.

## 3.2 Details of significant policy events: chronology and documentary sources

### Period 1: 1980–1984, Finance Minister Robert Muldoon

#### *Budget speech, Financial Statement 9 July 1981 (Muldoon, 1981)*

##### *Policy initiatives*

Policy initiatives enacted this year included:

- expansion of community health, including domiciliary care
- establishment of supply of plastic syringes for diabetics
- incentives to retain and attract general practitioners to rural areas
- upgrading programmes on detection of hearing defects in children
- increases announced for pharmaceutical, maternity, laboratory and immunisation benefits

#### *Budget speech, Financial Statement 5 August 1982 (Muldoon, 1982)*

There was no mention of family health policy in this document.

#### *Budget speech, Financial Statement 28 July 1983 (Muldoon, 1983)*

There was no mention of family health policy in this document.

### Period 2: 1984–1988, Finance Minister Roger Douglas

#### *Budget speech, Financial Statement 8 November 1984 (Douglas, 1984)*

The Government made adjustments to health expenditures for the following year. Key changes were:

- the GMS was raised from \$4.75 to \$9.50 for a normal consultation where the doctor agrees to limit the fee for such consultations, the aim being to substantially reduce the cost of taking a child to the doctor
- more public health field staff were to be employed.

##### *Prescription surcharge*

A programme to assist local initiatives in health development was proposed. To cover the cost of this initiative (in part), a flat charge of \$1.00 was introduced, to be applied to all prescriptions except contraceptives and items normally charged to the consumer at full

cost. There were to be exemptions for children under the age of 16 years, the chronically ill and beneficiaries.

#### *Alcohol-related programmes*

The Government was developing new policies for the treatment of alcohol-related conditions.

#### ***Economic Management (NZ Treasury, 1984)***

##### *Efficient use of public moneys*

In this time of change to the more market-driven model of government service provision, Treasury suggested that there needed to be a reduction – or more efficient (re)distribution – of funds. This was needed because of the perceived strain on the economy. It suggested that health care (as with other social services such as welfare and housing) should be designed and implemented on a needs basis rather than being available as a right for all citizens. This ideology was to affect health policy direction, and meant targeting those in genuine need as opposed to universal assistance, both financially and through subsidised services.

However, the Treasury stated that two basic objectives appear to underlie public health policy in New Zealand: to ensure that all members of the community are able to have an adequate standard of health care; and to alert people to ways in which they can reduce the risks of their being afflicted by accidents and illness, and encourage them to take preventive action. People, then, were expected to take some responsibility for their own wellbeing and health.

##### *Individual/societal responsibility for good health and the prevention of life-style related health problems*

Treasury suggested that choice of life style is influential on good health. Accidents, alcohol and drug abuse (including smoking), and mental illness – which are major health problems in New Zealand – have a predominant common feature in that their causes are generally regarded as life-style related. They stated that there was increasing recognition that factors over which society and the individual may exert a large measure of control continue to cause undue illness and death. Although preventive programmes, such as health education, can be an effective approach to limiting or suppressing many forms of illness, the major lifestyle-related health problems that remain may be less susceptible to this approach.

##### *Primary health care, including the GMS benefit and targeting the at-risk*

Treasury stated that one major shortcoming with the GMS benefit was that it was not targeted in terms of income, nor in terms of maximising health outcomes. If, for example, the health status of certain at-risk groups were thought to be prejudiced, a more specific focus would appear warranted than an expensive general increase in the GMS benefit, which subsidises health services for all.

*Community health care – caring for the institutionalised*

Treasury suggested that community health care may have the capacity to reduce health delivery costs while making that care more responsive to consumer needs and more accessible to disadvantaged groups. The amount of funding, they suggested, for community health did not reflect the potential that community health organisations might have. In essence, institutionalised care would be more cost efficient in a community setting.

***Budget speech, Financial Statement 13 June 1985 (Douglas, 1985)***

The Government stated that the assistance to health care was to be increased, in the belief that many conditions could and should be dealt with at an early stage. From 1 August the GMS benefit rate for children would rise from \$9.50 to \$10.75. It was to be paid to doctors who were part of the GMS scheme. The Immunisation Benefit was to be increased from \$4.00 to \$7.00.

The Government approved assistance for research on cot deaths, AIDS, asthma and hepatitis B, and new policies were being developed for the treatment of alcohol-related conditions.

***Budget speech, Financial Statement 31 July 1986 (Douglas, 1986)***

There was no mention of family health policy in this document.

***Budget speech, Financial Statement 18 July 1987 (Douglas, 1987)***

There was no mention of family health policy in this document.

***Briefing to the incoming Government 1987 (NZ Treasury, 1987)***

Treasury advised the Government on:

- a possible health provider/funder split
- private health insurance
- information-sharing technology
- the scarcity and equity of access to health care
- appropriate mechanisms for accountability in health management
- the interdependence of health situations.

***Budget speech, Financial Statement 28 July 1988 (Douglas, 1988)***

There was no mention of family health policy in this document.

**Period 3: 1988–1990, Finance Minister David Caygill*****Budget speech, Financial Statement 27 July 1989 (Caygill, 1989)***

Government allocation of health funding was increased in the following areas.

- An extra \$14 million (and \$12 million in subsequent years) was provided for the establishment and implementation of a National Cervical Screening Programme to provide financial assistance for all women to have regular smear testing. It was to be supported by Health Board registers for recall.
- A further \$4 million was to be provided for the implementation of the Mason Report. (Mason et al., 1996). This would provide for the establishment of forensic psychiatric teams and for secure psychiatric units in seven regions throughout New Zealand.

***Budget speech, Financial Statement 24 July 1990 (Caygill, 1990)******Health service restructuring***

A nationwide network of Area Health Boards was now in place (elected in 1989). New quality assurance programmes for GPs were to be introduced.

The Government was to address chronic illness, disability and premature death, and lacklustre national health indicators figures through the introduction of specific primary health care initiatives, so that parents could afford medical treatment for their children. The Government was also to encourage the primary sector to continue to develop prevention and health promotion programmes. In line with this, from 1 April the GMS benefit was to be increased for children, the elderly and the chronically ill.

***Key GMS benefits for subsidised GP visits***

These included the following.

- By early 1990 all children were subsidised to the extent of \$16.00 for every GP visit. From September 1990 visits by children under five would be subsidised to the extent of \$29.00. As a result, most parents would expect to pay nothing for doctors' visits.
- For children over five years the GMS subsidy was to be increased to \$24.00. GP visits should therefore have cost no more than \$5.00.
- The rate for the GMS subsidy for the elderly and chronically ill was to be increased by \$5.00 from \$12.00 to \$17.00.
- GPs were offered contracts that would offer bulk funding of most of their income in return for their agreement to put limits on patient charges.

***Briefing to the incoming government 1990 (NZ Treasury, 1990)***

In this brief, Treasury described the Government's role in health as one of improving the overall health of New Zealanders, and using resources in the health sector as efficiently

as possible while making sure that access is available to all regardless of their ability to pay.

### *Prevention and promotion*

Treasury stated that good life-style and behavioural choices have a solid impact on good health. The objective of the Health Charter of 1989 was to provide a nationwide publicly funded health system with the overall goal of protecting and improving the health of all New Zealanders. Essential health care was to be universally accessible to both individuals and the community in a manner the community and the country could afford. The more specific goals were to reduce:

- the onset of smoking in non-smokers, especially adolescents, and to reduce the number of smokers and the consumption of tobacco
- the incidence of dietary-related health disorders by improving nutrition
- alcohol-related health problems by reducing alcohol consumption
- the prevalence of high blood pressure
- preventable death and disability from motor vehicle accidents
- hearing loss in the under-five-years age group
- disability and death from asthma
- avoidable illness and death from coronary heart disease and strokes
- the incidence of invasive cervical cancer and the cervical cancer death rate
- skin cancer (melanoma) incidence and death rates(NZ Treasury, 1990).

## **Period 4: 1990–1993, Finance Minister Ruth Richardson**

### *Budget speech, Financial Statement 30 July 1991 (Richardson, 1991)*

The July Budget was released.

### *Social assistance reform*

Reforms were to be implemented over the three following years in the areas of accident compensation, housing, social welfare, superannuation and health. Health changes were to involve the structure of user part-charges for health services, as follows.

People at the time were facing part charges for pharmaceuticals and visits to the doctor, with the Government picking up the remainder of the charges. The Government saw this system as basically fair in that the taxpayer picked up part of the cost. The system was also efficient in that it encouraged doctors and their patients to contain health costs. However, where the system was perhaps unfair, the Government stated, was that it did not reflect the user's ability to pay. Some low-income families were unable to meet the costs of going to the doctor.

The Government was to offer a system change that differentiated between income groups, offering more assistance on the basis of need, rather than universal right, depending on income level. High-, modest- and low-income families would therefore receive differing levels of subsidising of health costs.

Low-income groups were to comprise:

- those on income-tested benefits
- the low-income elderly
- those who received student allowances or unabated family support
- (on application) people with low incomes but without children.

The low-income group would benefit from an increased subsidy paid when visiting the doctor, as follows:

- for beneficiaries and elderly, an increase from \$12 to \$15 per visit
- for other low-income adults who were not currently receiving a subsidy, a \$15 subsidy would be introduced for a visit to the doctor
- for all in the low-income group, pharmaceutical charges would be reduced from \$15.00 to a maximum of \$5.00.

The modest-income group (those who received partially abated Family Support) would be subsidised/charged to the following amounts:

- a new subsidy of \$12.00 per visit to their doctor
- pharmaceutical charges reduced from \$15.00 to a maximum of \$7.50 per item
- a new charge of \$2.00 per test for laboratory services
- an inpatient charge of \$35.00 per night in hospital
- an outpatient fee for each hospital visit of \$19.00 for adults, \$11.00 for children over five years and \$6.00 for younger children.

The high-income group, comprising those who did not qualify for Family Support and the high-income elderly, faced a new set of charges, including:

- no subsidy for doctors' visits
- charges for pharmaceuticals increased from a maximum of \$15.00 to \$20.00 per item
- a \$2.00 charge for lab tests
- a charge of \$50.00 for each night in hospital as an inpatient
- a charge of \$31.00 per outpatient visit.

Universal charges, regardless of income group (protecting heavy users of health care) were:

- pay no more than 15 items part charges for pharmaceuticals
- pay for no more than ten inpatient nights per year
- pay for no more than five outpatient visits per year.

*Superannuitants and health care*

The above measures (to be introduced in February 1992) would apply to all people apart from superannuitants: the new Superannuation scheme introduced on 1 April 1992 would deal with health charges for that group.

***Budget speech, Financial Statement 2 July 1992 (Richardson, 1992)***

The previous year's income-related part charging was implemented for pharmaceuticals, doctors' visits and hospital visits.

Changes from the previous year were to be further modified. These were to include a system that would take account of family circumstances and amount of income, and would help to limit the total amount paid by a family in any given year.

***Budget speech, Financial Statement 1 July 1993 (Richardson, 1992)***

There was no mention of family health policy in this document.

***Briefing to the incoming Government 1993 (NZ Treasury, 1993)***

There was no mention of family health policy in this document.

**Period 5: 1994–1999, Finance Ministers Bill Birch and Winston Peters**

***Budget speech, Financial Statement 30 June 1994 (Birch, 1994)***

Health expenditure was to increase by a further \$67 million in the following year in the areas of pharmaceuticals, the GMS subsidy, and laboratory and maternity services.

***Budget speech, Financial Statement 23 February 1995 (Birch, 1995)***

*Funding and community consultation*

Additional health funding was allocated for care for 1994/95 and subsequent years to reduce waiting times for those most in need, to improve mental health, and physical and environment health. Perhaps most importantly, the Government stated that improving the health system would need continued community involvement in setting priorities for health care.

### ***Budget speech, Financial Statement 13 February 1996 (Birch, 1996)***

#### *New health initiatives and funding*

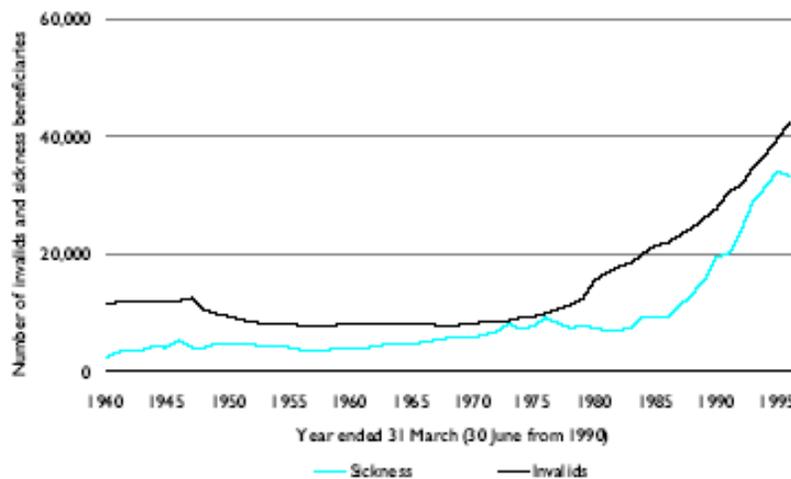
These included the following.

- Health-care priorities for the Government were providing resources for existing GP, pharmacy, laboratory and hospital services; Māori health; mental health; child health; and environmental health.
- The 1996 Budget health initiatives were allocated increased funding totalling \$535 million over the three years from 1996/97 to 1998/99.
- These initiatives were to build on the new health initiatives that were announced in the 1995 Budget (costing around \$480 million over the three years from 1995/96 to 1997/98).

### ***Briefing to the incoming government 1996 (NZ Treasury, 1996)***

#### *Rise of Invalid's and Sickness beneficiary numbers*

Treasury was concerned at the rising numbers of people on the Sickness or Invalid's benefits, stating that the numbers had grown by 25,000, or around 50%, since 1991, despite the strong growth in employment. Although there had been a slight fall in the number of sickness beneficiaries in the previous year, partly as a result of 1995 Budget measures, the numbers receiving both benefits were forecast to continue to grow in the coming years. As shown in Figure 3.1, this was not a new trend. Over the preceding 20 years, annual growth in the numbers receiving these benefits had averaged around 7%. As a result, real expenditure on these benefits was now nearly four times what it was in the mid-1970s.



Source: DSW Statistical Reports, New Zealand Yearbooks

**Figure 3.1: Numbers of Invalid's and Sickness beneficiaries, 1940–1996**

Treasury was also concerned that a significant number of people were migrating from the Unemployment Benefit to Sickness or Invalid's benefits. It suggested that it was also possible that sustained periods of unemployment contribute to mental illness and hence a reduced capacity to find or sustain employment. It was further concerned that the Sickness and Invalid's benefits were not work tested and were set at a higher rate, and that this may have contributed to the migration from one type of benefit to another. In fact, over the preceding 18 months around 35% of those moving on to Sickness Benefits were previously in receipt of an Unemployment Benefit.

#### *Definition of incapacity*

Treasury suggested that, given that the growth in beneficiary numbers over a sustained period had exceeded the growth in the working-age population, it would seem likely that the benefits were not functioning as originally intended. There were several potential avenues of investigation, including the definition of "incapacity", which could be pursued, in order to determine whether the growth in receipt of these benefits could be slowed and (potentially) reversed.

#### ***Budget speech, Financial Statement February 1997 (Peters, 1997)***

An extra \$300 million was to be allocated for health funding for 1997/98. This resource was allocated (in the following two years) for:

- elective surgery to reduce waiting lists
- better mental health services
- improving services generally and managing additional health needs
- providing flexibility to manage population growth and ageing, funding new technology and medicines, and meeting people's increasing expectations of health services
- providing free doctor visits and pharmaceuticals for all children under six years of age
- reducing existing health service waiting lists
- improving mental health services
- supporting improvements in Māori health status
- removing outpatient and day-patient user part charges
- removing income and asset testing for older people in long-stay public hospital care and asset testing for older people in long-stay private hospital care.

#### *Medium-term health funding*

The Government increased health funding by \$900 million for the three following years. The increase was to be distributed as per Table 3.1.

**Table 3.1: Increased health expenditure spending, 1997–2000**

Initiative	Expenditure (\$million)			
	1997/98	1998/99	1999/2000	Total
Improving services and managing demand	178	178	178	534
Free doctor visits and pharmaceuticals for children under 6	62	62	62	186
Elective services backlog reduction	31	31	31	93
Increased mental health funding	13	13	13	39
Enhancing the capability of Māori health providers and improving the sharing of health information	10	10	10	30
Removal of outpatient and day-patient user part charges	6	6	6	18
<b>Total new expenditure</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>900</b>

Source: <http://www.treasury.govt.nz/pubs/bmb/budgets/1997/execsum.htm>

### *Budget speech, Financial Statement 14 May 1998 (Peters, 1998)*

In the Northern region, around 800,000 subsidised (free) doctors' visits for children under six years had taken place in the previous year.

In addition to the \$709 million extra for health in 1998/99 and 1999/2000 indicated in the previous year's Budget, the Government allocated a further \$253 million over the three following years to fund additional elective surgery. This extra funding meant that about 30,000 additional people each year would be able to receive elective surgery.

Legislation was to be introduced in 1998 to better protect the rights of people with intellectual disabilities and provide clarity for service providers and caregivers about their care where this was required. An extra \$45 million was to be put into meeting mental health needs over the following three years.

### *Budget speech, Financial Statement 20 May 1999 (Birch, 1999)*

#### *Family Start*

Family Start, a help scheme / home-based support service designed to target families with newborn babies, was introduced. It was designed to help with immunisation, health problems, and relationship and parenting skills, and to create links with community services. This was trialled in Christchurch, Whangarei, West Auckland and Rotorua. It was planned to expand to 13 more centres, and up to 2,700 more at-risk families a year. This additional intensive long-term help was to cost \$41 million in the following three years.

#### *Child and youth mental health problems*

Extra funding for young people with severe mental health needs would top \$100 million for the following year, for more and better services, infrastructure such as workforce development, wider public awareness and knowledge, and prevention. Priorities were to include children, youth, Māori, Pacific peoples, and people with severe psychiatric disabilities.

Approximately ten percent of the 7,000 children in the care of or in contact with the Department of Child, Youth and Whanau Services had severe mental health needs – two to three times the community average. A new scheme gave the Health Funding Authority an extra \$2.8 million for the following year for additional mental health services for those children.

Government was funding training for 500 caregivers a year to manage behaviour problems, anger, non-violent crises, suicide, depression, eating disorders and sex abuse. Funds were also allocated for specialist day services to help young adults with severe disabilities, and their families.

#### *Improving outcomes for Māori*

The health initiative, which included giving Māori communities the resources and responsibility to respond to their own health needs, was seen as key to improving Māori health. In the following year the Health Funding Authority promised to spend about \$47 million on health services for Māori by Māori, in addition to services from mainstream providers.

Improvements included:

- regular home health visits for up to 30% of Māori children and their whānau, and funding to reduce paediatric waiting times (these services were already being developed in 18 locations)
- work to develop Māori dental health services (oranga niho), including a pilot community-based service from July 1999, and work with the Māori Health Commission over the next year on proposals for a Māori primary mental health care programme (Kaimahi Awhina).

#### *Increase in funding for care*

Health funding was to total more than \$6.3 billion, up 24% since 1995/96, and was to rise again the following year to almost \$6.7 billion. These increases, targeted at priority areas, included an extra \$75 million over three years for mental health, and an extra \$25 million in 1999/2000 for elective surgery. Some 180,000 acute and elective operations were to be carried out in 1998/99, up 14% from 158,000 in 1995/96. Funding increases would see mental health services delivered by June 2002 to 50% more adults than in 1998/99, and to more than twice as many children.

#### *Funding for children's spectacles*

The Government was to provide financial assistance towards the cost of eye examinations, lenses and frames for children under six who had High-Use Health Cards or whose families held Community Service Cards.

***Briefing to the incoming government 1999 (NZ Treasury, 1999)****Evaluation of free health care for under-sixes policy by the Health Funding Authority<sup>3</sup>*

Highlights of the evaluation were:

- the policy had made access to GP services more equitable, particularly for families on below-average incomes but above the Community Services Card income threshold
- the policy had distributed resources equitably, since the majority of the expenditure went to lower-income households (this was roughly in proportion to their higher child health needs).

It was impossible to tell whether the health gain of the scheme outweighed its costs. The evaluation illustrated the limitations and benefits of policy evaluations that rely exclusively on making creative use of routine data sources rather than purpose-built evaluation processes.

**Period 6: 2000–2001, Finance Minister Michael Cullen*****Budget speech, Financial Statement 15 June 2000 (Cullen, 2000)****Health and community input*

The Government committed \$412 million more to health for the following year,

*Funding and mental health*

The Government committed \$257 million over the following four years into mental health.

*Disability funding*

Disability support services were to receive an extra \$40 million over the following four years. Access to home support and personal care services was to be improved, as was support to caregivers.

*Elective surgery funding*

The Budget was to provide an increase of \$74 million a year for more non-elective surgery.

*Smoking and Māori health funding*

Smoking was estimated to cause 4,700 deaths every year. Māori were twice as likely to smoke as non-Māori, so the Government were focusing on Māori with their investment of over \$20 million through the following four years for smoking cessation initiatives.

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<sup>3</sup> Source: NZ Treasury (1999) *Towards Higher Living standards for New Zealanders: Briefing to the Incoming Government*, Government Printer., Wellington.

***Budget speech, Financial Statement 24 May 2001 (Cullen, 2001)******Health funding***

Health-care expenditure was to increase for the following four years. Key points were:

- a continuation of the increase in the allocation for mental health funding announced the previous year
- a further \$338 million over four years was to be released for elective surgery, and \$94 million over four years for primary health care
- \$178 million was to be provided over four years for the development of disability support services, \$16 million over four years to implement the recommendations of the Gisborne cervical screening inquiry, and around the same amount to improve maternity services. This was in addition to the \$84 million allocated in 2001/02 to meet demographic changes.

***High and complex needs funding***

Twenty-eight million dollars was allocated to provide care for children with high and complex needs. The bulk of the money was to go towards providing intensive care for around 120 of the highest need cases.

***Alcohol and substance abuse related programmes***

Seven million dollars over the following four years was allocated for more effective rehabilitative programmes for alcohol and substance abuse treatment.

**3.3 Additional information**

A significant amount of change in health-related legislation in the last 20 years has been related to governance, administration, management and funding structures. The first two parts of this section gives brief sketches of these changes through historical timelines. The next part then offers a mapping of the four major stages in the evolution of the New Zealand health care system. This spans the Labour Government welfare state initiatives (1935–49) through to the changes resulting from the New Zealand Public Health and Disability Act 2000. Finally, we offer a quick overview of New Zealand health expenditure for the study period.

**The New Zealand health system: historical background and relevant legislation**

Table 3.2 gives a brief mapping of the evolution of the health care system in New Zealand for the study period, 1980–2001, (See Table 3.3 for a historical summary of the entire period from 1840 to 2000).

**Table 3.2: The New Zealand health system: historical background and legislation, 1980–2000**

<b>Year</b>	<b>Historical background and legislation</b>
<b>1981</b>	Medicines Act 1981
<b>1983</b>	Area Health Board Act 1983 – enabled the formation of Area Health Boards.
<b>1984</b>	Hui Whakaoranga, the first national health hui, re-examined Māori health philosophy and strongly advocated Māori health initiatives.
<b>1985</b>	Royal Commission on the Electoral System
<b>1986</b>	Health Benefits Review – instituted to consider and make recommendations for the primary care sector, and for the whole system of health benefits.
	State-Owned Enterprise Act 1986
	Constitution Act 1986
<b>1987</b>	Taskforce on Hospitals and Related Services – set up to recommend measures to increase equity and efficiency.
	Old Peoples' Homes Regulations 1987
<b>1988</b>	State Sector Act 1988 – included the corporatisation or privatisation of state assets.
	Gibbs Report on hospital services – recommended separation of health funders and providers.
<b>1989</b>	Public Finance Act 1989 – shifted public service from input to output planning, and to purchasing service contracts.
<b>1990</b>	Smoke-free Environments Act 1990
<b>1991</b>	Green and White paper <i>Your Health and the Public Health</i>
	Employment Contracts Act 1991 – provided individual rather than collective bargaining.
	Abolition of Area Health Boards.
<b>1992</b>	Mental Health (Compulsory Assessment and Treatment) Act 1992
	Four Regional Health Authorities established, and hospitals became Crown Health Enterprises with a commercial focus.
<b>1993</b>	Electoral Act 1993 – set up Mixed Member Proportional (MMP) voting. A referendum endorsed the new voting system.
	Health and Disability Services Act 1993 – established a purchaser/provider split.
<b>1994</b>	Health and Disability Commissioner Act 1994
	Fiscal Responsibility Act 1994
	Medical Practitioners Act 1994
<b>1995</b>	Abolition of the Public Health Commission (legislation enacted 1996).
<b>1997</b>	Regional Health Authorities were disestablished and the Transitional Health Authority set up to facilitate a transition to the Health Funding Authority.
<b>1998</b>	Crown Health Enterprises were replaced by Hospital and Health Services. The Health Funding Authority was set up as a national funding body.
<b>1999</b>	Medicines Amendment Act 1999 – extended the prescribing rights of nurses.
	Accident Insurance Act 1999 – abolished private insurers.
	Proposals were made to establish District Health Boards based on the areas covered by Hospital and Health Service Boards. Guidelines for traditional Māori healing were published by the Ministry of Health
<b>2000</b>	New Zealand Public Health and Disability Act 2000

Source: (French W et al., 2001)

## The evolution of health policy, 1980–2000

**Table 3.3: New Zealand health policy: historical background and legislation, 1840–2000**

Year	Health policy-related event
1840	Treaty of Waitangi signed
1846	New Zealand Constitution Act 1846
1872	Public Health Act 1872 – boards of health were set up in each province, supplemented by a network of local boards.
1876	Public Health Act 1876 – retained many features of its 1872 predecessor but was adapted to suit new central–local government relationships. Administrative and financial control of hospitals taken over by central government.
1885	Hospitals and Charitable Institutions Act 1885 – laid the foundations for hospital administration and provided a uniform system for the whole colony.
1900	Public Health Act 1900 – set up the Department of Public Health in 1901. This Act and five short amending Acts, consolidated in 1908, remained in force until 1920.
1907	Tohunga Suppression Act 1907 – the Government insisted that health care would be based on Western concepts and methods and forced Māori healers underground.
1909	The Department of Public Health was renamed the Department of Public Health, Hospitals and Charitable Institutions to reflect its expanded role.
1920	Health Act 1920 – changed the title from Department of Public Health to Department of Health to reflect the expansion of its activities. A Division of Māori Hygiene was established and Dr Peter Buck was appointed its first director.
1921	Hospital Commission set up to reorganise the hospital system.
1937	Creation of the Medical Research Council of New Zealand.
1938	Social Security Act 1938 – established a pension structure and the basis of a national health service. GP, hospital, pharmaceutical and maternity services were intended to be free and universal.
1941	Pharmaceutical and GP medical benefits introduced.
1947	Hospitals Act 1947 – the government established a new basis for hospital administration.
1951	Abolition of Legislative Council (Upper House of Parliament).
1956	Public Health Act 1956.
1957	Hospitals Act 1957 – provided for the licensing of hospitals.
1964	Social Security Act 1964.
1964	Repeal of the Tohunga Suppression Act 1907.
1965	Radiation Act 1965.
1968	Allocations Committee established to improve the basis for allocating funds.
1970	Special Advisory Committee on Health Services Organisation recommended that regional boards undertake strategic planning.
1975	Disabled Persons' Community Welfare Act 1975
1977	Nurses Act 1977
1981	Medicines Act 1981
1983	Area Health Board Act 1983 – enabled the formation of Area Health Boards.
1984	Election of Labour Party government. Hui Whakaoranga, the first national health hui (meeting), re-examined Māori health philosophy and strongly advocated Māori health initiatives.

<b>Year</b>	<b>Health policy-related event</b>
1986	A Health Benefits Review was instituted to consider and make recommendations for the primary care sector and for the whole system of health benefits.
1985	Royal Commission on the Electoral System
1986	State-Owned Enterprise Act 1986 Constitution Act 1986
1987	Taskforce on Hospitals and Related Services set up to recommend measures to increase equity and efficiency. Old People's Homes Regulations
1988	State Sector Act 1988 – included corporatisation or privatisation of state assets. Gibbs Report on hospital services recommended separation of health funders and providers.
1989	Public Finance Act 1989 – shifted public service from input to output planning and to purchase of service contracts.
1990	Election of National Party government. Smoke-free Environments Act 1990
1991	Green and White paper <i>Your Health and the Public Health</i> published. Employment Contracts Act 1991 – individual rather than collective bargaining. Abolition of Area Health Boards.
1992	Mental Health (Compulsory Assessment and Treatment) Act 1992 Four Regional Health Authorities established. Hospitals became Crown Health Enterprises with a commercial focus.
1993	Electoral Act 1993 – set up Mixed Member Proportional (MMP) voting. A referendum endorsed the new voting system. General election re-elected National Party. Health and Disability Services Act – established a purchaser/provider split.
1994	Health and Disability Commissioner Act 1994 Fiscal Responsibility Act 1994
1995	Medical Practitioners Act 1995 Abolition of Public Health Commission (legislation enacted 1996).
1996	Election with formation of coalition between National and New Zealand First.
1997	Regional Health Authorities disestablished and the Transitional Health Authority set up to facilitate a transition to the Health Funding Authority.
1998	Crown Health Enterprises replaced by Hospital and Health Services. The Health Funding Authority set up as a national funding body.
1999	Second election under MMP, with formation of coalition Labour and Alliance government. Medicines Amendment Act 1999 – extended the prescribing rights of nurses. Accident Insurance Act 1999 – abolished private insurers. Proposals to establish District Health Boards based on the areas covered by Hospital and Health Service Boards. Guidelines for traditional Māori healing published by the Ministry of Health.
2000	New Zealand Public Health and Disability Act 2000.

Source: (French W et al., 2001);

## Annual Ministry of Health reports

As a more in-depth investigation of the workings of the NZ health system is outside of the scope of this report, we have provided below a limited listing (and URL links) of New Zealand Ministry of Health annual reports (1996-2003). These can be used as a resource for further investigation

**Table 3.4: URL links to New Zealand Ministry of Health annual reports**

<a href="#">Annual Report for the year ended 30 June 2003</a>
<a href="#">Annual Report for the year ended 30 June 2002</a>
<a href="#">Annual Report for the year ended 30 June 2001</a>
<a href="#">Annual Report for the year ended 30 June 2000</a>
<a href="#">Annual Report for the year ended 30 June 1999</a>
<a href="#">Annual Report for the year ended 30 June 1998</a>
<a href="#">Annual Report for the year ended 30 June 1997</a>
<a href="#">Annual Report for the year ended 30 June 1996</a>

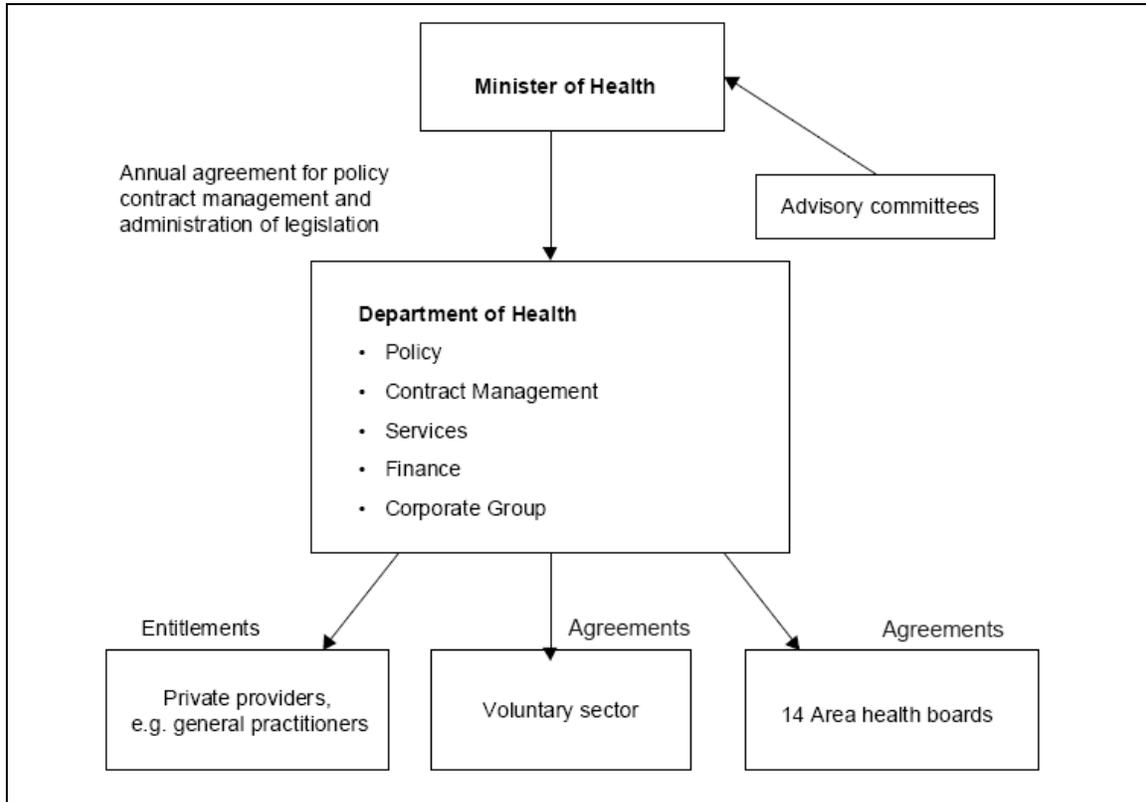
Source: [www.moh.govt.nz](http://www.moh.govt.nz)

## Significant structural changes to the New Zealand health care system, 1980–2001

The evolution of the New Zealand health care system has been discussed in greater depth elsewhere (e.g. see (Ashton T, 1999) and (French et al., 2001) 19). However, it is still worthwhile here to give a cursory mapping of the four fundamental health-care models that evolved from the original Labour Government (1935–49) welfare state initiatives. The following four figures show the structure of policy advice and policy implementation, funding/contracts, provision of services, public and private providers of health services and health governance structures at points of significant change (i.e. 1989, 1993, 1996 and 2000).

### *Regionalisation of the health system*

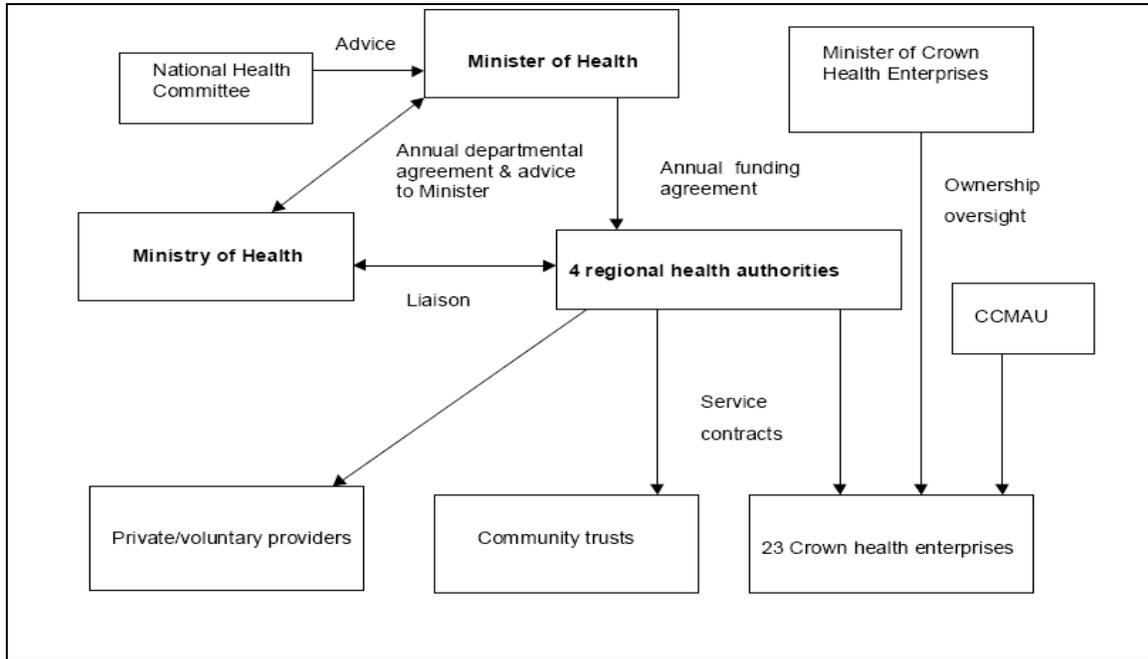
Changes that emerged via the decentralisation of the welfare state health system in the mid-1980s created a regionalisation of the health system. The first health board came into existence in 1984 and by 1989 there were 14 boards. See Figure 3.2 for a summary of the health care system in 1989 (French et al. 2001).



**Figure 3.2: Organisation of the health care system, 1989** (French et al., 2001)

***Changes to the health care system: the separation of health care ownership, purchase and provision***

In 1990 the National Government taskforce recommended that the health care system evolve further as a market-driven model (see: the “Green and White Paper” *Your Health and the Public* (Upton, 1991) *Health* for further details). The principal change of this period was the Health and Disabilities Act 1993. This Act was based on the concept of the separation of (health-care) ownership, purchase and provision (French W et al., 2001). See Figure 3.3 below for the structure of the health care system in 1993.



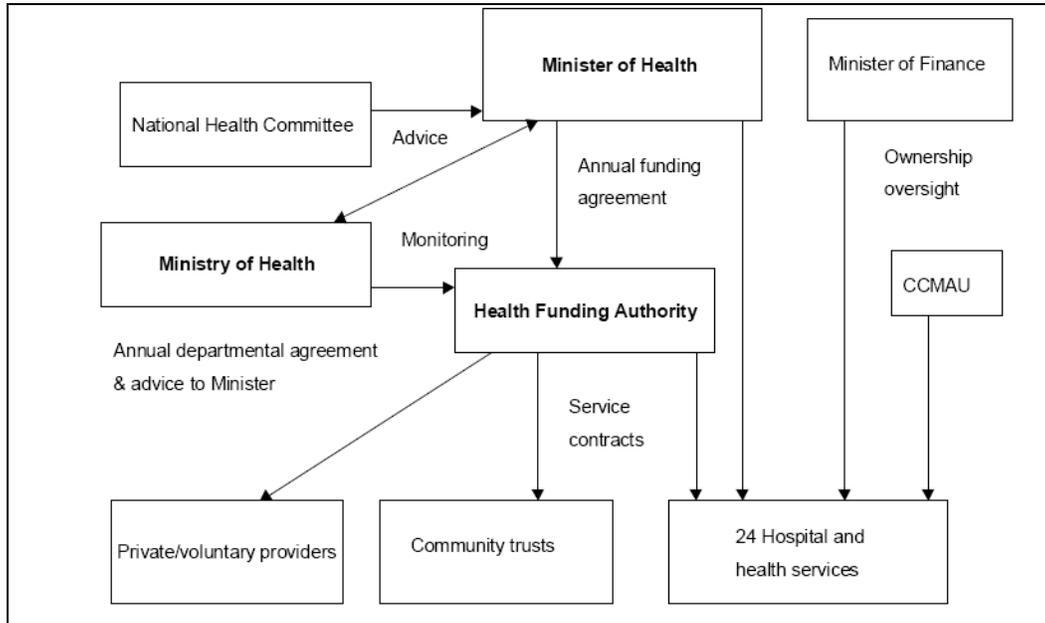
Note: CCMAU = Crown Company Monitoring Advisory Unit

**Figure 3.3: Organisation of the health care system, 1993**

Source: <http://80-www.euro.who.int.ezproxy.auckland.ac.nz/document/E74467.pdf>

***Health care reforms 1996: collaboration and co-operation versus the market model***

The National / New Zealand First coalition government decided that the market model of the 1993 reforms was not as successful as had been hoped. A more cooperative and collaborative model was suggested to replace the then current competition model. As a result, the four Regional Health Authorities were abandoned in 1997 and replaced by the Transitional Health Authority, which later became the Health Funding Authority. The Crown Health Enterprises were also converted into 23 companies called Hospital and Health Services. Interestingly, these organisations were not required to make a profit by Government. Figure 3.4 sets out the structural changes to the health sector (French W et al., 2001).



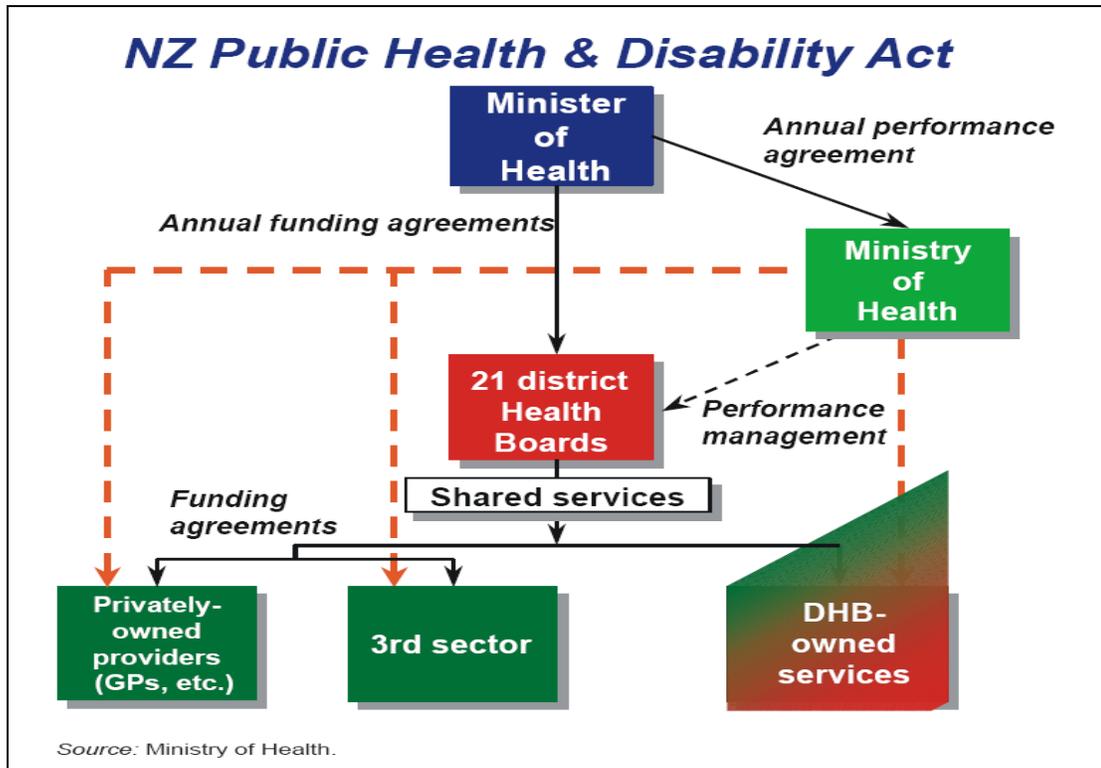
Note : CCMAU = Crown Company Monitoring Advisory Unit

**Figure 3.4: Organisation of the health care system, after the 1996 reforms**

Source: <http://80-www.euro.who.int.ezproxy.auckland.ac.nz/document/E74467.pdf> (French et al., 2001)

***Health care reforms 2000: New Zealand Health and Disability Act***

Through the Act, the Health Funding Authority was replaced by 21 District Health Boards and 23 Hospital and Health Services companies. The District Health Boards were to cover geographically defined populations and could either deliver services themselves or fund providers to do so. Figure 3.5 sets out the structural changes to the health sector from 2000.



**Figure 3.5: Organisation of the health care system, after the 2000 reforms (French et al., 2001)**

Source: <http://80-www.euro.who.int.ezproxy.auckland.ac.nz/document/E74467.pd>

## 4 Education Policy

### 4.1 Summary of significant policy events

#### Period 1: 1980–1984

##### 1981

- The staffing/student ratio for rural small schools is improved. Additional teachers are to be provided for students with special needs.

##### 1982

- The Tertiary Assistance Grant to students is to be increased

#### Period 2: 1984–1988

##### 1984

- Treasury foreshadows changes to the state provision of free tertiary education. They suggest that Government might want to offset ability-to-pay constraints on tertiary education. Treasury states that a strong case could be made for the greater use of market processes in the provision of tertiary education.

##### 1985

- Sixty-one new policy initiatives are to be funded under the areas of: staffing numbers, taha Māori and multicultural education and grants, bursaries and support services.

##### 1987

- Increases are made in expenditure for full-time primary, secondary, polytechnic and area sector school teaching/tutoring/teachers college positions.
- Treasury suggests a sharing of responsibility between the Government and community in the area of primary education. Secondary education curricula, it suggests, should be more responsive to the end goal of the workplace, suggesting the need for “skills for the real world”. Treasury also suggests that students from high-income households could take more financial responsibility for their tertiary education, and that a differential state funding scheme is necessary.

**Period 3: 1988–1990*****1988***

- The Picot report is published. The report argues for decentralisation of educational decision-making within a framework of national objectives.

***1989***

- Tomorrow's Schools is introduced under the 1989 Education Act.
- There is further devolution of state involvement in educational management and administration.
- Expenditure on preschool education is increased. This initiative is taken in response to recommendations from the Working Group on Early Childhood Care and Education. A new funding formula is to be announced for this initiative.

***1990***

- Extra funding is provided for the mainstreaming of special education students.
- Expenditure is to be increased for permanent and part-time teacher positions
- To raise Māori educational achievement, five new Kura Kaupapa schools are commissioned.
- Full funding is to be provided for open-entry tertiary education for those meeting entry qualifications (apart from some costly courses).

**Period 4: 1990–1993*****1990***

- Treasury advises Government that education policy should be considering: improved access to early childhood education; lifelong education; high standards of pupil achievement and school management; increased participation/roll size; and the acquisition of information technology skills by students.
- Treasury states that new policies for the year are to be in the areas of: mainstreaming, teacher–student ratios, Kura Kaupapa schools, guaranteed tertiary access, a student allowances increase, and early childhood education.
- As a result of the Education Amendment Act and the Tomorrow’s Schools reforms, there has been a move towards the decentralisation of tertiary institutions. This is to give them more control over management and operational decisions.

***1991***

- Ruth Richardson’s July Budget is released.
- New initiatives include: the Parents as First Teachers programme, the introduction of a new national curriculum and the Study Right programme.
- School self-management boards and trustees are to be given greater freedom to manage resources for their students.
- The qualifying age for student allowances is to be extended from 20 years to 24 years.
- The Government suggests the development of a student financing scheme. This is to take the form of either a private loans-based scheme backed by a partial government guarantee, or a government funded scheme.

***1992***

- Tertiary fee levels are to be set by tertiary institutions.
- The Parents as First Teachers initiative is introduced.
- School self-management is introduced on a trial basis.
- The Student Loans Scheme is introduced.

**Period 5: 1994–1999****1994**

- The following areas are under action: a report on early childhood funding; the School Consultative Group advising on funding of teachers salaries, staffing and school property arrangements; the Todd taskforce advising on funding growth in tertiary education; and a report on better management of the education sector.
- The Parents as First Teachers and Skill Start programmes are extended.

**1995**

- The *Education in the 21st Century and Work* report is published by the Ministerial Consultative Group on Funding Growth in Education and the Prime Ministerial Taskforce on Employment.
- Areas of action for the following three years are to be: early childhood education; education agencies to be more responsive to the needs of students and employers; and building on youth initiatives and the industry training sector strategy, such as the introduction of the National Qualifications Framework.

**1996**

- Government suggests the focus for the year is to be on early education training, improving core schooling and greater opportunities for life-long learning.
- Student loan numbers have rapid growth, topping 60,000.
- Treasury discusses: the level of educational failure, advancing the position of Māori, and alternatives to mainstream education.

**1997**

- The Government allocates expenditure to address the attrition of students and truancy from schools.
- Special Education 2000 policy expenditure is extended for special needs students.

**1998**

- A bulk-funded option for teachers' salaries and schools is introduced.
- A Unified Pay System via the primary teachers' and principals' collective employment contracts is introduced.
- The cap on the number of university students entitled to a government subsidy to help pay for the cost of tuition is removed.
- The Universal Tertiary Tuition Allowance is to be in place by 2000.

**Period 5: 1994–1999 continued****1999**

- Schemes and initiatives in place for the year include: Tomorrow's Schools; a secondary school qualifications review; new funding for information technology in schools; a school building programme; more rigorous assessment; overcoming educational disadvantage; dealing with the attrition of at-risk students; and alternative learning centres for problem teens.
- Treasury states that the Government needs to provide for the growing Māori and Pacific demographic, the formal skills that are lacking in sections of these groups, and youth leaving school without qualifications.

**Period 6: 2000–2001****2000**

- The Government ends bulk funding for schools.
- Expenditure is increased, or newly allocated, for: early childhood education, Homework Centres, Māori and Pacific peoples' teacher recruitment, tertiary tuition subsidies, and the reduction of attrition of students from school.
- Interest on student loans is to be written off while students are studying, and the previous Government's decision to increase the student loan repayment rate is reversed.

**2001**

- There is an expansion in expenditure for early childhood education.
- Tertiary student fees are held stable.
- A transition Tertiary Education Commission is to be set up as a unit within the Ministry of Education to act as an establishment board for the permanent Commission, and as an advisory board to work on the further development of the Tertiary Education Strategy.
- Academic institutions have been offered a 5.1% increase on the basic subsidy rate in return for holding student fees in the 2002 academic year. The 5.1% is a result of the grant offered the previous year, compounded by a further 2.6% grant provided in the 2001 Budget.
- The National Certificate of Educational Achievement is set up.
- New funding is provided for principals' leadership and professional development.

## 4.2 Details of significant policy events: chronology and documentary sources

### Period 1: 1980–1984, Finance Minister Robert Muldoon

#### *Budget speech, Financial Statement 9 July 1981 (Muldoon, 1981)*

From 1982 the Tertiary Assistance Grant to students was to be increased by \$4.00 per week. This meant an increase of \$23 to \$27 per week basic allowance. Taking into account the hardship grant, students could receive up to \$47 per week. School transport assistance and school boarding bursaries were increased, and additional teachers were to be provided for students with special needs.

The staffing/student ratio for rural small schools was increased to 1:25.

#### *Budget speech, Financial Statement 5 August 1982 (Muldoon, 1982)*

Education was not discussed in this Budget.

#### *Budget speech, Financial Statement 28 July 1983 (Muldoon, 1983)*

Education was not discussed in this Budget.

### Period 2: 1984–1988, Finance Minister Roger Douglas

#### *Budget speech, Financial Statement 8 November 1984 (Douglas, 1984)*

In spite of the current fiscal difficulties and the central plan for improved economic performance elsewhere in the state/public sector, increases were allowed in expenditure for education. The budget provided for:

- 236 new teacher appointments for the Reading Recovery programme
- 10 additional teacher equivalents for kindergartens
- 15 additional teacher equivalents for state secondary schools
- increases in tertiary allowance for the 1985 academic year (these were \$31 to \$35 per week for the basic grant; \$25 to \$27 for the accommodation grant and from \$200 to \$300 per year for teachers college students)
- extra funding for two further Community Lending Centres.

***Budget speech, Financial Statement 13 June 1985 (Douglas, 1985)***

Provision had been made for \$1,920 million in the education vote for 1985/86. Sixty-one new policy initiatives were financed. Some of these were under the following areas.

***Staffing improvements***

Funding was provided for 1,021 additional teachers for kindergartens, primary, secondary and area schools.

***Taha Māori and multicultural education***

Funds were allocated to establish a proper policy basis for bilingual schools, support Kōhanga Reo children in junior classes in primary schools, strengthen the teaching of Māori and Maoritanga, and increase the publications for taha Māori and other multicultural programmes.

***Grants bursaries and support services***

The expenses grant for primary schools was increased by \$1 million for the year. School boarding bursaries were also increased.

***Economic Management (NZ Treasury, 1984)***

Treasury offered an overview of the role the Government might play in education and what its future objectives might be, both in terms of provision and/or facilitation of provision of education. The nature of education was seen as either a public good which has benefits for society that merit government provision, or a good that merits assistance in its provision. Perhaps most importantly, Treasury stated that education was seen as a means for the improvement of income distribution and the reduction of social inequalities.

***Problems with education policy***

Treasury stated that many of the perceived difficulties in the performance of the education sector (e.g. the mismatch between school-leavers' skills and the demands of the labour market) reflected underlying problems that are often characteristic of state provision. They went on to suggest that the education sector was slow to respond to consumer feedback on the needs of students. Finally, the usefulness of education as a link for improving income distribution and the reduction of social inequalities was problematic, in that it was apparent that significant education participation was more likely for middle- and upper-income groups and so the distribution of successful education outcomes was likely to be less equitable.

***Tertiary education issues***

Following on from Treasury's comments on education as being for the public good, post-compulsory education was to be seen as beneficial for the individual and therefore it was worth considering the then present policy of free provision of this service by the state. However, one clear reason for government involvement in this area, Treasury suggested, was to do with resource redistribution objectives, whereby a government might want to offset ability-to-pay constraints on tertiary participation. It therefore suggested a more selective, targeted approach to tertiary subsidisation.

*Market-model, market responsive, needs-based tertiary education funding*

Treasury suggested that a relatively strong case could be made for greater use of market processes in the provision of tertiary education, with an important role remaining for state subsidisation. Initially this may have been accomplished by recasting – and to some extent reducing – existing public spending in this area. Significant immediate initiatives might have included improving the pricing of tertiary services (e.g. more fully charging for the different costs of courses), and implementing differentiated government financial support to students (on the basis of need).

***Budget speech, Financial Statement 31 July 1986 (Douglas, 1986)***

Education was not discussed in this Budget.

***Budget speech, Financial Statement 18 June 1987 (Douglas, 1987)***

Expenditure for health, social welfare and education for the year was to be \$13.9 billion. The allocation for education was as follows:

- approximately 1,450 new full-time equivalent teaching positions for primary, secondary and area sector schools
- 700 full-time tutor equivalent positions at polytechnics
- 1,000 extra places in teachers college quotas.

***Briefing to the incoming government 1987 (NZ Treasury, 1987)****Early childhood services and flexibility*

Treasury suggested that an important issue for the Government (in early childhood education) was the need to listen to the voices of children and parents, and to respect their needs. Also seen as paramount was equity of access to early childhood education. The Kōhanga Reo movement was held up as an ideal educational model, which, Treasury suggested, was flexible in considering the needs of both children and parents. This movement, Government Treasury suggested, demonstrated what could be done outside familiar institutional forms when flexibility is permitted. The task remained, it suggested, to co-develop a coordinated policy which would enable a beneficial balance to be struck between family care and institutional or community-based care for disadvantaged families, which would not prevent suitable provision being bought in by more affluent families, and which might promote a contestable system for the delivery of early childhood services.

*Primary education: sharing of responsibility*

Treasury suggested to the Government that it should perhaps step back from its then present authoritative position in primary education. A more co-operative model, with the state acting as a kind of broker and/or integrator of specialist core specialists, and the greater involvement of parents, would be beneficial. The parents would then be more involved in the development of this model. This would involve the parents as an educational resource and they would be in partnership with the state. School management would be another area that needed parental involvement. The state would be responsible

for the teaching of the three ‘Rs’ and other core subjects, plus the teaching of necessary civic values.

*Secondary education: skills for the real world.*

Treasury proposed suggested that secondary education must take into account, when designing the curriculum/courses taught, that the end goal of the real world must be addressed. The focusing on education values or personal values as an end in themselves, by educational institutions may not be enough. Schools, Treasury suggested, need to look outward: towards possible employment opportunities. Zoning, rather than being élitist or egalitarian, is a practice that restricts choice and therefore competition. This was seen as problematic.

*Tertiary education: student funding*

Treasury suggested that if tertiary students from high-income households were to take more financial responsibility for their education (i.e. by paying a higher proportion of their fees and other related costs), they would value their outcomes (degrees, etc.) more and therefore expect a better return from the open market in which they might find employment. This, user-pays, as opposed to government-funded, approach to tertiary education, would remove the subsidising of the private market by financing degrees and higher training. The job market would then find a kind of equilibrium. Users of tertiary educational services (students) would have to invest in future returns by borrowing or finding other funding in the private sector.

*Māori education*

Treasury went on to propose that policy initiatives for Māori education could proceed on three broad fronts:

- by the Māori community’s development and revitalisation of their own language – this, was, of course, largely a matter for the Māori community, but they could be governmentally assisted to the extent that the formal educational system is a device for cultural strengthening and affirmation
- by enabling the rest of the community to acquire a more appreciative attitude and understanding of the Māori heritage – this, it was suggested, might be fulfilled by the taha Māori approach
- by enabling Māori individuals to have access to the skills, knowledge, and attitudes that enable success in wider society, either as members of the wider community or as representatives of the specific Māori interests within that community.

***Budget speech, Financial Statement 28 July 1988 (Douglas, 1988)***

Education was not mentioned in this Budget.

### **Period 3: 1988–1990, Finance Minister David Caygill**

#### ***Budget speech, Financial Statement 27 July 1989 (Caygill, 1989)***

Government expenditure on education for the year was to be in excess of \$3.8 billion. Two areas received particular attention in this Budget. Firstly, there was to be a further devolution of state involvement in educational management, with greater authority transferred to school trustees and tertiary institutions. This institutions-based management was to be monitored for increased efficiency by the state. Secondly, there was to be a growth in spending on preschool education. This initiative was in response to recommendations from the Working Group on Early Childhood Care and Education. A new funding formula was to be announced for this initiative.

#### ***Budget speech, Financial Statement 24 July 1990 (Caygill, 1990)***

The main relevant points of the Budget were as follows.

- The Government was to spend \$3.8 billion in the 1990/91 financial year. There had been an increased retention rate for students staying on at secondary schools and in the numbers of students going on to tertiary institutions. An example was given: in 1990, 40% of students stayed on from form three to form seven, whereas in 1984 the figure was 18%. An extra \$23 million funding was awarded for operations for secondary and primary schools.
- Five million dollars was made available to further the Government's initiative to mainstream special education students. The Government was committed to providing access to primary and secondary education for all learners on equal terms.
- From January 1991, 200 new permanent teacher positions were to be created. In addition, 400 temporary places in primary schools were to be created for primary teacher graduates.
- To raise Māori educational achievement and promote the survival of the Māori language, a further five Kura Kaupapa Māori schools were to be created. Kura Kaupapa schools were seen as a flow-on from the successful Kōhanga Reo movement. This movement was seen as raising the self-esteem of young Māori children.
- The Government was to fully fund open entry to tertiary education for students meeting entry qualifications (apart from to some very costly courses).
- Student support at the tertiary level was to exceed \$300 million for the year.
- The preceding measures, the Government suggested, would make substantial progress towards achieving the goals of education and a highly skilled workforce, and also meet the Government's commitment to equality of access to education.

**Period 4: 1990–1993, Finance Minister Ruth Richardson*****Budget speech, Financial Statement 30 July 1991 (Richardson, 1991)***

Ruth Richardson's July Budget was released.

In this Budget the Government drew a strong link between education and employment. Only 50% of 17-year-olds participated in education compared to 88% in the United States, and over a third of the New Zealand workforce had no formal qualifications.

Education initiatives for the following year were as follows.

***Parents as First Teachers programme***

Early childhood education was to be simplified to ensure resources went into learning rather than buildings. The Parents as First Teachers programme – a new venture in childhood education – was to be piloted.

***Introduction of a new national curriculum***

This was to focus on the building of key skills, and was to be backed by the Achievement Initiative.

***School self-management***

Boards and trustees were to be given greater freedom to manage resources for their students. This was also a chance for greater control by communities.

***The Study Right scheme***

This was a new mechanism to provide places in tertiary education and training. Study Right was to be available to anyone under the age of 21 and certain classes of beneficiaries. It would subsidise 95% of tuition costs for the first three years of study, and 75% of costs thereafter. The Government was to fund 14,000 more places for the following year.

***Student allowances***

The qualifying age for student allowances was to be extended from 20 years to 24 years. The unabated level of student allowances was to be aligned with that of the Unemployment Benefit.

***Student financing***

The Government proposed the development of a student financing scheme, which would take the form of either a private loans-based scheme backed by a partial government guarantee, or a government-funded scheme.

***Tertiary fee levels***

Tertiary institutions would be free to set their own fee levels in the following year.

***More available funds for tertiary education***

The Government stated that by reducing the costs of student allowances and the establishment of financing facility, the state would be able to substantially increase the number of subsidised student places and reduce tuition costs for most students.

***Briefing to the incoming government 1990 (NZ Treasury, 1990)****Education: building economic growth*

Treasury stated that it was committed to raising the education and skill levels of New Zealanders, which was critical to achieving a society with full employment and high living standards. These aims could be achieved by developing a highly skilled workforce, a culture of learning and a better learning environment. The Government was looking towards the exploitation of the opportunities in the world market, and a range of skills would be necessary for this, including science, technology, history, geography and languages. It was also important to acknowledge the necessity of life-long education, with multiple learning and training periods during one's life rather than the traditional once only. The fully functional actor (citizen) must be able to reach their potential. Barriers to this, the Treasury suggested, should be able to be overcome, and equality of access to education was seen as very important.

*New policies*

Education funding was to be increased by 8.6%. School funding was allocated \$23 million, which would be targeted at primary and secondary school operating costs.

*Mainstreaming*

An additional \$5.3 million was to be allocated for the mainstreaming of special needs students into the regular primary and secondary school system. To support this initiative 450,000 teacher aide hours were to be funded.

*Teacher–student ratios*

The aspiration of a 1:20 ratio announced in 1984 was to be further pursued by the Government. To further this policy, 200 additional permanent teaching positions for junior primary schools were to be created for the first term in 1991. In addition, 400 temporary positions for junior schools would also be created. This was to be at a cost of \$6.7 million for the 1990/91 year.

*Kura Kaupapa schools*

To raise the standard of Māori educational achievement and promote the survival of the Māori language, five further Kura Kaupapa Māori schools were to be funded in the current year at a cost of \$2.1 million.

*Tertiary access guaranteed*

The Government was, for the first time in history, to fully fund open entry to tertiary education. This would cost approximately \$100 million for the financial year.

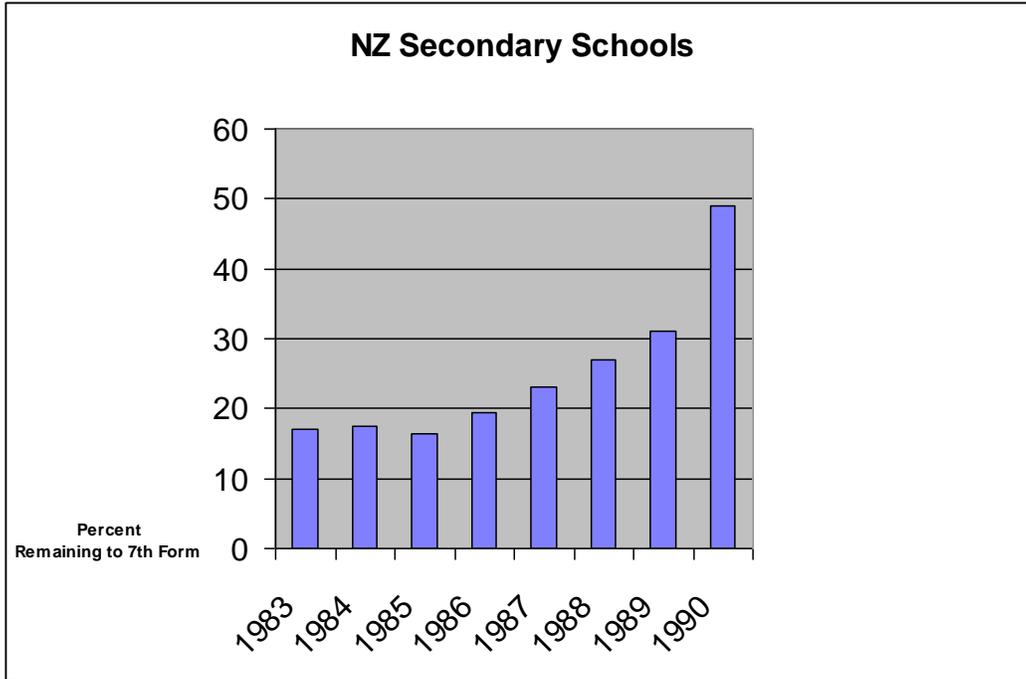
*Tomorrow's Schools*

As a result of the 1990 Education Amendment Act and the Tomorrow's Schools reforms, there had been a move towards the decentralisation of tertiary institutions. The aim was to give them more control of management and operational decisions.

*Retention of secondary students*

The Government altered its policy on the Unemployment Benefit: from this point the benefit was not to be offered to 16- and 17-year-olds. These people were to be

encouraged to stay in school or take advantage of training and education options being offered. In 1985, 54% of third formers stayed at school until the sixth form. In 1989 the figure had climbed to 69%. Assistance was to be offered to schools in the form of school curriculum advisors and school home liaison officers to promote better retention of students and less dropping out. Eighteen thousand places were also to be created in the current polytechnic link courses. Figure 4.1 shows retention rates for secondary schools for the 1983–1990 period.



**Figure 4.1: Retention rates, New Zealand secondary schools, 1983–1990**

Adapted from (Caygill, 1989)

#### *New tertiary places*

The Government had created 40,000 new places since 1984, an increase of 58% in six years.

#### *Increase of student allowances*

The annual amount spent on the student support scheme was \$309 million. This was a 97% increase in funding support since the introduction of the new scheme in 1998/99.

#### *Boost for early childhood education*

Funding for early childhood education programmes for the financial year was to increase \$74 million from the previous financial year.

#### *Education goals for the future*

Treasury advised the Government that education policy should be considering: improved access to early childhood education, life-long education, high standards of pupil

achievement and school management, increased participation/roll size, and the acquisition of information technology skills by students.

***Budget speech, Financial Statement 2 July 1992 (Richardson, 1992)***

Educational initiatives contained in this year's Budget were as follows.

*Parents as First Teachers initiative*

The improvement in early childhood education was to be addressed in part by the Parents as First Teachers initiative. This initiative was to be particularly focused on the disadvantaged.

*School self-management*

This had been introduced on a trial basis.

*The Study Right scheme and course fees*

In tertiary education, the Government had encouraged institutions to set their own fees and fund more student places through Study Right.

*Student Loans Scheme and student allowances*

The Government introduced the Student Loans Scheme. It stated that student allowances were targeted at those most in need of assistance.

*Numbers of students funded for tertiary education*

This year 10,000 students were to be subsidised, with a further 7,500 the following year. The Government was to allocate an extra \$60 million for a tuition subsidy for the financial year. This equated to around \$11,000 per full-time student in the tertiary sector.

***Budget speech, Financial Statement 1 July 1993 (Richardson, 1993)***

The Government continued to draw strong links between education and work skills. The idea of investment in education and extracting value was a strong theme in this Budget. Also present was the idea of lifelong education. Education was funded to the level of \$4.763 billion, an increase aimed at improving preschool and compulsory schooling, increasing access, and broadening the options beyond school.

*School curriculum*

There was a greater focus on science, English, mathematics and technology in primary and secondary schools this year.

*Student loans, student allowances and course fees*

Between 1990 and 1992 there was an increase in student numbers to well over 50,000. Each tertiary student was subsidised to the tune of \$10,000 per year.

## **Period 5: 1994–1999, Finance Ministers Bill Birch and Winston Peters**

### ***Budget speech, Financial Statement 30 June 1994 (Birch, 1994)***

Education and training and the improvement of quality of life and financial wellbeing were central to the Budget, as was the need for accountability of government departments and their use of public education funding.

The following reports had been produced or were under consideration:

- a report on early childhood funding
- the School Consultative Group advising on funding of teachers salaries, staffing and school property arrangements
- the Todd Task Force on funding growth in tertiary education
- a report on better management of the education sector.

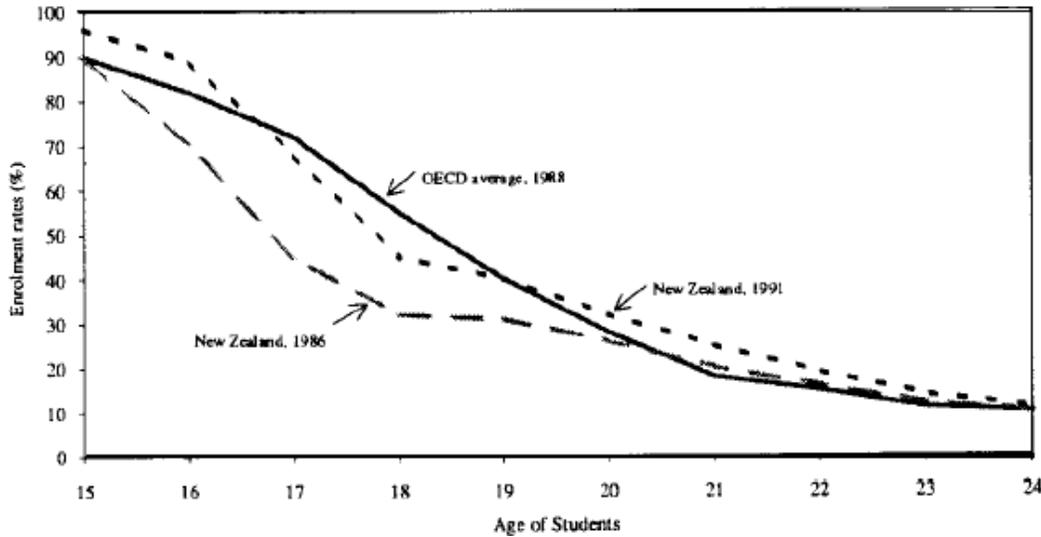
The Government suggested there was a need to develop an education and training system that was relevant to the labour market, such that relevant skills were taught.

- There was to be an extension of the Parents as First Teachers programme for early childhood education. This programme was to be extended to 12 new locations.
- The operations grant for primary and secondary schools was to be increased by \$60 million. This would be spread evenly over the three following years.
- The Skill Start programme would continue for the following year.

### ***Briefing to the incoming government 1993 (NZ Treasury, 1993)***

#### *People staying in school longer*

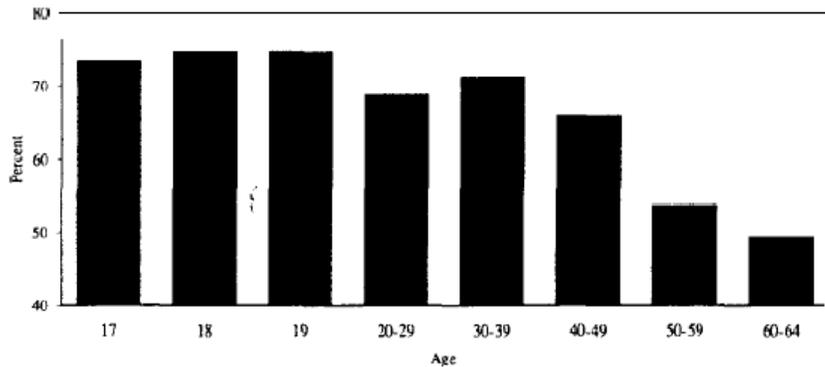
Treasury stated that more people were staying at school longer and taking part in tertiary education and training. The percentage of people entering form six increased from 53% in 1981 to 83% in 1992, while the percentage entering form seven increased from 16% to 44% over the same period. The total number of tertiary enrolments in 1992 was estimated to have increased by 22% over enrolments in 1991. At all levels, education participation rates now appeared to be converging on the OECD average. Figure 4.2 shows international OECD enrolment rates.



**Figure 4.2: Comparison of New Zealand and OECD enrolment rates**

Source: Department of Education, OECD

Educational attainment was increasing, with a greater proportion of young people now having a qualification than was the case for older groups. Figure 4.3 illustrates qualifications percentages, by age, for the 1991/92 period.



Shows percentage of each age group with a qualification

Source: Treasury estimates using Department of Statistics **HEIS 1991/92**

**Figure 4.3: Percentages of students with a qualification, by age group, 1991/92**

*Tomorrow's Schools*

Although discussed within the context of education and training, structural reform in education appeared to be problematic for the Government. Treasury suggested that innovation was currently difficult in education. The experience of Tomorrow's Schools reforms demonstrated just how difficult it could be to make substantial changes in the education sector. The practice of centralised collective bargaining and some residual areas of centralised resource controls also tended to reduce local innovation.

***Budget speech, Financial Statement 23 February 1995 (Birch, 1995)***

Educational investment for the following three years was to be focused on:

- a head start for the youngest New Zealanders, through an emphasis on early childhood
- making all education agencies more responsive to the needs of students and employers
- meeting demographic pressures through maintaining and enhancing education infrastructure
- building on youth initiatives and the industry training sector strategy, such as the introduction of the National Qualifications Framework. This was to ensure training received in schools as well as in the workplace and tertiary institutions was recognised.

***Budget speech, Financial Statement 13 February 1996 (Birch, 1996)***

Following on from the education initiatives in the 1995 budget, the Government suggested the focus for the following year was to be on (at a cost of \$516 million over three years):

- emphasising early education training
- improving core schooling
- greater opportunities for life-long learning.

***Briefing to the incoming government 1996 (NZ Treasury, 1996)****Reducing educational failure*

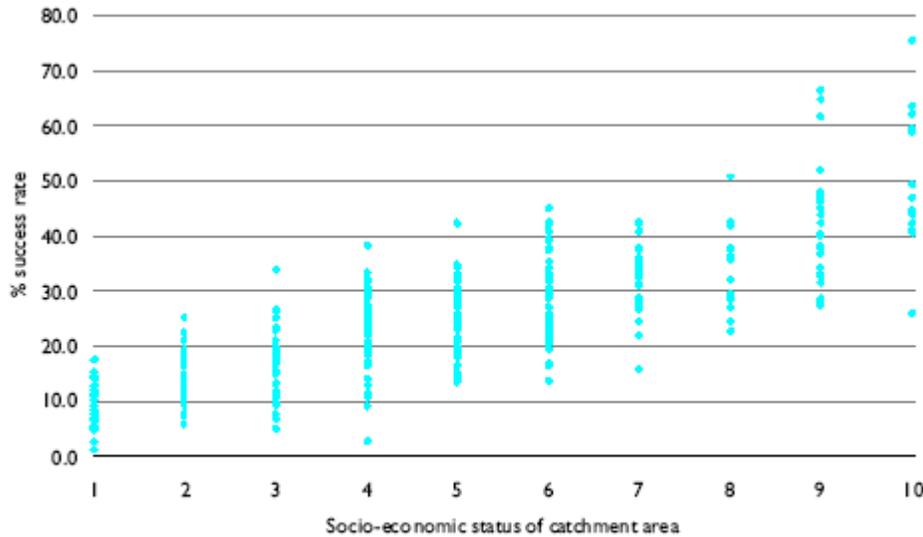
Treasury suggested that a significant number of young New Zealanders were not achieving scholastically, and that failure to acquire basic literacy and numeracy skills when young might contribute to disadvantage in later life. They also stated that socio-economic background, along with innate ability, was a significant influence on educational outcomes for young people. Many of the students who failed in the New Zealand school system have specific contributory factors in their background. For example, students from homes where English is a second language, may struggle to make progress.

In the 1990 International Education Association literacy study, New Zealand ranked highly at 12th overall, but its ranking among the 31 participating countries slipped to 21st for students whose home language was not the language of instruction. Low parental education may be associated with poor student performance, but not all failing students came from such backgrounds, suggesting there may have been other factors contributing to poor outcomes for such students.

*Success in schooling, socio-economic status and school location and performance*

Figure 4.4 shows that success in achieving School Certificate B grades or better rises with the socio-economic catchment of the school, reflecting the importance of that factor's influence. However, within groups of schools of the same socio-economic catchment,

there is still a wide variation in success, suggesting that the contribution of the school may also have a bearing on results. More detailed studies show that after the effects of individual ability, socio-economic background, gender and ethnicity are taken into account, New Zealand schools differ from one another to a small, but statistically significant, extent in raising achievement.



Source: Ministry of Education Report on New Zealand Schools, 1994

**Figure 4.4: School success in achieving B grades or better in School Certificate, by socio-economic status of catchment area**

Source: <http://www.treasury.govt.nz/briefings/1996/big96-ch5.pdf>

#### *Outcomes for students at risk*

Treasury suggested that regardless of the precise causes of educational disadvantage, schooling is a major investment and opportunity for making a difference to life outcomes for students at risk. With the proposed rise in the school leaving age to 17 years by 1998, and hence students staying even longer in school, the importance of ensuring that students maximise the benefits to be achieved from the time spent in school was seen as becoming even greater.

#### *Advancing the position of Māori*

Treasury suggested that the relative importance of the various factors causing the continuation of poorer outcomes for Māori was still open to debate. However, labour market disadvantage, lower health status and the more recent rise in sole parenthood were all likely to have an impact. Cycles of disadvantage had been sustained by low levels of education and income among older generations, which was being transmitted to younger generations. For Māori, as for others in such situations, better economic outcomes were likely to be found through increased skill acquisition and increased labour market participation.

*Alternatives/supplements to mainstream education*

Alternative forms of service delivery for Māori could also help to improve outcomes. The Kōhanga Reo and Kura Kaupapa Māori initiatives were/are educational examples of an approach that attempted to reflect this. Treasury suggested that while it was too early to assess the effectiveness of such initiatives on outcomes for Māori, Kōhanga Reo appeared to have been associated with a significant increase in Māori participation in early childhood education. Further analysis was required to understand better the cultural factors that may have been impeding the effectiveness of the then current service delivery, and the ways in which such problems could have been best overcome.

***Budget speech, Financial Statement 26 June 1997 (Peters, 1997)***

This Budget addressed the level of attrition of students and truancy from schools.

*Retention of student numbers*

A significant number of students who were leaving school were doing so without adequate knowledge and skills for life/employment. The Government stated that it shared with parents a responsibility to ensure that all young people made the most of the opportunities the education system provides.

*Special needs students*

An extension of the Special Education 2000 policy to assist children with high and very high special education needs was announced. Government was to allocate between \$150 and \$200 million extra over the following three years to assist students with special needs.

*Truancy*

Additional funding of \$10 million was to be allocated (over three years) to reduce the existing truancy problem.

***Budget speech, Financial Statement 14 May 1998 (Peters, 1998)***

The Government made adjustments to education expenditure to the sum of \$1,674 million for improvements in capacity and performance of the education system. Key improvements were:

- a Unified Pay System for teachers, with the settlement of the primary teachers' and principals' collective employment contracts in 1998
- the Fully-Funded option, to fund schools that would take responsibility for managing all their resources (a new funding formula was to apply from the beginning of the third term for these schools)
- building of 1,400 new classrooms
- removal of the cap on the number of students entitled to a government subsidy to help pay for the cost of tuition
- by the year 2000 every student enrolled in an approved course was to get the new taxpayer-funded Universal Tertiary Tuition Allowance paid to their tertiary provider.

***Budget speech, Financial Statement 20 May 1999 (Birch, 1999)***

The following education schemes and initiatives were in place for the year.

*Tomorrow's Schools*

The aim of this initiative was to make educators more responsive to student needs and more accountable to the community. The Fully-Funded Option was aimed at giving school boards the opportunity to manage a school's resources more flexibly.

*Secondary school qualifications review*

New curriculum statements were progressively being implemented. Special education funding was greatly increased and structured more equitably. These changes were to help all schools to do a much better job. Operational funding was to be boosted by a further 1.6% from 1 January 2000.

*New funding for information technology in schools*

At this time primary schools averaged only one computer per 14 students and secondary schools one per eight students. Half of their computers were more than three years old. A new \$25 million funding pool was aimed at encouraging every school to have an ICT plan and an Internet connection by 2000, with money left over to be used for other ICT needs. A typical primary school would get more than \$6,000; a typical secondary school more than \$20,000. A further boost of \$10 million per fiscal year in operational funding, starting from 1 January 2000, would let schools achieve adequate long-term ICT maintenance and support.

*Massive school building programme*

Two hundred new primary and 80 new secondary classrooms were to be set in place during 1999/2000 (worth \$537 million), and five new secondary schools were due to open by 2004/05.

*More rigorous assessment*

The Budget was to fund the Education Review Office to evaluate teacher training, in-service training on the new curriculum, and the use and exchange of literacy and numeracy information in and between preschool and primary school.

*Overcoming educational disadvantage*

New programmes were to reinforce each other across the span of Education, Health, Welfare, Justice and other agencies to overcome the problems that put children at risk.

*Dealing with attrition of at-risk students*

A pilot trial using 12 social workers in primary schools was extended by putting up to 70 more social workers into schools. The social workers were to cover 35,000 students at a cost of \$4.5 million per annum. They were to identify at-risk children and develop and manage culturally appropriate intervention plans with family, whānau and school, and work with other agencies.

*Alternative learning centres for problem teens*

Government research suggested that up to 2,000 14–15-year-olds, many with serious behaviour problems, spent significant time alienated from schooling every year. An enhanced programme aimed to provide \$11,100 per student to give schools more incentive to meet the needs of up to an extra 600 alienated students in 1999/2000, and potentially up to a further 800 in 2000/01 – a total of 1,400, in addition to the 400 already covered.

*Briefing to the incoming government 1999 (NZ Treasury, 1999)*

Treasury proposals for the new government were that:

- policies needed to provide for and respond to the idea that upskilling/education needs should go beyond the school gate – culture, community and workplace socialisation education needed to be better understood
- the effectiveness of schools needed to be examined rather than just the amount of money spent
- subsidies should be provided for tertiary education.

*Key innovations: education*

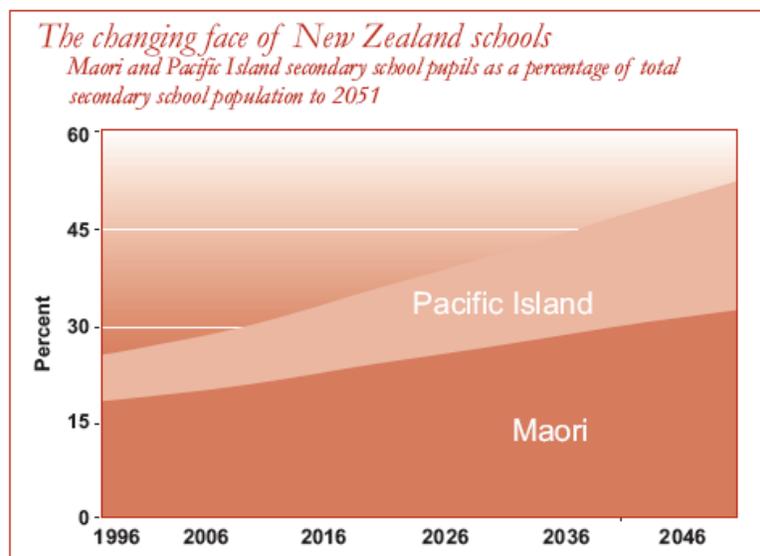
The move to individuals bearing a greater share of the cost of their investment in tertiary education was a significant change in the role of government in New Zealand, and as such was controversial.

*General educational outcomes*

Treasury also suggested that a more hands-on – if refined – approach to education governance may be necessary to improve schooling. New models were needed to improve the effectiveness of poorly performing schools, and improve information on the performance of individual students and individual schools.

*The growing Māori and Pacific demographic*

Treasury also stated that New Zealand faced the challenge of a growing demographic bulge from historically lower achieving groups. A disproportionate number of Māori and Pacific people were leaving school without qualifications and progressing to work in low-skill jobs. Over the next two decades, the Treasury suggested, this demographic would increasingly form a larger proportion of the working-age population. Figure 4.5 shows a projection of the growing Māori and Pacific peoples populations from 1996 to 2051.



**Figure 4.5: Projection of Percentage of Maori and Pacific pupils in secondary school to 2005**

Source: <http://www.treasury.govt.nz/briefings/1999/big99-h1-4.pdf>

#### *Formal skills from education lacking*

Evidence suggested that New Zealand youth were emerging from formal education less competent in foundation skills than their counterparts in similarly developed countries. While average performance in reading was good, New Zealand students did not perform as well on other dimensions of literacy. Performance in science and maths was mediocre.

#### *Youth leaving school without qualifications*

One in five school-leavers had no qualifications – a figure that had not shifted since 1990. This had the potential to become even more of a problem if these underachievers were clustered in the same geographic area and were of the same ethnicity. When disadvantaged groups are isolated intellectually, Treasury suggested, they become isolated socially, and this might work against the acquisition of human capital among young people.

#### *Improving skills and educational outcomes*

Treasury proposed that the causes of ‘success’ in education and more generally in life are complex and poorly understood. Empirical evidence suggested that the quality of formal education accounts for something between 10% and 25% of the difference between individuals’ educational achievement. Innate ability is important, but so are home, cultural, community and workplace factors. Policies to improve New Zealanders’ skills need to look beyond the school gate. That said, formal education was seen as the factor that governments could influence most directly and firmly.

*Treasury's suggested education strategies for the future*

The suggested strategies were to:

- refine governance arrangements to improve the effectiveness of poorly performing schools
- improve information on the learning outcomes of individual students and individual schools
- consider objectives for tertiary education policy and associated institutional arrangements.

**Period 6: 2000–2001, Finance Minister Michael Cullen***Budget speech, Financial Statement 15 June 2000 (Cullen, 2000)**End of bulk funding*

Expenditure on education was to increase by almost \$300 million for the following year. The Government was to end bulk funding, and the redistribution of the associated funds was intended to be a small contribution to the ideal that opportunity in early life should not be determined by who or how well off the child's parents are.

*Early childhood education*

The Government would increase funding for early childhood education by over \$10 million a year.

*Attrition of students from school*

A further \$23 million (over the next four years) would be put into addressing/reducing the number of pupils who were leaving school without basic literacy and numeracy skills.

*Funding for homework centres*

Up to \$2 million a year would be provided for primary schools in poorer socio-economic areas to develop homework centres so that all children might have an appropriate environment in which to study.

*Māori and Pacific peoples teacher recruitment*

Additional funding was to be provided to attract more Māori and Pacific people into teaching, and to provide more resources for the development of Māori and Pacific peoples language and culture. To put further impetus behind the need to raise Māori achievement, a hui taumata (advisory group) of experts and elders was to be held the following October to develop a path forward.

*Student loan interest write-offs*

Interest on student loans was to be written off while students are studying and the previous Government's decision to increase the student loan repayment rate was reversed. This, they suggested, would significantly increase the subsidy to students through the loans scheme, at a cost of \$420 million over four years.

### *Tertiary tuition subsidies*

The Government was to further reduce study costs for students by increasing the tertiary tuition subsidy by \$110 million over the next four years; \$12 million was to be provided over the same period to improve the participation of Māori and other groups currently under-represented at universities and polytechnics.

### ***Budget speech, Financial Statement 24 May 2001 (Cullen, 2001)***

The Government was to begin a series of specific measures to improve the broad base of the education system and to improve the level of professional development. New funding for principals' leadership and professional development was to total about \$48 million over four years.

### *Early childhood education*

Key expansions in expenditure for family and education this year were:

- about \$9.5 million a year was to be spent on increasing the early childhood education subsidy
- some \$29 million was to be allocated over the following four years to introduce a system of equity funding for early childhood education. This funding was to improve the availability and quality of early childhood education in low-income and rural communities. It would also improve programmes for special education needs, and for children for whom English was a second language.

### *National Certificate of Educational Achievement*

The NCEA is a qualification system that was set up to challenge the most exceptional students but still provide meaningful qualifications for the less academically talented. The present system had, the Government stated, succeeded in lifting overall participation rates to levels consistent with those of other developed countries. However, there were significant areas of lower than satisfactory levels of participation, especially among Māori and Pacific peoples.

### *Tertiary Education Strategy*

The Government intended to provide greater leadership to the tertiary education sector through the Tertiary Education Strategy, developed with input from the sector and all stakeholders, including the Government. A transition Tertiary Education Commission was to be set up as a unit within the Ministry of Education to act as an establishment board for the permanent Commission and as an advisory board to work on the further development of the Tertiary Education Strategy.

### *Student fees held stable*

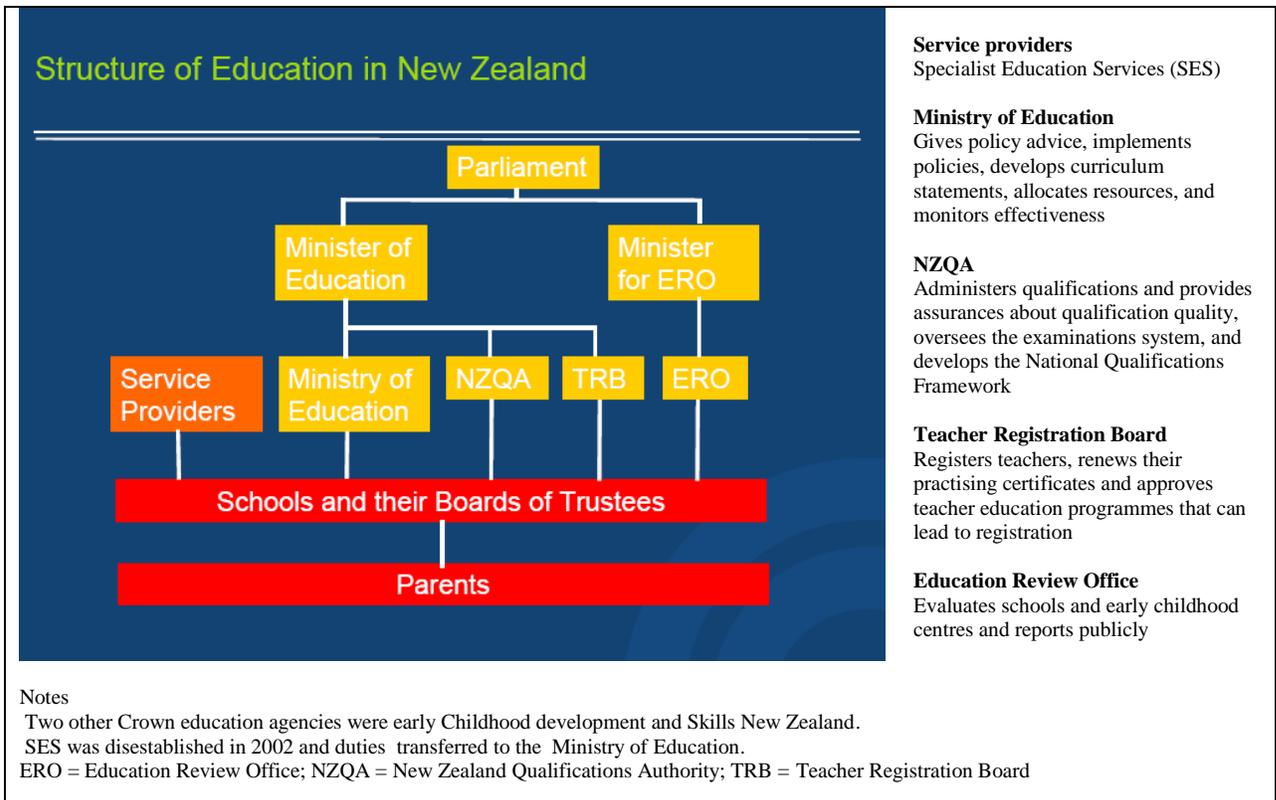
Academic institutions had been offered a 5.1% increase on the basic subsidy rate in return for holding student fees in the 2002 academic year. The 5.1% was a result of the grant offered the previous year, compounded by a further 2.6% grant provided in the 2001 Budget.

### 4.3 Additional information

#### Structure of education in New Zealand

The framework within which education policy is negotiated, decided and implemented is first outlined. Following this, service provider types from early childhood through to continuing education are detailed

To begin an overview of social policy relevant to education, it is necessary to outline the environment in which it is formulated and implemented. The structure of education in New Zealand is an interconnected matrix that involves some ten groups, each of which operates on many levels. It is a framework that offers complexity in scope but, perhaps because of its size, may also cause difficulty in the realisation of educational policy and programmes. However, if we look at Figure 4.6 we can see the basic paths of information, decision-making and implementation of pre-tertiary educational initiatives.



**Figure 4.6: The structure of education in New Zealand**

Source:[http://wwwhttp://www.educationforum.org.nz/documents/presentations/uk\\_education\\_committee.p  
df.educationforum.org.nz/documents/presentations/uk\\_education/;](http://wwwhttp://www.educationforum.org.nz/documents/presentations/uk_education_committee.pdf.educationforum.org.nz/documents/presentations/uk_education/) and  
<http://www.minedu.govt.nz/index.cfm?layout=document&documentid=6169&CFID=1320909&CFTOKEN=79548113>

## Service providers

It is important to note the myriad types of service provider – in terms of both level and service type – in the New Zealand education system. Table 4.1 delineates early childhood, primary/secondary, special education, post-compulsory and continuing education options. Each column shows a list of organisation types. Some – if not all – of these organisations are required to be licensed and therefore qualify for some level of assistance from government. A number of them will also be the result of some educational legislation.

**Table 4.1: Service Providers: early childhood to continuing education**

Choices in schooling				
Early childhood care and education	Primary/secondary	Special education	Post-compulsory education	Continuing education
Kindergartens	State schools	Special education	Universities	National Resource Centre for Adult Education and Community Learning
Play centres	Integrated schools	Specialist Education Services: He Tohu Ūmanga Mātauranga	Polytechnics	Aotearoa New Zealand (CLANZ)
Te Kōhanga Reo	Kura Kaupapa		Open Polytechnic of New Zealand: He Wharekura-tini Kaihautu o Aotearoa	University Continuing Education
Pacific Islands language groups	Māori (Māori medium schools)		Wānanga	Universities as centres for continuing education
Anau Ako Pasifika	Independent (or private) schools		Private training establishments	Polytechs
Education and care centres	Boarding schools			School community education programmes
Home-based care services (family day-care)	Correspondence School: Te Kura-a-Tuhi			Distance education
Playgroups	Home-based schooling			
Parents as First Teachers				

Source: *Yearbook 2000* (Statistics New Zealand, 2000)

## 5 Housing Policy

### 5.1 Summary of significant policy events

#### **Period 1: 1980–1984**

##### *1981*

- Changes to Home Ownership Savings schemes legislation include: a reduction in the minimum savings term, raising of the \$2,000.00 (per year) savings limit, and a tax rebate on 50% of interest paid on home mortgages (for first home buyers).
- Private savings banks are to become authorised savings institutions.
- Family Benefit capitalisation with property as security is to be supervised by the Department of Social Security.

##### *1982*

- A new standard marginal tax rate of 31 cents is to be introduced on 1 October (for most taxpayers). This will affect the first-home mortgage interest rebate.
- The rent and price freeze is in place.
- The Housing Corporation suggests that a more targeted approach needs to be used to identify housing needs and problems. The focus is to be directed at smaller groups and at specific housing problems.

##### *1983*

- The Government plans an increase of approximately 230 units in state house construction for 1983–84.
- The Housing Corporation intends to lend on approximately 265 new houses for modest-income borrowers in the current financial year.
- The rent and price freeze is still in place.
- The Government continues to focus on those families most in need of assistance (i.e. the lower-earning, single-income families with dependent children).
- The Government is also continuing to prompt private lending organisations to carry the bulk of home ownership financing.

**Period 2: 1984–1988*****1984***

- The new housing package is designed to target housing assistance to those in greatest need.
- Income-related mortgage repayments are introduced.
- Expenditure is increased for the following: construction of state rental units, refinancing of home loans (in extreme difficulty), Housing Corporation loans, and Māori Affairs department lending.
- The income tax abatement scheme for interest payments on first homes is abolished.
- Treasury's suggested areas of concern and change in government housing are: home ownership assistance schemes, Housing Corporation lending, first mortgage interest tax rebate, the house ownership savings scheme, government intervention in the mortgage market, the rental housing sector, and building industry assistance.

***1985***

- There is more flexible Housing Corporation lending, with interest rates adjusted to a person's ability to pay.
- Increased expenditure is allocated in the following areas: Family Benefit capitalisation for modest-income first-home seekers, and increasing construction or acquisition of the Housing Corporation's rental units.
- The Accommodation Benefit for beneficiaries is increased, and a Special Accommodation Benefit for wage and salary earners having difficulties with rent payments is introduced.
- The Rent Limitation Regulations are terminated to encourage new investment in the private rental sector.
- Income limits for Family Benefit capitalisation are increased for modest-income earners.
- An Accommodation Supplement for lower-income families is introduced.
- Income-related rents and rates are introduced.

***1986***

- A new form of housing assistance, Homestart, is offered to low- and middle-income first-home buyers, with loans of between \$6,000 and \$10,000.
- The Residential Tenancies Act is passed.
- No new accounts are to be opened under the Home Ownership Savings Act 1974.

**Period 2: 1984–1988 continued**

- There is to be no further capitalisation of the Family Benefit or building industry suspensory loans.
- New scheme that allows for lending for building houses on multiply-owned Māori land piloted by HCNZ.

**1987**

- Expenditure is allocated to Housing Corporation stock rental units and Homestart loans.
- The moratorium on sales of Housing Corporation units is lifted.
- The Housing Corporation Amendment Act is passed.
- Market rents for Housing Corporation homes are foreshadowed.

**Period 3: 1988–1990****1989**

- Expenditure is allocated for those who are unable to find accommodation in the private sector, and for state housing rental stock.
- New policies are developed that address the needs of senior citizens and women, and the general diverse housing needs.
- The special lending programme is expanded to assist community and welfare organisations to provide support housing.

**1990**

- A Partnership in Housing campaign is launched, aimed at community groups, iwi, older people, government agencies, private builders and private mortgage lenders.
- The Housing advisory service scheme (HAND) is piloted by Housing Corporation. This scheme was to provide guidance for relocation of some older people into more suitable/better accommodation.

**Period 4: 1990–1993****1991**

- Ruth Richardson’s July Budget is released.
- The targeted Accommodation Supplement (for renters and mortgagors) is foreshadowed (to be introduced in 1993).
- The Housing Corporation is to become Housing New Zealand, a state-owned enterprise.
- The Government announces the selling off of prime-rate mortgages of the Housing Corporation.
- The Housing Restructuring Act is passed.
- The Housing Corporation Act is passed.
- Housing Corporation suggests the Government should address: Māori women’s housing, Homestart repayments, a review of the HCNZ mortgage guarantee and Buildguard schemes, and Papakainga lending.
- The targeted Accommodation Supplement is implemented.
- The housing loans portfolio for Māori housing is transferred from Te Puni Kōkiri to Housing Corporation.

**Period 5: 1994–1999****1994**

- The Government retains the 1993 Accommodation Supplement.
- Full market rentals for Housing New Zealand properties are instituted. Housing New Zealand will liquidate some units in areas of less need and acquire new units in areas of more need.
- The Papakainga lending programme for Māori land held in multiple ownership is introduced.

**1995**

- The Enhanced Social Cohesion Strategy for Housing (and health) is introduced.
- Sales of HCNZ housing loans are enacted and completed in this financial year. Ichthus Limited, ANZ and Countrywide Bank purchase \$279.4 million of the loans. ANZ is to purchase up to \$700 million in the next two years.

**1996**

- HCNZ pilots the low deposit Rural Lending scheme and re-launches the Homebuy programme.

**Period 5: 1994–1999 continued****1998**

- HCNZ finds its niche in the following areas: lending to shareholders on multiply-owned Māori land, lending in rural areas, and provision of finance to those who want to buy their state rental properties.
- The sale of Māori mortgages is deferred.

**1999**

- The Government includes housing within its Strengthening Families strategy.

**Period 6: 2000–2001****2000**

- There is a return to an income-related rents scheme for state-owned housing.
- A social allocation system is to be launched and implemented with the income-related rents scheme.
- Vacant sales are frozen and the Home Buy programme ceases.

**2001**

- Housing New Zealand Corporation is formed.
- The Healthy Housing Partnerships and Community Renewal initiatives are launched.
- The Housing Corporation Amendment Act is passed.
- The Residential Tenancies Amendment Act is passed.
- Responsibility for housing policy passes from the Department of Social Policy to the Housing New Zealand Corporation

## 5.2 Details of significant policy events: chronology and documentary sources

### Period 1: 1980–1984, Finance Minister Robert Muldoon

#### *Budget speech, Financial Statement 9 July 1981 (Muldoon, 1981)*

The Government was concerned about the obstacles to first home ownership for New Zealand families. They suggested the obstacles were twofold: acquiring an initial deposit, and the level of debt servicing for mortgages, especially in the early years of home ownership. In response, the Government decided to amend the existing Home Ownership Savings schemes legislation. Changes included:

- the minimum savings term reduced from three years to two years
- the \$2,000 (per year) savings limit was raised to \$3,000
- there would be a tax rebate on 50% of interest paid on home mortgages (for first home buyers) with a maximum of \$1,000 per annum
- private savings banks were to become authorised savings institutions.

#### *1980–81 Annual Report to House of representatives (Housing Corporation of New Zealand, 1982)*

The Corporation stated that its preference was to assist the first home buyer. Loans were concentrated at the lower to middle end of the income scale. To target this group more efficiently involved introducing an income limit scheme, which was set at \$230 per week and \$10 per child. This was seen as non-discriminatory but the best use of limited funds by policy makers. The Corporation suggested that those who earned more would and should be directed to the private market. The Corporation was also investing a large proportion of money into the Community and Housing Improvement Programme (CHIP), housing improvement, and refurbishment of older rental stock.

There had been a shift in emphasis from the Corporation supporting loans for new homes (and therefore supporting the building industry), to an emphasis on providing more loans for existing housing stock. This reversal was explained as symptomatic of rising building costs in relation to a lesser rise in the value of existing housing. Symptomatically, the housing industry was in decline, with fewer houses being built. New housing tended to be taken up by families upgrading from present accommodation / home owning to new housing and first home owners buying pre-owned accommodation. Interestingly, government funds were involved in 50% of housing built that year.

#### *HCNZ Schemes in place for 1980–81*

Schemes in place included:

- a building suspensory loan of \$4,000 for new home building
- low start repayments on prime-rate mortgages – three years of paying interest only on a 30-year table mortgage)

- Home Ownership Savings accounts loans – loans for improvements on the rehabilitation of older homes)
- Tenancy Saving Scheme loans
- an income limit for eligibility for housing loans
- interest concessions relative to income and family size – the current prime rate was 9%; concessions were 3% and 6.5%
- Family Benefit capitalisation – with property as security, to be supervised by the Department of Social Security
- the Community and Housing Improvement Programme – for home improvement loans on older properties
- a tied accommodation loan scheme – to provide help acquiring a retirement home while living in an employer’s housing
- the Housing Mortgage Guarantee scheme.

***Budget speech, Financial Statement 5 August 1982 (Muldoon, 1982)***

A new standard marginal tax rate of 31 cents was to be introduced on 1 October (for most taxpayers). This would affect the first-home mortgage interest rebate. The maximum interest rebate remained at \$1,000 and the rate of rebate was reduced from 50% (see 1982 budget) to 31% of qualifying interest.

***1981–82 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1982)***

A rental freeze was in place at this time and inflation was an issue. Other housing problems existed. Larger numbers were applying for state rental housing and the turnover of tenants was declining. Inflation and the rise in housing finance interest rates and their unfavourable relationship to wages and salaries made it difficult for households to accumulate enough capital and afford repayments for house purchasing.

*Housing policy*

The tradition of building large subdivisions over the previous three decades appeared to be inadequate for the then current housing circumstances. The Housing Corporation suggested that a more targeted approach needed to be used to identify housing needs and problems. The focus was to be directed at smaller groups and at specific housing problems.

*Borrowing from the state and/or private institutions*

The Government’s aim was to shift the increase in the numbers lending for home ownership from the state to private institutions. This was influenced by the buoyant state of the building industry. The relatively lesser capital investment of buying an existing property rather than building new was also a current issue. The Government’s lending policy was to restrict lending in part to those on low to moderate incomes. If prospective borrowers met the criteria, they were offered the opportunity to borrow to build or buy their own home.

*HCNZ schemes in place for 1981–82*

No changes to the schemes available in the 1980-81 period.

***Budget speech, Financial Statement 28 July 1983 (Muldoon, 1983)***

The Government planned an increase of approximately 230 units in state house construction for 1983/84, and the Housing Corporation intended to lend on approximately 265 new houses for modest-income borrowers in the then current financial year. The approximate cost to the Government was \$12 million. The Government attempted to stimulate the private rental market by an accelerated depreciation allowance: income tax depreciation was doubled for the first five years for new units.

***1982–83 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1983)***

The rent and price freeze was still in place and inflation continued to be an issue. The property boom reached a peak: the price of existing housing increased by 16.6% for the first six months of 1982 and by 5.3% for the remainder of the year. The cost of house building rose by 12.2% and 3.7% (respectively) for the same time periods, and the Consumer Price Index rose by 8.4% and 6.4% (respectively) for the same time periods.

*Housing policy*

The Government continued to focus on those families most in need of assistance, identified as lower-earning, single-income families with dependent children. The Government also continued to prompt private lending organisations to carry the bulk of home ownership financing. The Housing Corporation continued to restrict lending (on the whole) to those families of low to modest income interested in building or buying their own homes.

*HCNZ schemes/policy in place for 1982–83*

These were the same as in the two previous years with an increase for new home building as stated below:

- a building suspensory loan raised from \$4,000 up to \$5,000 for new home building

## **Period 2: 1984–1988, Finance Minister Roger Douglas**

### ***Budget speech, Financial Statement 8 November 1984 (Douglas, 1984)***

The new housing package was designed to target housing assistance to those in greatest need. Demand for Housing Corporation rentals was high, and home ownership out of reach for modest-income families. Over the preceding three years there had been a shrinking of Housing Corporation rental units of approximately 900 per year, and over the preceding five years lending was reduced by 50% in real terms.

#### *Housing policy*

Legislation for this year included the introduction of income-related mortgage repayments and rents, and the following interim measures:

- spending on state rental units was to be \$54 million for 1984/85, enabling the acquisition of 1,000 new units
- an extra \$2.5 million was to be allocated for refinancing home loans (in extreme difficulty)
- Housing Corporation loans were to increase by \$48 million to increase lending flexibility to reduce the heavy burden of second mortgage costs
- Māori Affairs department lending flexibility was increased – the prime lending rate for the Corporation and the Māori Affairs department was to be restored to 9%, pending the introduction of income-related mortgage payments
- the income tax abatement scheme for interest payments on first homes was abolished; mortgagors currently eligible for the scheme were not affected.

### ***Housing policy 1984 (NZ Treasury, 1984)***

#### *Government housing concerns for the year*

Treasury stated that:

*What appears to be a housing shortage is in general a problem of inadequate incomes among certain groups (a problem which in some cases is aggravated by unemployment or falling real disposable incomes). In Treasury's view this implies that the problem is generally best addressed outside the housing policy context, through the benefit or tax systems. Nevertheless, if the government wishes to pursue welfare objectives through giving housing assistance, substantial redesign of current policies is desirable. There is wide scope for reallocation of expenditure and reduction of expenditure while better targeting of programmes can ensure more assistance goes to those in urgent housing need (NZ Treasury, 1984, page 267).*

Treasury also suggested that government housing policy was characterised by three chief problems.

1. Housing policy is not an effective redistributive device and targeting of most programmes is poor, in terms of income or housing need.
2. There is a reliance on public provision of services when subsidisation of services probably could better achieve the same goals.
3. Housing policies have typically operated by altering relative prices (e.g. the prices of buying versus renting) and hence distorting consumption and production decisions. This has tended to have adverse effects on certain groups (e.g. tenants) and on the use of resources (NZ Treasury, 1984, page 264)

*Treasury's suggested areas of concern and change*

Treasury highlighted some areas of concern and prospective areas of change for government housing. These were: home ownership assistance schemes, Housing Corporation lending, first mortgage interest tax rebate, the house ownership savings scheme, government intervention in the mortgage market, the rental housing sector, and building industry assistance.

***1983–84 Annual Report (Housing Corporation of New Zealand, 1984)***

There was an upswing in housing activity in this financial year, probably related to the extended wage and price freezes. This reduced the rate of increase in the cost of building. The VMHCI (Valuer's Modal House Cost Index) suggested a rise of 4.4% for the year.

Problems still existed for target groups for the Housing Corporation. A high level of unemployment and rising numbers of solo parents had an impact on the attainability of self-owned housing, or even an improvement of their current housing situations. This in turn had a further impact and put a strain on the Housing Corporation's ability to cater for this swelling group. The need for cheap rental housing was affected, not only by increased numbers wanting access to state rentals, but also by the relatively sluggish turnover in rental tenancy.

*Housing policy*

The Government continued to focus on those most in need of assistance – lower-earning single-income families with dependent children were nominated as being in this category. The Government also continued to prompt private lending organisations to carry the bulk of home ownership and home improvement financing. The Housing Corporation continued to restrict lending (on the whole) to those families of low to modest income interested in building or buying their own homes, although the Post Office began to lend on first mortgages. In November 1983 mortgages were capped at 11% for new and 14% for second mortgages by financial institutions regulations.

*HCNZ schemes/policy in place for 1983–84*

Major changes from the previous year included:

- the beginning of Rent Limitations Regulations

***Budget speech, Financial Statement 13 June 1985 (Douglas, 1985)***

In the area of housing, the Government was to address:

- more flexible Housing Corporation lending, with interest rates adjusted to a person's ability to pay
- higher loan levels reflecting regional variations in house costs and individual family circumstances
- increased Family Benefit capitalisation to assist 1,800 additional modest-income first-home seekers
- construction of 500 houses to be sold to modest-income families that fall outside normal Housing Corporation lending guidelines
- increasing the Housing Corporation's rental units by 500 to a total of 1,500 units in 1985/86
- an increased Accommodation Benefit for beneficiaries and introduction of a Special Accommodation Benefit for wage and salary earners having difficulties with rent payments
- termination of the Rent Limitation Regulations, to encourage new investment in the private rental sector.

***1984–85 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1985)***

The Corporation's goals in this financial year were, under the Act, to give financial help to home owners through mortgages and guarantees, and to provide publicly owned rental housing (this included buying, developing and selling land; building, renting and selling houses; and urban development and redevelopment). The Corporation stated that it would also provide loans or act as an agent for a second party to provide loans and to provide agency services. Deregulation and restructuring were a concern in regard to the increase of rents, interest rates, building costs and house prices.

Some key Housing Corporation activities were:

- linking loan size to individual circumstances, and relating loan amounts to regional housing costs
- the acquisition of 1,000 state rental units and a moratorium on the sale of state houses because of declining numbers of state-owned housing stock
- taking over the task of providing housing loans for low-income Māori families formerly handled by the Department of Māori Affairs (the Department would handle cases of special need that were considered outside of the Corporation's capabilities)
- the development of more flexible loan instruments to deal with owners of multiple-titled land (later to become the Papakainga and Rural Lending schemes).

***Housing policy package for the following year***

The package included:

- an additional \$43 million for lending to modest-income families
- rental acquisition of 1,500 units
- building of 5,000 units for direct sale to the public
- an increase in income limits for Family Benefit capitalisation for those on a modest income
- the introduction of accommodation supplements for lower-income families
- the introduction of income-related rents and rates
- the flexible loan limit was increased to a maximum of \$35,000 for state tenants wanting to buy their own houses.

***Budget speech, Financial Statement 31 July 1986 (Douglas, 1986)***

The Government was to change the policy that had allowed higher-income households to capture housing assistance at the expense of lower-income households. Those more in need were to be (better) targeted with assistance. A new form of housing assistance, Homestart, was said to further the above objective. The details of Homestart were:

- the scheme offered low- and middle-income first-home buyers loans of between \$6,000 and \$10,000
- no new accounts were to be opened under the Home Ownership Savings Act 1974
- from October 1986 there was to be no further capitalisation of the Family Benefit or building industry suspensory loans.

***1985–86 Annual Report (Housing Corporation of New Zealand, 1986)***

The Corporation was now clearly a business with the corporate outlook and planning needed for a successful state-owned enterprise. According to the chairman, Ron Kelly:

Our primary business and our main goal still remain the same: to house New Zealanders adequately at a price both they and the community can afford [through] ... diversity, flexibility, innovation, corporate strength, and private market funding (Housing Corporation of New Zealand, 1986, page 2).

Policy initiatives for the year included helping first-time modest-income first-home buyers by attempting to be more flexible in their eligibility for Housing Corporation corporate mortgage finance, with a reappraisal of assessment based on income guidelines rather than strict financial limits.

The deregulation of the financial market in 1984 was having an effect on the number of loans granted because housing finance was within the market competition model. Ultimately, the Corporation was attempting to find a balance between helping people into homes and keeping the costs to the taxpayer at a manageable level.

***Housing schemes for the financial year***

- *Sweat equity*: this was an innovation that allowed people to obtain a mortgage loan with very little deposit but the skills and labour power to do up or renovate an older state-owned unit. Their labour power was valued as equity.

- *Equity sharing*: this allowed low-income families to pay off a loan at a fixed 25% of their earnings.
- *Lending on multiply-owned Māori land*: this allowed for lending for building houses on multiply-owned Māori land, thus avoiding the usually necessary individual title of a piece of land for qualifying for a mortgage. This was being piloted in Northland and the East Coast areas.

### *Performance of the organisation*

The following gives a brief summary of the performance of the Housing Corporation of New Zealand for the 1985/86 year:

- existing mortgage accounts: exceeded 230,000
- pensioner housing loans (new): 578
- rental units: nearly 60,000 (25% of the total market)
- new units acquired for the year: 1,598 (up 50%) from the previous year
- community housing national total: 156 (16 new this year for emergency use for homeless young people)
- loans by the Corporation now comprised 20% of all mortgages in New Zealand
- approximately \$400 million profit was to be retained by the Government or invested back into housing.

### *Budget speech, Financial Statement 31 July 1987 (Douglas, 1987)*

Some outcomes of the previous three years of housing policy activity were:

- more than 3,500 rental units were added to Housing Corporation stock
- almost 8,000 families had been assisted through the Homestart (1986) scheme
- the introduction of income-related rents and interest rates had ensured housing assistance was targeted correctly.

### *Brief to the incoming government (NZ Treasury, 1987)*

In this brief Treasury outlined the key issues for housing assistance in the financial year. These were the current constraints in housing markets, and affordability and discrimination issues for tenants. Treasury made the following observations and suggestions for the incoming minister:

Our analysis underlines the view that the purpose of government involvement in Housing is primarily to deal with the problem of affordability, and in this respect should be seen as a question of income distribution. Other central issues in housing, notably discrimination, in so far as they are not resolved by income distribution policies, should be addressed directly, through policies aimed specifically at those ends. Present policies confuse these different policy objectives. Furthermore, present arrangements for the administration of policy, in the form of the Housing Corporation, give rise to confusion between social and commercial objectives. Incentives for managers are unclear, and efficiency is

diminished. It would seem preferable to move towards policies offering assistance better targeted to those on low incomes with affordability problems, and towards structures offering more contestability in the provision of housing assistance. We have not arrived at a final view of what changes should be made, although we have indicated where we see the directions of change lying. The need to examine and develop alternative approaches both to housing assistance policies and to the institutional arrangements for delivering housing assistance is amply demonstrated (NZ Treasury, 1987, page 168).

***1986–87 Annual Report (Housing Corporation of New Zealand, 1987)***

The Corporation was concerned with the inner workings of its functioning as a state-owned enterprise, decentralisation of authority and accountability.

Policy and programme/schemes innovations for the previous financial year were as follows.

- The Residential Tenancies Act was passed in December 1986, and included bond holding, eviction and tenancy disputes.
- Market rents were instituted for Corporation homes.
- The Homestart first-home lending scheme aimed to bridge the deposit gap and replaced the Home Ownership Savings Scheme, Family Benefit capitalisation and building suspensory loan schemes.
- The Housing Corporation Amendment Act 1987 was passed, which allowed (among other things) for the Corporation to offer legal services for home purchase.
- Interest rate reviews were carried out.
- The moratorium on sales of Housing Corporation Units was lifted.
- The Tied Accommodation Scheme was reintroduced.
- Multiple ownership housing contracts Loans scheme piloted in Northland and Gisborne

***Budget speech, Financial Statement 28 July 1988 (Douglas, 1988)***

There was no direct reference to housing in this speech (including benefits and allowances). However, the sale of state businesses may have had an impact, as with public sector reform.

***1987–88 Annual Report (Housing Corporation of New Zealand, 1988)***

In the Annual Report, the Housing Corporation described its role and function for the year as follows:

Our main business as a publicly owned corporation is to house modest-income New Zealanders in ways that are effective, efficient and affordable – and with special emphasis on those in serious housing need. We are the government’s main advisor on housing, and implement and administer its policies. (Housing Corporation of New Zealand, 1988, page 1)

*Policy interpretation and implementation*

The Housing Corporation suggested that the subsidies offered by the Corporation/Government had been under inspection and targeted, that those most in need of them were receiving them, and that those not in real need had had these subsidies removed. The introduction of income-related interest rates had increased revenue to a significant degree, allowing people on waiting lists better access to funding.

*Residential Tenancies Act*

The Corporation suggested that the Residential Tenancies Act had been a success in its first year of existence, having been broadly accepted by both landlords and tenants alike. The introduction of market interest rates and market rents for those no longer in need of government assistance had its consequences: on the one hand the Government had achieved a 10% reduction in costs, but on the other hand the Housing Corporation had seen increased activity in the area of subsidies for housing assistance.

*Performance of the organisation*

The following gives a brief summary of the performance of the Housing Corporation for the 1987/88 year:

- existing mortgage accounts: exceeded 231,381
- new loans authorised for year: 27,314
- pensioner housing loans (new): 578
- new families in rental housing : 7,930
- new units acquired: 1,513
- rental units: 62,094 (including demolitions)
- Papakainga housing loans on multiple-owned Māori land: approximately 100
- loans made to families under the equity sharing scheme: 379.

### **Period 3: 1988–1990, Finance Minister David Caygill**

#### ***Budget speech, Financial Statement 27 July 1989 (Caygill, 1989)***

There was a continuation of existing housing/lending policies from 1988/89. Other key activities were:

- assistance to those who were unable to find accommodation in the private sector
- a substantial increase in state housing rental stock
- the development of new policies that addressed the needs of senior citizens and women and the general diverse housing needs
- innovative forms of housing tenure and construction were encouraged
- there was an expanded special lending programme to assist community and welfare organisations to provide support housing.

#### ***1988–89 Annual Report (Housing Corporation of New Zealand, 1989)***

The Minister of Housing announced the Serious Housing Need package in July 1988. Through these increased resources and associated policy changes, more than 25,000 households were to be housed by the Corporation.

#### ***Performance of the organisation for the year***

The following gives a brief summary of the performance of the Housing Corporation for the 1988/89 year:

- potential home buyers were offered the option of floating or fixed mortgage rates
- loans approved for the year: 32,855 (including agency lending)
- loans approved under modest-income and tenants' loans scheme: 11,336
- rental units: 64,521
- the Corporation managed over 25% of New Zealand rental stock
- new households housed by the Housing Corporation: 9,545
- newly acquired rental units (after sales and demolitions): 2,427
- Papakainga housing, loans on multiple-owned Māori land: approximately 100
- total loans on multiple-owned Māori land to date: 261
- re-locatable cottages scheme: 184 new flats were made available.

#### ***Budget speech, Financial Statement 24 July 1990 (Caygill, 1990)***

No direct reference to housing was made in this speech (including benefits and allowances).

***1989–90 Annual Report (Housing Corporation, 1990)***

In this report the Housing Corporation suggested that the central focus of the preceding year, and for the foreseeable, future was providing assistance to those in serious housing need.

The Corporation suggested that in the 1988/89 financial year, 81% of customers helped were in serious need. There was an emphasis on targeting those most in need, or “eligible customers”. There was also a note of the importance of the Housing Corporation’s actions in not interfering with the (free) housing market. Housing assistance policy was to be targeted at those on lower incomes. An annual review was to be undertaken by the Government to assess tenants’ progress in standard(s) of living. When this standard of living improved, the amount of rent was to be raised to that of the market-related interest rates and rents. This, the Housing Corporation suggested, would have a flow-on effect of clients moving into the private sector as their situation/standards of living improved. A further flow-on benefit, they suggested, would be the higher turnover of occupation of state-owned housing stock.

***Performance of the organisation***

The following gives a brief summary of the performance of the Housing Corporation for the 1989/90 year:

- number of households assisted by rental or ownership programmes: approximately 24,000
- rental units: 67,753
- new rental units acquired (after sales and demolition): 2,707
- residential loans (excluding agency lending) to home buyers: 24,596
- home loans and loans to tenants scheme: 7,380
- loans to community and welfare organisations: 1,229
- Papakainga housing loans on multiple-owned Māori land: approximately 100
- loans on multiple-owned Māori land for development of iwi, hapū and whānau housing: 269
- Better Use loans for old-age pensioners: 165.

In addition, the Partnership in Housing campaign was launched, aimed at community, iwi, older people, government agencies, private builders and private mortgage lenders. A new partnership between older people and the Housing Corporation, named (HAND) was piloted in Rotorua and Lower Hutt. The Housing Corporation was to act as an housing advisory service, helping with relocations of older tenants

## **Period 4: 1990–1993, Finance Minister Ruth Richardson**

### *Budget speech, Financial Statement 30 July 1991 (Richardson, 1991)*

Ruth Richardson's July Budget was released.

#### *The introduction of the targeted Accommodation Supplement*

At this time there were approximately 240,500 households receiving various forms of housing assistance in New Zealand at a cost of \$500 million annually. However, there was a waiting list of 20,000 people seeking accommodation assistance, and the Government suggested that the system of accommodation assistance was uncoordinated and unfair.

Assistance could come from three different agencies:

- the Department of Social Welfare
- the Iwi Transition Agency (for Māori)
- the Housing Corporation of New Zealand.

The main issues identified by the Government were as follows.

- In some areas, although there were long waiting lists for Housing Corporation units, many suitable privately owned dwellings lay empty. This was, in part, because of the inability of the current schemes to allow for families to use the accommodation assistance for renting private dwellings.
- Depending on the agency that families had contacted and from which they were receiving assistance, the amount of accommodation assistance received might differ, even in identical living needs and circumstances. This was seen as unfair by the Government.
- The amount of rent paid was related to the income of the tenants rather than the cost of the accommodation. This income-related scheme was seen as problematic because it did not encourage families to move to smaller or less costly accommodation as their housing circumstances evolved.

The Government's solution to these problems was to introduce the targeted Accommodation Supplement. This was a cash subsidy for all qualifying low-income groups in need of accommodation assistance. The Department of Social Welfare was to administer this new scheme. This cash supplement could be used for rent or mortgage payments on state or privately owned units. The Government suggested that this new scheme was both fairer and more flexible, because it allowed for family size and location (read higher costs) in its calculation of payment. Most importantly, the form of assistance was to be calculated on the real market costs of accommodation units rather than just the amount of income of a family.

#### *Restructuring of government departments*

The Housing Corporation was to become a state-owned enterprise (SOE), and was to be managed on a commercial basis. The new housing SOE (Housing New Zealand) was to, gradually over the next two years, align the rents of existing units to parallel those of the

current (private) market. Qualifying clients would be entitled to the Accommodation Supplement. The Housing Corporation at this point in time held a portfolio of both prime-rate and subsidised mortgages. Housing New Zealand would continue to service current non-prime-rate mortgage clients. However, the portfolio of prime-rate mortgages was to be put up for sale.

### *1990–91 Annual Report (Housing Corporation of New Zealand, 1991)*

This year heralded changes for the Housing Corporation in management structure and stockholdings. Changes were also made to the targeting of those in need of housing and the type of financial assistance they might receive. The Housing Corporation was to evolve into a state-owned enterprise. Housing New Zealand, as it was to be called, would manage the rental stock in a more commercial manner and would compete in the private sector for tenants.

The Accommodation Supplement (to be introduced in 1993) was seen as advantageous because: (a) it would offer housing assistance to a wider range of people; and (b) it would allow tenants to seek accommodation within the state housing sector and also in the private rental market. These initiatives were aimed at countering the problems of large waiting lists for homes, and substantial numbers of people/families not receiving assistance when they were entitled to it.

### *Performance of the organisation*

The following gives a brief summary of the performance of the Housing Corporation for the 1990/91 year:

- households assisted by rental or ownership programmes: 23,127
- mortgage loans accounts administered: 212,587
- rental units managed: 69,928
- new rental households housed: 9,836
- new rental units acquired: 2,175
- loans to modest-income first-home buyers: 5,162
- loans using Refinance and Second Chance lending programmes: 4,438
- households/tenants encouraged into home ownership: 831
- re-locatable cottage loans: 24
- blocks of rental units were to be restricted to a maximum of 30 per block
- special tenancies programme emergency housing: 765 households
- Special Lending Scheme for organisations that provided for people with permanent disabilities: 1,054 households.

### *The Board of the Housing New Zealand (SOE) Transition Mission Statement: June 30 1991*

The following mission statement reflected both government policy and the organisation's corporate objectives and strategies.

*Objectives*

1. To continue the existing policy of providing the properties acquired by letting them to:
  - Low income persons
  - Persons who receive support through the Department of Social welfare (DSW) who are classified as beneficiaries
  - Any group as requested by the government
  - Other persons as may be decided by the board from time to time
2. To maintain housing stock by purchasing, developing, accommodation properties as demand requires.
3. To be able to provide rental properties appropriately matched to the lessee's basic requirements.
4. To charge market rentals.
5. To enable lessees to purchase their rental properties as and when they are able to obtain external finance to do so.
6. To effectively manage as an agent the Housing Corporation of New Zealand's mortgage portfolio.

*Strategies*

1. In order to meet aim number 1, above, four regional centres will be established to cover the New Zealand operations of the State owned enterprise, with each centre having up to four branches reporting to it, together with their customer service centres.
2. Within each centre and branch, specialist divisions will be created to professionally manage leasing, property management and loan management.
3. Remaining strategies are to be detailed following receipt of the Buttle Wilson Scoping Study report. (Housing Corporation of New Zealand, 1991, page 24).

***Budget speech, Financial Statement 2 July 1992 (Richardson, 1992)***

In this speech the Government announced that the selling off of prime-rate mortgages of the Housing Corporation, as was announced in the 1991 Budget, was still in progress. Some of these mortgages were still held by the Corporation and were for sale.

***1991–92 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1992)***

Implementation of the housing reforms was paramount in this financial year for the organisation. Housing New Zealand was formed to take up the rental housing duties for the Housing Corporation and the Ministry of Housing was formed to provide policy advice. The objective of the Housing Corporation was to ensure that low-income New Zealanders, particularly those with serious housing needs, had access to funding and could have secure tenure, which they could afford and which suited their needs.

Policy advice was offered by Housing Corporation New Zealand in the following areas:

- Māori women's housing
- Homestart repayments

- a review of HCNZ Mortgage Guarantee and Buildguard schemes
- Papakainga lending (participation of private sector lending).

Table 5.1 outlines the schemes and programmes serviced by Housing New Zealand in the 1991/92 financial year.

**Table 5.1: Schemes and programmes serviced by Housing New Zealand, 1991/92**

<p><b>Home acquisition lending (previously home buying lending)</b></p> <ul style="list-style-type: none"> <li>• First home modest income</li> <li>• Second chance</li> <li>• Loans to Tenants</li> <li>• Refinance</li> <li>• Papakainga</li> <li>• New Horizons</li> <li>• Re-locatables</li> <li>• Equity sharing</li> <li>• Sweat equity</li> <li>• Primary Housing Corps</li> <li>• Pensioner owner occupier</li> <li>• Joint Ventures</li> </ul>	<p><b>Community lending</b></p> <ul style="list-style-type: none"> <li>• Pensioner/disabled</li> <li>• Venture fund</li> <li>• Special lending</li> <li>• Boarding house loans</li> </ul> <p><b>Rental allocations</b> (including community housing)</p> <ul style="list-style-type: none"> <li>• Rental housing</li> <li>• Re-locatable cottages</li> <li>• Special tenancies</li> <li>• Boarding house</li> </ul> <p><b>Community grants</b></p> <ul style="list-style-type: none"> <li>• Community grants</li> </ul> <p><b>Government agency lending</b></p> <ul style="list-style-type: none"> <li>• Corporation-funded mortgages</li> <li>• Non-Corporation-funded mortgages</li> </ul>
<p><b>Home owner lending</b></p> <ul style="list-style-type: none"> <li>• Home Improvement</li> <li>• Better Use</li> <li>• Helping Hand</li> </ul>	<p><b>Deposit assistance</b></p> <ul style="list-style-type: none"> <li>• Homestart</li> <li>• Building suspensory loans</li> <li>• Home ownership suspensory loans</li> <li>• Tenancy savings schemes</li> </ul>

Source: (Housing Corporation of New Zealand, 1992)

***Budget speech, Financial Statement 1 July 1993 (Richardson, 1993)***

The Government stated that mortgage rates had dropped from 15% to 9% since it had taken office. It also stated that the Accommodation Supplement (which came into effect on the above date) would provide assistance towards board, rent or mortgage payments for more than 165,000 low-income New Zealanders.

The Accommodation Supplement form of housing assistance (for renters and mortgagors) introduced in the 1991 budget was implemented in July 1993. This replaced the previous combination of help in the form of income support and/or subsidised housing, and the older forms of assistance were to be phased out in the following three years. The reasons for these changes were:

- inequity between people/families in similar circumstances in how much assistance they received
- an income-related formula that did not take into account the changes in circumstance for tenants
- long waiting lists for state houses of people/families more in need than some of the existing tenants

- the proposal that an across-the-board accommodation supplement would allow people to use private/non-state accommodation, not possible under the Housing Corporation
- the formula for the targeted supplement was based initially on the cost of accommodation rather than income (NZ Treasury, 1993).

***1992–93 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1993)***

Legislation for this period was the Housing Restructuring Act 1992 and the Housing Corporation Act of 1992. The Housing Restructuring Act permitted the transfer by the Crown of rental housing management from the Housing Corporation of New Zealand to a new entity called Housing New Zealand. The Housing Corporation's main responsibility was now ownership and management of housing loans. The housing loans portfolio for Māori housing was transferred from Te Puni Kōkiri to the Corporation. The Housing Corporation commented that demand was low for the \$200 million available for loans, and they suggested that private sector lending was increasingly carrying the load as it was becoming more affordable.

Although more people were going to the private sector, the Housing Corp home loan schemes offered the following advantages:

- allowing a lower deposit requirement
- allowing a higher level of outgoings as a proportion of income
- offering concessional interest rates.

Responsibility under the housing reforms included:

- appropriate and affordable rental housing supplied for clients with housing needs for whom rental housing was the most suitable option
- accommodation supplied to suit the needs of the clients of community-based groups and iwi
- identifying client groups and assisting them to purchase achievable and affordable homes
- advising government on policy.

**Period 5: 1994–1999, Finance Ministers Bill Birch and Winston Peters**

***Budget speech, Financial Statement 30 June 1994 (Birch, 1994)***

Key housing policy changes for this Budget were as follows.

- The Government retained the Accommodation Supplement, introduced in 1993.
- A final move was made to full market rentals for Housing New Zealand properties. Housing New Zealand would also liquidate some units in areas of less need and acquire new units in areas of more need.
- The Government suggested that many families were interested in purchasing their current state-owned properties. A new scheme offered a suspensory loan of 10% of

the home's market value, to be written off if buyers occupied the residence for a full seven years. The properties, however, would be sold to prospective owners at full market value.

- Māori housing needs were to be addressed by consultation with Māori to introduce the Papakainga lending programme for land held in multiple ownership.

There were two further policy initiatives being taken at this time: a review of the management and provision of community housing, and the sale of Housing Corporation mortgages.

### ***1993–94 Annual Report (Housing Corporation of New Zealand, 1994)***

The Corporation stated that it had disposed of vacant land and buildings during the financial year effectively. As manager of the loan portfolio, the Corporation suggested that it had financial success for the year in reduction of arrears. The Māori housing loans had finally been transferred from Te Puni Kōkiri. The Corporation suggested that it was no longer a major lender for housing purposes and that the private sector was doing this adequately. It also stated that the Accommodation Supplement further facilitated private sector borrowing.

HCNZ schemes and activities in operation for this period included:

- the home owner loan programme
- Papakainga loans
- community groups lending for disabled people
- housing loans at current market rates but with more liberal criteria
- lower deposits for housing than in the private sector
- allowing for a larger proportion of income for loan repayment than the private sector
- management of residual schemes (e.g. home ownership savings schemes).

### ***Budget speech, Financial Statement 23 February 1995 (Birch, 1995)***

The Government stated that under its Enhanced Social Cohesion Strategy, housing (and health) assistance was targeted to those most in need. It went on to announce:

- that the Government would remove differentiation between state tenants and those renting from private-sector landlords, thereby making better use of existing housing stock
- changes to the Accommodation Supplement – increasing the maximum amount for people living in Wellington and for single people.

***1994–95 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1995)***

The Corporation stated that the process of the sales of loans was enacted and completed in this financial year. Ichthus Limited, ANZ and Countrywide Bank purchased \$279.4 million, and ANZ was to purchase up to \$700 million of the loans in the next two years. The Corporation again concentrated on its identity as a business, with the usual plans and reorganisation. The following are the main points of policy focus.

***Papakainga programme / assistance for housing in rural areas***

A new initiative announced was the intention to offer housing assistance to those on low income living in rural areas. The focus had initially been on Māori utilising the Papakainga programme, which was subsequently duplicated and made more inclusive to cater for people of all ethnicities. The scheme was then applicable to both Māori Papakainga and general lands. This was trialled in rural parts of the East Coast and with people in the far north. The scheme allowed a 5% deposit, but various conditions had to be met by prospective users of the scheme, including attendance at a series of home ownership skills workshops run by local iwi in cooperation with the Corporation.

HCNZ broad lending schemes/programmes for the period, (all of which had some element of social assistance) were entitled:

- General lending
- Papakainga lending
- Special lending
- Homebuy
- Rural lending.

Both the Homebuy and Rural lending schemes were new for the 1994-95 period

***Budget speech, Financial Statement 13 February 1996 (Birch, 1996)***

No direct reference to housing was made in this speech (including benefits and allowances).

***1995–96 Annual Report (Housing Corporation of New Zealand, 1996)******Mortgage sales to the private sector***

Mortgage sales to Westpac, ANZ/Postbank and Countrywide Bank progressed, with the amount in excess of one billion dollars. The Corporation had piloted the low-deposit Rural Lending scheme, which was similar to the Papakainga scheme for Māori. The scheme involved three months of educational workshops followed by the opportunity for a 5% down payment on a mortgage.

*Lending schemes*

These included:

- the re-launch of the Homebuy programme (in cooperation with Housing New Zealand and the ANZ bank)
- the low-deposit Rural Lending scheme.

*Budget speech, Financial Statement 26 June 1997 (Peters, 1997)*

No direct reference to housing was made in this speech (including benefits and allowances).

*1996–97 Annual Report (Housing Corporation of New Zealand, 1997)*

In this Report the Corporation stated that its specialist position in the mortgage supply market was well suited to its target clientele: the low- and middle-income earners who were not well serviced by the private sector. The Accommodation Supplement scheme, the Corporation suggested, suited potential mortgagees because it allowed them to select from public and private sector housing and mortgages. HCNZ also stated that the Accommodation Allowance had reduced the numbers of people seeking mortgages through the Corporation. The Corporation's new innovations were aimed at building stronger links with communities and local rūnanga.

Lending schemes/innovations for the period included:

- Homebuy (HCNZ rental tenants wanting to buy their homes)
- the low-deposit Rural Lending scheme / Papakainga scheme.

*Budget speech, Financial Statement 14 May 1998 (Peters, 1998)*

No direct reference to housing was made in this speech (including benefits and allowances).

*1997–98 Annual Report to House of Representatives (Housing Corporation of New Zealand, 1998)*

The relevant objectives of the Corporation for this time period were to provide housing loan finance for those people who found it difficult to obtain finance from the private sector, but who were nonetheless able to afford the costs of home ownership and facilitate the schemes listed below.

The Housing Corporation suggested that the private sector, in combination with the Accommodation Supplement, was adequate to fill the needs of the general mortgage market. The Corporation's focus then was niche markets that the private sector was unwilling or unable to venture into. Three of these niches, which could be interconnected to some degree, were:

- lending to shareholders on multiply-owned Māori land
- lending in rural areas

- provision of finance to those who wanted to buy their state rental properties

There was also a degree of cooperation between the Corporation and private-sector loan providers. This cooperation was mainly with Countrywide Bank's nationwide home loans.

#### *Sale of Māori mortgages*

The Corporation held \$130 million of Māori mortgages inherited from Te Puni Kōkiri. Discussions were held on the sale of these mortgages, but sales were deferred.

The main schemes for the period were:

- Papakainga lending
- the low-deposit Rural Lending scheme
- the Right to Buy Programme for Housing New Zealand tenants (with Countrywide Bank).

#### *Rural Lending scheme*

There had been a slow uptake of the Rural Lending scheme. This was explained by the Corporation as being due to: regional unemployment, low and substandard housing stock, regionally expensive building costs, regionally impoverished services, and the time lag because of discussions within Māori groups to get permission to build on multiply-owned Māori land.

#### ***Budget speech, Financial Statement 20 May 1999 (Birch, 1999)***

The Government included housing within its Strengthening Families strategy. Housing, it suggested, was part of the interconnectedness of families with multiple disadvantages such as: unemployment, poor skills, health, income, behaviour disorders, and criminal histories. The Government's Strengthening Families strategy planned to offer families with multiple problems interlocking services, both new and extended.

#### ***1998–99 Annual Report (Housing Corporation of New Zealand 1999)***

Not available.

#### ***1998–99 Annual Report (Ministry of Housing, 1999)***

In this report the Corporation stated that no significant changes were needed to the Accommodation Supplement.

## **Period 6: 2000–2001, Finance Minister Michael Cullen**

### *Budget speech, Financial Statement 15 June 2000 (Cullen, 2000)*

The Government argued that there was a link between poor housing, low health status and poor educational achievement. A key change was a return to an income-related rents scheme for state-owned housing in December 2000, with low-income tenants paying no more than 25% of their net income in rent. Approximately 40,000 people would benefit by this strategy (by about \$40 per week).

### *1999–2000 Annual Report (Housing New Zealand, 2000)*

Vacant sales were frozen and the Home Buy programme ceased after Election Day November 1999. Work commenced on the systems to implement the Income-Related Rents Strategy. The social allocation system was to be launched and implemented along with the income-related rents scheme. These two systems would determine a person's eligibility for a Housing New Zealand home.

### *Housing Restructuring (Income-related Rents) Amendment Bill*

For the best part of the previous decade, Housing New Zealand tenants' rent had been determined by the state of the current private rental market. Financial shortfalls for tenants in meeting rents had been met by accessing the Accommodation Supplement. From January 2000 this system was to be replaced by the Income-Related Rents Scheme. Rents were to be based on the income of the household rather than the previous wider housing market-determined rent. This was covered in the Housing Restructuring (Income related Rents) Amendment Bill. Any shortfalls between market-value rent and the amount of rent paid by tenants to Housing New Zealand was to be covered by the Government to protect the commercial integrity of the SOE.

### *Social allocation*

This was the new system of allocation of housing on the basis of need. The organisation had realised that need (housing) is a complex and multi-varied thing, and in response they had developed the Access facilitation service, a case management approach for individuals with complex housing needs.(families) Assessment criteria included the condition, suitability and affordability of the household's current accommodation, and their ability to access and sustain suitable housing. This assessment model (the social allocation system) had trials in South Auckland in 1999.

### *Performance of the organisation*

The following gives a brief summary of the performance of Housing New Zealand for the 1999/2000 year:

- total rental units for low-income people in New Zealand: 59,462
- rental units in Auckland: 24,269
- rental units in Wellington and the South Island: 16,829
- rental units in the rest of the North Island: 16,829
- new lettings for the year: 18,927

- new vacations for the year: 18,134
- new homes stock: 564 (385 owned; 179 leased)
- units sold through vacant sales: 729
- units sold through the Home Buy scheme: 422
- properties sold through property lease (No. 9): 21.

***Budget speech, Financial Statement 24 May 2001 (Cullen, 2001)***

The Government stated that safe and secure housing was essential to quality of life and that it intended to expand and upgrade the supply of state houses. The Government also allocated funds to build an additional community house for the vulnerable and those at risk.

***2000–2001 Annual Report (Housing New Zealand Corporation, 2001)***

*Housing Restructuring (Income-related Rents) Amendment Bill and the social allocation system*

The above scheme was implemented with the cooperation of other government agencies, non-government agencies and community groups. The social allocation system was implemented, and serious changes were made for personnel in their interactions and relationships with applicants for housing needs. Criteria for qualification included the conditions and facilities within the applicants' current accommodation, and whether the dwelling met the household's social, medical and personal needs. Also considered were tenants' abilities to gain new accommodation because of lack of skills, discrimination or financial needs.

*Formation of Housing New Zealand Corporation*

In July 2001 Housing New Zealand Ltd, Housing Corporation of New Zealand, Community Housing Ltd and the Ministry of Housing (serviced by the Social Policy Agency), under the Corporation Act of 2000, merged to become Housing New Zealand Corporation. The organisation was still to provide advice to the Minister on housing policy. The social focus of this new organisation was reflected in its Statement of Intent: apart from the aforementioned provision of sustainable and suitable housing for those in greatest need, the establishment of (better) community relationships, partnerships and consultation was seen as desirable. Groups such as community groups, iwi, local government and others were seen as important for the suitable delivery of locally based housing. Solutions could come from consultation with these groups.

*Healthy housing partnerships and community renewal*

This was formed with Auckland Area Health Boards, and was aimed at addressing overcrowding and its relationship with diseases such as meningococcal disease and rheumatic fever. The organisation was to modify properties in South Auckland to make them more healthy places in which to live. The Healthy Living Households scheme encompassed 1,000 Housing New Zealand households.

*Some key targets for 2001/02 were:*

- sustainable housing solutions
- to foster communities in areas of predominantly state housing
- assist government in the reduction of inequality for low income New Zealanders including Māori and Pacific people TPK
- reduction of waiting times for state housing.

*Performance of the organisation*

The following gives a brief summary of the performance of Housing New Zealand for the 2000/01 year:

- total rental units for low-income people in New Zealand: 59,865
- rental units in Auckland: 24,676
- rental units in Wellington and the South Island: 18,336
- rental units in the rest of the North Island: 16,853
- new homes stock: 708 (either owned or leased)
- new tenants qualifying for an income-related rent: 97%
- all tenants qualifying for an income-related rent: 89.5%
- tenants' satisfaction: 85.4% (due mainly to the introduction of income-related rents).

### 5.3 Additional information

This section offers a number of tables and figures that give an overview of important dates for housing in New Zealand. First there is a table of relevant historical events/Acts in housing, spanning 1952–2001, then a table showing the enactment and duration of key housing legislation (1952–2001), followed by a description of relevant housing-related Acts for the same period (1952–2001). The next part provides a brief description of housing reforms for of 1991-2003 period followed by a table highlighting the evolution of housing agencies and their organisational structures/obligations for the 1974–2004 period.

#### Relevant historical events/Acts in housing, 1952–2001

**Table 5.2: Relevant historical events/Acts in housing, 1952–2001**

Year	Act/event
1952	Property Law Act 1952
1955	Housing Act 1955 – the Housing Corporation, on behalf of the Crown, acquired and built houses and let them to tenants
1956	Health Act 1956
1964	Family Benefit (Home Ownership) Act 1964 (amended in 1986)
1974	Housing Corporation Act 1974
1974	Home Ownership Savings Act (amended in 1986)
1982	Rent freeze: lasts to 1994
1986	Residential Tenancies Act 1986
1989	Public Finance Act 1989
1991	Resource Management Act 1991
1991	Building Act 1991
1990s	Housing New Zealand implemented Tenant Purchase schemes
1991	Ruth Richardson proposed the Accommodation Supplement in the 1991 Budget
1992	Housing Restructuring Act 1992 – Housing Corporation becomes Housing New Zealand
1993	Housing assets transfer
1993	Social Security Amendment Act 1993 – the Accommodation Supplement was introduced with means testing/wage monitoring, replacing existing housing benefits.
1997	Temporary rent freeze
1999	Housing New Zealand modified their tenant profile, from social rent to market rents.
2000	Housing Restructuring (Income related rents) Amendment Act 2000 – removed the profit motive and (re)introduced a “social” objective. People who used this no longer qualified for the Accommodation Supplement.
2001	Housing Corporation Amendment Act 2001
2001	Residential Tenancies Amendment Bill 2001 assented
2001	Responsibility for housing policy was passed from the Ministry of Social Policy to Housing Corp of NZ
2001	The Government established the Housing New Zealand Corporation (HNZC).

Source: <http://www.minhousing.govt.nz/reforms.html>

Table 5.3 shows the start and finish points for key housing Acts from 1952 to 2005, as per Table 5.2. A number acts, of course, are still current.

**Table 5.3: Enactment and duration of key housing Acts/legislation, 1952–2001**

1952	1955	1956	1964	1974	1986	1987	1989	1990	1991	1992	1993	2000	2001	2002	2003	2004
Property law Act 1952																
	Housing Act 1955															
		Health Act 1956														
			Family Benefit (Home ownership) Act 1964													
				Home ownership Savings Act 1974												
					Residential Tenancies Act 1986											
							Public Finance Act 1989									
									Resource Management Act 1991							
									Building Act 1991							
										Housing Restructuring Act 1992						
											Social Security Amendment Act 1993					
											Housing Assets Transfer Act 1993					
											Housing Restructuring (I-R-R) Amend Act 2000					
												The Housing Corp. Amend Act 2001				

Shown below is a short description of each key housing Act or amendment from 1952 to 2001.<sup>4</sup>

#### ***Property Law Act 1952***

This Act included, among other things, the provisions governing mortgagee sales. The Act was administered by the Ministry of Justice.

#### ***Housing Act 1955***

This Act enabled the Minister of Housing to authorise the acquisition and development of land for state housing purposes, and to “determine ... any other matters of state housing policy”. The Act was administered by Housing New Zealand Corporation.

#### ***Health Act 1956***

This Act dealt with nuisances which may arise in connection with the condition and use of dwellings. Under this Act the Housing Improvement Regulations 1947 set minimum

<sup>4</sup> Source : <http://www.minhousing.govt.nz/acts>

standards of fitness for dwellings and included controls on overcrowding. The Act was administered by the Ministry of Health and local authorities.

### ***The Family Benefit (Home Ownership) Act 1964***

This Act allowed for the capitalisation of the Family Benefit for home purchase and the taking of a land charge by the Corporation to secure advances made. By an amendment in 1986 capitalisation was discontinued.

### ***Home Ownership Savings Act 1974***

This Act was enacted to encourage saving for home ownership by the establishment of special savings accounts. The Act was amended in 1986 to prohibit the opening of any new accounts from 1 August 1986

### ***Residential Tenancies Act 1986***

This Act defined the rights and obligations of landlords and tenants, and established a dispute resolution service, including a tribunal, to determine disputes between them. The Act also established a fund in which tenants' bonds were held.

The Act provided for mediators (appointed as public servants) to mediate in tenancy disputes. Under the Act, tenancy adjudicators (at the Tenancy Tribunal) were appointed by the Governor-General on the recommendation of the Minister of Justice. The Minister of Justice consulted in this with the Minister of Housing. The Act was administered by the Ministry of Housing.

### ***Public Finance Act 1989***

This Act included, among other things, provisions governing the reporting obligations of Housing New Zealand, the Housing Corporation and the Ministry of Housing. The Act was administered by the New Zealand Treasury.

### ***Building Act 1991***

This Act set performance standards for new construction, and safety and health standards for existing buildings. The Act was administered by local authorities subject to the statutory powers of the Building Industry Authority. The Minister of Internal Affairs was responsible for the Act and for the appointment of the Building Industry Authority.

### ***Resource Management Act 1991***

This Act enabled local authorities to control the adverse effects of land use, including the effects of housing development. The Act was to be (is) administered by the Ministry for the Environment.

### ***Housing Restructuring Act 1992***

This Act outlined the objectives and responsibilities of Housing New Zealand (HNZ), which owned the government's stock of rental properties. The Act required HNZ to operate as a successful business that would assist in meeting the Crown's social objectives by providing housing and related services; and provided for the vesting in HNZ of state housing land and the rental assets previously administered by the Housing Corporation.

Under the Act, the Crown owned HNZ through two shareholding Ministers. One was the Minister of Finance, the other was the Minister responsible for the Act (currently the

Minister of Housing). The Act was administered by the Housing New Zealand Corporation.

### ***Social Security Amendment Act 1993***

This Act established the Accommodation Supplement, which provided assistance with housing costs to low-income households. It was administered by the Department of Work and Income.

### ***Housing Assets Transfer Act 1993***

This Act provided for the transfer of the ownership of various specified housing assets to the Housing New Zealand Corporation. These were mainly mortgages previously under the Ministry of Māori Development. The Act was administered by the Housing New Zealand Corporation.

### ***Housing Restructuring (Income-Related Rents) Amendment Act 2000***

This Act implemented the Government's policy of setting the rent for persons on low income in state houses to be based on their income and the allocation of Housing New Zealand housing. The Act was administered by the Housing New Zealand Corporation.

### ***The Housing Corporation Amendment Act 2001***

The Housing Corporation Amendment Act 2001 amended the Housing Corporation Act 1974. The main purpose of the 2001 Act was to establish the Housing New Zealand Corporation to administer the Crown's housing operations and to define its objectives, functions, powers and duties.

The Corporation was charged with giving effect to the Crown's social objectives, exhibiting a sense of social responsibility and a sense of environmental responsibility, and operating with good financial oversight. It also provided policy advice to the Minister of Housing on housing issues.

## **Housing reforms: 1991–2003<sup>5</sup>**

Since 1991 there have been two major changes in the way the New Zealand government has distributed housing assistance. The first reforms, introduced in 1991 and implemented over the period to 1996, involved:

- changes to the way in which housing assistance was delivered, the levels of assistance and the method by which entitlement to assistance was determined
- structural changes to the government organisations involved in housing assistance.

Prior to these reforms, housing assistance had been delivered predominantly through subsidised rental housing and subsidised interest rate mortgages provided by the Housing Corporation and the Iwi Transition Agency. In addition, the Department of Social Welfare provided an Accommodation Benefit to eligible tenants and beneficiaries with mortgages.

Under the reforms, assistance previously delivered in the form of subsidised housing was phased out and replaced by a cash benefit called the Accommodation Supplement. A

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<sup>5</sup> Source: <http://www.minhousing.govt.nz/reforms.html>

state-owned company, Housing New Zealand Limited, was established to own and manage the rental stock of state houses. The policy advice and tenancy regulation functions of the previous government department, the Housing Corporation, were transferred to the Ministry of Housing. The Housing Corporation remained to manage the lending business.

In December 1998 the policy advice function was transferred from the Ministry of Housing to the Social Policy Agency, which later became the Ministry of Social Policy.

The second major wave of reform was introduced in 2000 and was implemented over the period to July 2001. The Government announced three major changes to housing assistance and the structures of Government housing.

1. From 1 December 2000, tenants in state houses provided by Housing New Zealand would pay rent based on 25% of their income provided they met specific income and asset tests. The Accommodation Supplement would continue to be available for low-income home owners and tenants in the private sector.
2. From 1 December 2000, applicants for state houses provided by Housing New Zealand would need to pass an eligibility test based on residency, income, assets and degree of need. The degree of need would be assessed on the basis of certain criteria relating to the applicant's present and prospective housing.

The Government established the State Housing Appeals Authority to hear appeals from tenants who were not satisfied with decisions by Housing New Zealand on income-related rents, and from applicants for state houses who were not satisfied with Housing New Zealand's decisions on their eligibility or housing need. The Ministry of Housing provides administrative support to the Appeals Authority.

The Housing Corporation Amendment Act 2001 merged the different government housing arms.

3. From 1 July 2001, the Government established the Housing New Zealand Corporation (HNZC). The Corporation has undertaken the functions previously carried out by Housing New Zealand (state housing), Housing Corporation (management of lending), and Community Housing Ltd (community housing services for people with disabilities). HNZC is also responsible for policy advice on housing issues to the Government. The Ministry of Housing has responsibility for monitoring the performance of HNZC.

## Housing agencies and organisational structure

Table 5.4 offers a shorthand description of the evolution of housing agencies, their functions and rental structure type.

**Table 5.4: Housing agencies and organisational structure, 1974–2004**

<b>Time Period</b>	<b>Agency</b>	<b>Function</b>	<b>Rental structure</b>
<b>1974-92</b>	Housing Corporation	<ul style="list-style-type: none"> <li>• Rental properties</li> <li>• Mortgage finance</li> <li>• Community housing</li> <li>• Policy advice</li> </ul>	<ul style="list-style-type: none"> <li>• Income-related rents</li> <li>• Subsidised interest rates</li> </ul>
<b>1992-2000</b>	Housing New Zealand Housing Corporation Community Housing Ministry of Housing Social Policy Agency	<ul style="list-style-type: none"> <li>• Rental housing</li> <li>• Mortgage finance</li> <li>• Community housing for people with disabilities</li> <li>• Policy advice</li> </ul>	<ul style="list-style-type: none"> <li>• Market rents</li> </ul>
<b>2001–2004</b>	Housing New Zealand Corporation (established July 2001)	<ul style="list-style-type: none"> <li>• Rental properties</li> <li>• Mortgage finance</li> <li>• Community housing</li> <li>• Policy advice</li> </ul>	<ul style="list-style-type: none"> <li>• Income-related rents (with provision for market rents depending on the income of the tenants)</li> </ul>

Source: (Murphy, 2003)

## Appendix 1: URL Links to Social Policy Acts

Source: <http://rangi.knowledge-basket.co.nz/gpacts/actlists.html>

### Education

- [Adult Education Act 1963](#)
- [Education \(Te Aho Matua\) Amendment Act 1999](#)  
[Education \(Tertiary Reform\) Amendment Act 2002](#)  
[Education \(Tertiary Students Association Voluntary Membership\) Amendment Act 1998](#)  
[Education Act 1964](#)  
[Education Act 1989](#)  
[Education Acts 1964–1995 \(by Parliamentary Counsel\)](#)  
[Education Amendment Act \(No. 2\) 1982](#)  
[Education Amendment Act \(No. 2\) 1987](#)  
[Education Amendment Act \(No. 2\) 1990](#)  
[Education Amendment Act \(No. 2\) 1991](#)  
[Education Amendment Act \(No. 2\) 1993](#)  
[Education Amendment Act \(No. 2\) 1998](#)  
[Education Amendment Act \(No. 3\) 1982](#)  
[Education Amendment Act \(No. 3\) 1990](#)  
[Education Amendment Act \(No. 3\) 1991](#)  
[Education Amendment Act \(No. 4\) 1991](#)  
[Education Amendment Act 1932–33](#)  
[Education Amendment Act 1976](#)  
[Education Amendment Act 1977](#)  
[Education Amendment Act 1978](#)  
[Education Amendment Act 1979](#)  
[Education Amendment Act 1981](#)  
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[Education Amendment Act 1998](#)  
[Education Amendment Act 1999](#)  
[Education Amendment Act 2000](#)  
[Education Lands Act 1949](#)  
[Education Lands Amendment Act 1991](#)  
[Education Law Amendment Act 1933](#)  
[Education Standards Act 2001](#)

- Pacific Islands Polynesian Education Foundation Act 1972  
Pacific Islands Polynesian Education Foundation Amendment Act 1987
- Private Schools Conditional Integration Act 1975  
Private Schools Conditional Integration Acts 1964–1990 (by Parliamentary Counsel)  
Private Schools Conditional Integration Amendment Act 1977  
Private Schools Conditional Integration Amendment Act 1986  
Private Schools Conditional Integration Amendment Act 1991  
Private Schools Conditional Integration Amendment Act 1998

## Employment

- Access Training Scheme Act 1988
- Government Service Equal Pay Act 1960
- Minimum Wage Act 1983  
Minimum Wage Acts 1983–1991 (by Parliamentary Counsel)  
Minimum Wage Amendment Act 1990  
Minimum Wage Amendment Act 1991
- Labour Relations Amendment Act (No. 2) 1990  
Labour Relations Amendment Act 1988  
Labour Relations Amendment Act 1989  
Labour Relations Amendment Act 1990
- Employment Contracts Act 1991  
Employment Contracts Amendment Act 1991  
Employment Equity Act 1990  
Employment Relations (Validation of Union Registration and Other Matters) Amendment Act 2001  
Employment Relations Act 2000  
Employment Services and Income Support (Integrated Administration) Act 1998
- Equal Pay Act 1972  
Equal Pay Acts (1960–1995) by Parliamentary Counsel  
Equal Pay Amendment Act 1990  
Equal Pay Amendment Act 1991
- Wages Protection Act 1983  
Wages Protection Acts 1983–1991 (by Parliamentary Counsel)  
Wages Protection Amendment Act 1985  
Wages Protection Amendment Act 1991  
Wages Protection and Contractors' Liens Act Repeal Act 1987
- Apprenticeship Act 1983  
Apprenticeship Amendment Act 1985  
Apprenticeship Amendment Act 1991
- Higher Salaries Commission Act 1977  
Higher Salaries Commission Acts (1977–1995) by Parliamentary Counsel  
Higher Salaries Commission Amendment Act (No. 2) 1992  
Higher Salaries Commission Amendment Act 1988  
Higher Salaries Commission Amendment Act 1989  
Higher Salaries Commission Amendment Act 1992

- Trade Unions Act 1908  
Trade and Industry Act Repeal Act 1988  
Trade and Industry Amendment Act 1988
- Labour Department Act Repeal Act 1989  
Labour Relations Act 1987
- Parental Leave and Employment Protection (Paid Parental Leave) 2002  
Parental Leave and Employment Protection Act 1987  
Parental Leave and Employment Protection Amendment Act 1991

## **Family structure/connectedness**

- Marriage Act 1955  
Marriage Amendment Act 1982  
Marriage Amendment Act 1985  
Marriage Amendment Act 1986  
Marriage Amendment Act 1991  
Marriage Amendment Act 1993  
Marriage Amendment Act 1994  
Marriage Amendment Act 1999
- Maternal Mortality Research Act 1968  
Matrimonial Property Act 1976  
Matrimonial Property Acts 1976–1989 (by Parliamentary Counsel)  
Matrimonial Property Amendment Act (No. 2) 1983  
Matrimonial Property Amendment Act 1980  
Matrimonial Property Amendment Act 1983  
Matrimonial Property Amendment Act 1985  
Matrimonial Property Amendment Act 1986  
Matrimonial Property Amendment Act 1987  
Matrimonial Property Amendment Act 1994  
Matrimonial Property Amendment Act 1998
- Joint Family Homes Act 1964  
Joint Family Homes Acts 1964–1989 (by Parliamentary Counsel)
- Parental Leave and Employment Protection (Paid Parental Leave) 2002  
Parental Leave and Employment Protection Act 1987  
Parental Leave and Employment Protection Amendment Act 1991
- Status of Children Act 1969  
Status of Children Amendment Act 1983  
Status of Children Amendment Act 1987  
Status of Children Amendment Act 1990  
Status of Children Amendment Act 1994  
Family Proceedings Act 1980  
Family Proceedings Acts 1980–1992 (by Parliamentary Counsel)  
Family Proceedings Amendment Act (No. 2) 1985  
Family Proceedings Amendment Act 1981  
Family Proceedings Amendment Act 1982  
Family Proceedings Amendment Act 1983  
Family Proceedings Amendment Act 1985  
Family Proceedings Amendment Act 1986  
Family Proceedings Amendment Act 1988  
Family Proceedings Amendment Act 1989  
Family Proceedings Amendment Act 1991  
Family Proceedings Amendment Act 1994

Family Proceedings Amendment Act 1995  
 Family Proceedings Amendment Act 1997  
 Family Proceedings Amendment Act 1998  
 Family Proceedings Amendment Act 2000  
 Family Proceedings Amendment Act 2001  
 Family Protection Act 1955  
 Family Protection Amendment Act 1991  
 Family Protection Amendment Act 2001

## Health

- Area Health Boards Act 1983  
 Area Health Boards Amendment Act (No. 2) 1988  
 Area Health Boards Amendment Act (No. 2) 1989  
 Area Health Boards Amendment Act (No. 2) 1991  
 Area Health Boards Amendment Act (No. 3) 1988  
 Area Health Boards Amendment Act 1986  
 Area Health Boards Amendment Act 1988  
 Area Health Boards Amendment Act 1989  
 Area Health Boards Amendment Act 1990  
 Area Health Boards Amendment Act 1991  
 Area Health Boards Amendment Act 1992
  
- Dental Act 1988  
 Dental Amendment Act 1989  
 Dental Amendment Act 1994  
 Dental Amendment Act 1999
  
- Health Act 1956  
 Health Acts 1956–1993 (by Parliamentary Counsel)  
 Health Amendment Act (No. 2) 1987  
 Health Amendment Act (No. 2) 1993  
 Health Amendment Act (No. 2) 1994  
 Health Amendment Act (No. 3) 1993  
 Health Amendment Act (No. 3) 1994  
 Health Amendment Act 1988  
 Health Amendment Act 1993  
 Health Amendment Act 1994  
 Health Amendment Act 1998  
 Health Benefits (Reciprocity with Australia) Act 1986  
 Health Benefits (Reciprocity with Australia) Act 1999  
 Health Benefits (Reciprocity with the United Kingdom) Act 1982  
 Health Reforms (Transitional Provisions) Act 1993  
 Health Reforms (Transitional Provisions) Amendment Act 1997  
 Health Research Council Act 1990  
 Health Research Council Amendment Act 1991  
 Health Sector (Transfers) Amendment Act 2000  
 Health and Disability Commissioner Act 1994  
 Health and Disability Services (Safety) Act 2001  
 Health and Disability Services Act 1993  
 Health and Disability Services Amendment Act 1995  
 Health and Disability Services Amendment Act 1998  
 Health and Safety in Employment Act 1992  
 Health and Safety in Employment Amendment Act 1993  
 Health and Safety in Employment Amendment Act 1998  
 Health and Safety in Employment Amendment Act 2002
  
- Hospitals Act 1957  
 Hospitals Act 1957-1993 (by Parliamentary Counsel)  
 Hospitals Amendment Act (No. 2) 1988

Hospitals Amendment Act (No. 2) 1989  
 Hospitals Amendment Act (No. 3) 1988  
 Hospitals Amendment Act 1988  
 Hospitals Amendment Act 1989  
 Hospitals Amendment Act 1993  
 Hospitals Amendment Act 1996

- Mental Health (Compulsory Assessment and Treatment) Act 1992  
 Mental Health (Compulsory Assessment and Treatment) Amendment Act 1999  
 Mental Health Act 1969

## Housing

- Auckland City Council (Workers' Homes) Vesting and Empowering Act 1991  
 Building Act 1991  
 Building Amendment Act 1992  
 Building Amendment Act 1993  
 Building Amendment Act 1996  
 Building Amendment Act 2002  
 Building Research Levy Act 1969
- Home Ownership Savings Act 1974  
 Home Ownership Savings Acts 1974–1994 (by Parliamentary Counsel)  
 Home Ownership Savings Amendment Act 1981  
 Home Ownership Savings Amendment Act 1986  
 Home Ownership Savings Amendment Act 1987
- Housing Act 1955  
 Housing Amendment Act 1988  
 Housing Amendment Act 1992  
 Housing Assets Transfer Act 1993  
 Housing Corporation Act 1974  
 Housing Corporation Acts 1974–1988 (by Parliamentary Counsel)  
 Housing Corporation Amendment Act 1989  
 Housing Corporation Amendment Act 1991  
 Housing Corporation Amendment Act 1992  
 Housing Corporation Amendment Act 2001  
 Housing Restructuring (Income-Related Rents) Amendment Act 2000  
 Housing Restructuring Act 1992
- State Advances Corporation Act 1965  
 Weathertight Homes Resolution Services Act 2002
- Joint Family Homes Act 1964  
 Joint Family Homes Acts 1964–1989 (by Parliamentary Counsel)
- Family Benefits (Home Ownership) Act 1964  
 Family Benefits (Home Ownership) Amendment Act 1986  
 Family Benefits (Home Ownership) Amendment Act 1991

## Māori wellbeing

- Maniapoto Maori Trust Board Act 1988
- Maori Affairs Act 1953
- Maori Affairs Amendment Act (No. 2) 1985
- Maori Affairs Amendment Act 1987
- Maori Affairs Amendment Act 1988
- Maori Affairs Amendment Act 1991
- Maori Affairs Restructuring Act 1989
- Maori Affairs Restructuring Amendment Act 1991
- Maori Affairs Restructuring Amendment Act 1996
- Maori Community Development Act 1962
- Maori Community Development Amendment Act 1996
- Maori Education Foundation (Abolition) Act 1993
- Maori Education Foundation Act 1961
- Maori Education Foundation Amendment Act 1992
- Maori Fisheries Act 1989
- Maori Fisheries Acts 1989 (By Parliamentary Counsel)
- Maori Fisheries Amendment Act 2001
- Maori Housing Act 1935
- Maori Housing Amendment Act 1985
- Maori Land Amendment Act 1993
- Maori Land Amendment and Maori Land Claims Adjustment Amendment Act 1996
- Maori Language Act 1987
- Maori Language Amendment Act 1991
- Maori Purposes (Wi Pere Trust) Act 1994
- Maori Purposes Act 1982
- Maori Purposes Act 1983
- Maori Purposes Act 1985
- Maori Purposes Act 1991
- Maori Purposes Act 1991 Amendment Act 2001
- Maori Purposes Act 1993
- Maori Purposes Act 1993 Amendment Act 2001
- Maori Purposes Acts 1926–1981
- Maori Purposes Fund Act 1934–35
- Maori Purposes Fund Amendment Act 2001
- Maori Reserved Land Act 1955
- Maori Reserved Land Amendment Act 1997
- Maori Reserved Land Amendment Act 1998
- Maori Soldiers Trust Act 1957
- Maori Soldiers Trust Amendment Act 2001
- Maori Trust Boards Act 1955
- Maori Trust Boards Amendment Act 1983
- Maori Trust Boards Amendment Act 1988
- Maori Trust Boards Amendment Act 1996
- Maori Trustee Act 1953
- Maori Trustee Acts 1953–1996 (by Parliamentary Counsel)
- Maori Trustee Amendment Act 1985
- Maori Trustee Amendment Act 1991
- Maori Trustee Amendment Act 1996
- Maori Vested Lands Administration Act 1954
  
- Treaty of Waitangi (State Enterprises) Act 1988
- Treaty of Waitangi (State Enterprises) Acts 1988–1991 (by Parliamentary Counsel)
- Treaty of Waitangi Act 1975
- Treaty of Waitangi Acts 1975–1993 (by Parliamentary Counsel)
- Treaty of Waitangi Amendment Act 1985
- Treaty of Waitangi Amendment Act 1988
- Treaty of Waitangi Amendment Act 1993
- Treaty of Waitangi Amendment Act 1998

- Te Runanga o Ngati Porou Act 1987
- Te Runanga o Ngai Tahu Act 1996
- Te Runanga o Ngati Awa Act 1988
- Te Runanga o Ngati Whatua Act 1988
- Te Ture Whenua Maori Act 1993; Maori Land Act 1993
- Te Ture Whenua Maori Amendment Act (No. 2) Maori Land Amendment (No. 2) 1996
- Te Ture Whenua Maori Amendment Act (No. 2) Maori Land Amendment (No. 2) 1993
- Te Ture Whenua Maori Amendment Act 2001 Maori Land Amendment 2001
- Te Ture Whenua Maori Amendment Act 2002
- Te Ture Whenua Maori Amendment Maori Land Amendment Act 1994
- Te Ture Whenua Maori Amendment Maori Land Amendment Act 1996
- Te Uri o Hau Claims Settlement Act 2002

## Taxation

- Income Tax (Annual) Act 1991
- Income Tax Act 1976
- Income Tax Act 1976 Amendment Act (No. 2) 1995
- Income Tax Act 1976 Amendment Act (No. 2) 1996
- Income Tax Act 1976 Amendment Act (No. 3) 1995
- Income Tax Act 1976 Amendment Act 1995
- Income Tax Act 1976 Amendment Act 1996
- Income Tax Act 1994
- Income Tax Act 1994 Amendment (No. 2) 1995
- Income Tax Act 1994 Amendment Act (No. 2) 1996
- Income Tax Act 1994 Amendment Act (No. 3) 1995
- Income Tax Act 1994 Amendment Act (No. 3) 1996
- Income Tax Act 1994 Amendment Act (No. 4) 1995
- Income Tax Act 1994 Amendment Act (No. 5) 1995
- Income Tax Act 1994 Amendment Act (No. 6) 1995
- Income Tax Act 1994 Amendment Act 1995
- Income Tax Act 1994 Amendment Act 1996
- Income Tax Act 1994 Amendment Act 1997
- Income Tax Acts 1976–1993 (by Parliamentary Counsel)
- Income Tax Amendment Act (No. 2) 1983
- Income Tax Amendment Act (No. 2) 1985
- Income Tax Amendment Act (No. 2) 1986
- Income Tax Amendment Act (No. 2) 1987
- Income Tax Amendment Act (No. 2) 1988
- Income Tax Amendment Act (No. 2) 1989
- Income Tax Amendment Act (No. 2) 1990
- Income Tax Amendment Act (No. 2) 1991
- Income Tax Amendment Act (No. 2) 1992
- Income Tax Amendment Act (No. 2) 1993
- Income Tax Amendment Act (No. 2) 1994
- Income Tax Amendment Act (No. 3) 1983
- Income Tax Amendment Act (No. 3) 1985
- Income Tax Amendment Act (No. 3) 1986
- Income Tax Amendment Act (No. 3) 1987
- Income Tax Amendment Act (No. 3) 1988
- Income Tax Amendment Act (No. 3) 1989
- Income Tax Amendment Act (No. 3) 1990
- Income Tax Amendment Act (No. 3) 1991
- Income Tax Amendment Act (No. 3) 1992
- Income Tax Amendment Act (No. 3) 1993
- Income Tax Amendment Act (No. 4) 1985
- Income Tax Amendment Act (No. 4) 1986
- Income Tax Amendment Act (No. 4) 1988
- Income Tax Amendment Act (No. 4) 1989
- Income Tax Amendment Act (No. 4) 1991
- Income Tax Amendment Act (No. 4) 1992
- Income Tax Amendment Act (No. 4) 1993

- Income Tax Amendment Act (No. 5) 1988
- Income Tax Amendment Act (No. 5) 1991
- Income Tax Amendment Act (No. 5) 1992
- Income Tax Amendment Act (No. 6) 1991
- Income Tax Amendment Act 1983
- Income Tax Amendment Act 1984
- Income Tax Amendment Act 1985
- Income Tax Amendment Act 1986
- Income Tax Amendment Act 1987
- Income Tax Amendment Act 1988
- Income Tax Amendment Act 1989
- Income Tax Amendment Act 1990
- Income Tax Amendment Act 1991
- Income Tax Amendment Act 1992
- Income Tax Amendment Act 1993
- Income Tax Amendment Act 1994
- Income Tax Amendment Act 1998
- Income Tax Amendment Act 1999
  
- Inland Revenue Department Act 1974
  - Inland Revenue Department Amendment Act (No. 2) 1988
  - Inland Revenue Department Amendment Act (No. 2) 1991
  - Inland Revenue Department Amendment Act (No. 2) 1993
  - Inland Revenue Department Amendment Act (No. 2) 1994
  - Inland Revenue Department Amendment Act (No. 3) 1991
  - Inland Revenue Department Amendment Act 1988
  - Inland Revenue Department Amendment Act 1989
  - Inland Revenue Department Amendment Act 1990
  - Inland Revenue Department Amendment Act 1991
  - Inland Revenue Department Amendment Act 1992
  - Inland Revenue Department Amendment Act 1993
  - Inland Revenue Department Amendment Act 1994
  
- Tax Administration Act 1994
  - Tax Administration Amendment Act (No. 2) 1995
  - Tax Administration Amendment Act (No. 2) 1996
  - Tax Administration Amendment Act (No. 3) 1995
  - Tax Administration Amendment Act 1995
  - Tax Administration Amendment Act 1996
  - Tax Administration Amendment Act 1997
  - Taxation (Accrual Rules and Other Remedial Matters) Act 1999
  - Taxation (Annual Rates of Income Tax 1996/97) Act 1996
  - Taxation (Annual Rates of Income Tax 1998–99) Act 1998
  - Taxation (Annual Rates of Income Tax 2000–2001) Act 2000
  - Taxation (Annual Rates of Income Tax 2001–02) Act 2001
  - Taxation (Beneficiary Income of Minors, Services-Related Payments and 2001
  - Taxation (Core Provisions) Act 1996
  - Taxation (FBT, SSCWT and Remedial Matters) Act 2000
  - Taxation (GST and Miscellaneous Provisions) Act 2000
  - Taxation (Income Tax Rates) Act 1997
  - Taxation (Parental Tax Credit) Act 1999
  - Taxation (Relief, Refunds and Miscellaneous Provisions) Act 2002
  - Taxation (Remedial Matters) Act 1999
  - Taxation (Remedial Provisions) Act 1996Taxation (Remedial Provisions) Act 1997
  - Taxation (Remedial Provisions) Act 1998
  - Taxation (Simplification and Other Remedial Matters) Act 1998
  - Taxation (Superannuitant Surcharge Abolition) Act 1997
  - Taxation (Superannuitant Surcharge Reduction) Act 1996
  - Taxation (Tax Credits, Trading Stock, and Other Remedial Matters) Act 1998
  - Taxation (Tax Rate Increase) Act 1999
  - Taxation (Taxpayer Assessment and Miscellaneous Provisions) Act 2001

Taxation Acts Repeal Act 1986  
 Taxation Review Authorities Act 1994  
 Taxation Review Authorities Amendment Act 1996

## ACC

- Accident Compensation Act 1982  
 Accident Compensation Amendment Act (No. 2) 1985  
 Accident Compensation Amendment Act (No. 2) 1989  
 Accident Compensation Amendment Act (No. 2) 1991  
 Accident Compensation Amendment Act (No. 3) 1985  
 Accident Compensation Amendment Act (No. 3) 1991  
 Accident Compensation Amendment Act 1983  
 Accident Compensation Amendment Act 1985  
 Accident Compensation Amendment Act 1987  
 Accident Compensation Amendment Act 1988  
 Accident Compensation Amendment Act 1989  
 Accident Compensation Amendment Act 1991  
 Accident Compensation Amendment Act 1992  
 Workers' Compensation Act 1956
  
- Accident Insurance (Transitional Provisions) Act 2000
  
- Accident Insurance Act 1998  
 Accident Insurance Amendment Act 1999  
 Accident Insurance Amendment Act 2000  
 Accident Rehabilitation and Compensation Insurance Act 1992  
 Accident Rehabilitation and Compensation Insurance Amendment Act (No. 2) 1992  
 Accident Rehabilitation and Compensation Insurance Amendment Act (No. 2) 1993  
 Accident Rehabilitation and Compensation Insurance Amendment Act (No. 2) 1996  
 Accident Rehabilitation and Compensation Insurance Amendment Act (No. 2) 1997  
 Accident Rehabilitation and Compensation Insurance Amendment Act (No. 3) 1993  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1992  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1993  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1995  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1996  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1997  
 Accident Rehabilitation and Compensation Insurance Amendment Act 1998

## Social welfare

- Social Security (Miscellaneous Rates) Order Confirmation Act 1991  
 Social Security (Personal Development and Employment) Amendment Act 2002  
 Social Security (Reciprocity with Australia) Act 1989  
 Social Security (Reciprocity with the United Kingdom) Act 1983  
 Social Security (Rent Rebate and Rates of Benefits and Allowances) Orders Confirmation Act 1993  
 Social Security (Work Test) Amendment Act 1998  
 Social Security Act 1964  
 Social Security Act 1964-1994 (By Parliamentary Counsel)  
 Social Security Amendment Act (No 2) 2001  
 Social Security Amendment Act (No. 2) 1984  
 Social Security Amendment Act (No. 2) 1985  
 Social Security Amendment Act (No. 2) 1988  
 Social Security Amendment Act (No. 2) 1990  
 Social Security Amendment Act (No. 2) 1991  
 Social Security Amendment Act (No. 2) 1992  
 Social Security Amendment Act (No. 2) 1993  
 Social Security Amendment Act (No. 2) 1994  
 Social Security Amendment Act (No. 2) 1996  
 Social Security Amendment Act (No. 2) 1997  
 Social Security Amendment Act (No. 2) 1998

- Social Security Amendment Act (No. 3) 1990
  - Social Security Amendment Act (No. 3) 1991
  - Social Security Amendment Act (No. 3) 1992
  - Social Security Amendment Act (No. 3) 1993
  - Social Security Amendment Act (No. 3) 1996
  - Social Security Amendment Act (No. 3) 1997
  - Social Security Amendment Act (No. 3) 1998
  - Social Security Amendment Act (No. 4) 1991
  - Social Security Amendment Act (No. 4) 1992
  - Social Security Amendment Act (No. 4) 1996
  - Social Security Amendment Act (No. 4) 1997
  - Social Security Amendment Act (No. 5) 1991
  - Social Security Amendment Act (No. 5) 1996
  - Social Security Amendment Act (No. 6) 1996
  - Social Security Amendment Act 1983
  - Social Security Amendment Act 1984
  - Social Security Amendment Act 1985
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  - Social Security Amendment Act 1987
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  - Social Security Amendment Act 1994
  - Social Security Amendment Act 1996
  - Social Security Amendment Act 1997
  - Social Security Amendment Act 1998
  - Social Security Amendment Act 2000
  - Social Security Amendment Act 2001
  - Social Welfare (Transitional Provisions) Act 1990
  - Social Welfare (Transitional Provisions) Acts 1990-1994 (by Parliamentary Counsel)
  - Social Welfare (Transitional Provisions) Amendment (No. 2) Act 1990
  - Social Welfare (Transitional Provisions) Amendment (No. 2) Act 1991
  - Social Welfare (Transitional Provisions) Amendment (No. 2) Act 1993
  - Social Welfare (Transitional Provisions) Amendment (No. 3) Act 1991
  - Social Welfare (Transitional Provisions) Amendment Act 1990
  - Social Welfare (Transitional Provisions) Amendment Act 1991
  - Social Welfare (Transitional Provisions) Amendment Act 1993
  - Social Welfare (Transitional Provisions) Amendment Act 1996
  - Social Welfare (Transitional Provisions) Amendment Act 1997
  - Social Welfare (Transitional Provisions) Amendment Act 1998
  - Social Welfare (Transitional Provisions) Amendment Act 2000
  - Social Welfare (Transitional Provisions---Overseas Pensions) Amendment Act 2002
  - Social Welfare (Transitional Provisions---Special Portability Arrangement) Amendment Act 1999
- Disabled Persons Community Welfare Act 1975
  - Disabled Persons Community Welfare Act 1988
  - Disabled Persons Community Welfare Amendment Act 1982
  - Disabled Persons Community Welfare Amendment Act 1984
  - Disabled Persons Community Welfare Amendment Act 1991
  - Disabled Persons Employment Promotion Act 1960
  - Disabled Persons Employment Promotion Amendment Act 1985
- Department of Social Welfare Act 1971
  - Department of Social Welfare Acts 1971–1990 (by Parliamentary Counsel)
  - Department of Social Welfare Amendment Act 1988

- Child Support Act 1991
  - Child Support Amendment Act (No. 3) 1997
  - Child Support Amendment Act 1992
  - Child Support Amendment Act 1993
  - Child Support Amendment Act 1994
  - Child Support Amendment Act 1996
  - Child Support Amendment Act 1997
  - Child Support Amendment Act 1998
  - Child Support Amendment Act 1999
  - Child Support Amendment Act 2001
  - Children's Health Camps Act 1972
  - Children's Health Camps Amendment Act 1988
  - Children's Health Camps Amendment Act 1991
  - Children's Health Camps Board Dissolution Act 1999
  - Children, Young Persons, and Their Families (Trans-Tasman Transfer of Act 1999
  - Children, Young Persons, and Their Families Act 1989
  - Children, Young Persons, and Their Families Amendment Act 1989
  - Children, Young Persons, and Their Families Amendment Act 1994
  - Children, Young Persons, and Their Families Amendment Act 1996
  - Children, Young Persons, and Their Families Amendment Act 1998
  - Children, Young Persons, and Their Families Amendment Act 2001
  - Department of Child, Youth and Family Services Act 1999

## Student loans

- Student Loan Scheme Act 1992
  - Student Loan Scheme Amendment Act (No 2) 2000
  - Student Loan Scheme Amendment Act (No. 2) 1993
  - Student Loan Scheme Amendment Act (No. 2) 1998
  - Student Loan Scheme Amendment Act (No. 3) 1998
  - Student Loan Scheme Amendment Act 1993
  - Student Loan Scheme Amendment Act 1995
  - Student Loan Scheme Amendment Act 1996
  - Student Loan Scheme Amendment Act 1997
  - Student Loan Scheme Amendment Act 1999
  - Student Loan Scheme Amendment Act 2000

## Superannuation

- Government Superannuation Fund Act 1956
  - Government Superannuation Fund Amendment Act (No. 2) 1990
  - Government Superannuation Fund Amendment Act (No. 2) 1991
  - Government Superannuation Fund Amendment Act (No. 2) 1992
  - Government Superannuation Fund Amendment Act 1987
  - Government Superannuation Fund Amendment Act 1988
  - Government Superannuation Fund Amendment Act 1989
  - Government Superannuation Fund Amendment Act 1990
  - Government Superannuation Fund Amendment Act 1992
  - Government Superannuation Fund Amendment Act 1995
  - Government Superannuation Fund Amendment Act 1997
  - Government Superannuation Fund Amendment Act 1999
  - Government Superannuation Fund Amendment Act 2001
  - New Zealand Superannuation Act 2001
- Superannuation Fund Act 1991
  - Superannuation Schemes Act 1989
  - Superannuation Schemes Acts (1989–1998) by Parliamentary Counsel
  - Superannuation Schemes Amendment Act (No. 2) 1990
  - Superannuation Schemes Amendment Act (No. 2) 1996
  - Superannuation Schemes Amendment Act 1990
  - Superannuation Schemes Amendment Act 1992

Superannuation Schemes Amendment Act 1994  
Superannuation Schemes Amendment Act 1996  
Superannuation Schemes Amendment Act 1998  
Superannuation Schemes Amendment Act 2001

## **War pensions**

- War Pensions (Rates of Pensions and Allowances) Order Confirmation Act 1993  
War Pensions Act 1954  
War Pensions Amendment Act (No. 3) 1986  
War Pensions Amendment Act 1986  
War Pensions Amendment Act 1988  
War Pensions Amendment Act 1990  
War Pensions Amendment Act 1991  
War Pensions Amendment Act 1996  
War Pensions Amendment Act 2001

## Appendix 2: Chronology of Major Events, 1980–1998

<b>Chronology of major events/reforms 1980–1998</b>	
<b>1980</b>	<ul style="list-style-type: none"> <li>• Saturday trading is partially legalised.</li> <li>• There is an 80-day strike at Kinleith Mill.</li> </ul>
<b>1981</b>	<ul style="list-style-type: none"> <li>• The South African rugby team's tour brings widespread disruption.</li> </ul>
<b>1982</b>	<ul style="list-style-type: none"> <li>• The first Kōhanga Reo is established.</li> <li>• A year-long wage, price and rent freeze is imposed, and is extended a further 12 months to finish in 1984.</li> </ul>
<b>1984</b>	<ul style="list-style-type: none"> <li>• The Labour Party wins a snap general election.</li> <li>• Finance Minister Roger Douglas begins deregulating the economy.</li> <li>• New Zealand ratifies the United Nations Convention on the Elimination of All Forms of Discrimination Against Women.</li> <li>• Te Hikoi ki Waitangi march is held, and there is disruption of Waitangi Day celebrations.</li> <li>• Auckland's population exceeds that of the South Island, February: the price freeze, imposed in June 1982, is lifted. The wage freeze is extended until an agreement on long-term wage fixing procedure is reached.</li> <li>• Supplementary Minimum Payments (SMPs) to farmers are removed from the end of the 1983/84 season.</li> <li>• The price freeze is re-introduced for three months.</li> <li>• The Labour Government is elected.</li> <li>• The NZ dollar is devalued 20%.</li> <li>• Controls on interest rates and credit growth are abolished.</li> <li>• New wage-fixing rules introduce greater flexibility in bargaining; the wage freeze, imposed in June 1982, is lifted.</li> <li>• The Budget announces the intention to eliminate numerous consumer and producer subsidies/incentives.</li> <li>• The price freeze, re-introduced in July, is lifted.</li> <li>• All controls on both outward and inward foreign exchange transactions are removed.</li> <li>• Controls on overseas borrowing are removed.</li> <li>• A new motor vehicle industry plan allows for greater access for imported vehicles and components.</li> </ul>
<b>1985</b>	<ul style="list-style-type: none"> <li>• The anti-nuclear policy leads to refusal of a visit by the American warship <i>USS Buchanan</i>.</li> <li>• The first case of locally contracted AIDS is reported.</li> <li>• The Waitangi Tribunal is given the power to hear grievances arising since 1840.</li> <li>• The compulsory ratio system requiring financial institutions to invest fixed proportions of their total funds in government and public securities is abolished.</li> <li>• The NZ dollar is floated.</li> </ul>

<b>1986</b>
<ul style="list-style-type: none"> <li>• The Homosexual Law Reform Bill is passed.</li> <li>• A Goods and Services Tax (GST) is introduced.</li> <li>• There is a complete phasing-out of permits for long-distance road haulage, and a progressive removal of imposts on road transport, including excise taxes on fuel and reduced import tariffs on tyres and trucks.</li> <li>• The Government assumes responsibility for major project and producer board debts totalling \$7.2 billion.</li> <li>• A Goods and Services Tax (GST) of 10% is introduced.</li> <li>• Compensating reductions in personal tax and benefit increases accompany the new tax. Some sales duties/taxes are also removed or reduced.</li> </ul>
<b>1987</b>
<ul style="list-style-type: none"> <li>• Share prices plummet by 59% in four months.</li> <li>• Labour wins the general election.</li> <li>• The Māori Language Act making Māori an official language is passed.</li> <li>• The first Lotto draw is held.</li> <li>• Air routes are opened to competitors.</li> <li>• Institutions, including overseas organisations, are able to apply for banking licences.</li> <li>• Ten new state corporations (SOEs) are established.</li> <li>• The Government announces its intention to sell assets to pay off public debt.</li> <li>• The Labour Relations Act 1987 rationalises existing legislation under one statute and reforms laws governing labour organisations to improve the negotiating environment.</li> <li>• The world share market crash; the NZ share market suffers its biggest ever one-day fall.</li> </ul>
<b>1988</b>
<ul style="list-style-type: none"> <li>• The number of unemployed exceeds 100,000.</li> <li>• Bastion Point land is returned to Māori ownership.</li> <li>• The Combined Council of Trade Unions is formed.</li> <li>• The Royal Commission on Social Policy issues its April Report.</li> <li>• The Gibbs Report on hospital services and the Picot Report on education are published.</li> <li>• The State Sector Act is passed; New Zealand Post closes 432 post offices.</li> <li>• The fisheries quota package is announced for Māori iwi.</li> <li>• Remaining price controls on petrol are abolished.</li> <li>• The sale of NZ Steel to Equiticorp begins the Government's programme of state-owned asset sales.</li> <li>• The State Sector Act 1988 comes into force. The Act restructures public sector management, introducing increased management flexibility for senior public servants along with increased accountability for performance, and aligns the public sector with private sector employment regulation.</li> <li>• Import licensing ends for most goods.</li> <li>• Australian and New Zealand Prime Ministers sign an agreement to bring forward the date for establishing a Trans-Tasman free market to July 1990 under the terms of the Australia–New Zealand Closer Economic Relations Trading Agreement. Protocols are signed to remove most trade barriers between Australia and New Zealand.</li> </ul>
<b>1989</b>
<ul style="list-style-type: none"> <li>• Prime Minister David Lange suggests formal withdrawal from ANZUS.</li> <li>• Jim Anderton founds the New Labour Party.</li> <li>• Lange resigns and Geoffrey Palmer becomes Prime Minister.</li> <li>• There is the first annual balance of payments surplus since 1973.</li> <li>• The Reserve Bank Act sets the Bank's role as one of maintaining price stability.</li> <li>• The first school board elections are held under Tomorrow's Schools reforms.</li> <li>• The first elections under revised local government structure are held.</li> </ul>

<ul style="list-style-type: none"> <li>• Sunday trading begins.</li> <li>• A third TV channel begins</li> <li>• GST is increased to 12.5%.</li> <li>• The Reserve Bank of New Zealand Act is passed. As from February 1990 the Act defines the objective of monetary policy to be the achievement and maintenance of stability in the general level of prices.</li> </ul>
<b>1990</b>
<ul style="list-style-type: none"> <li>• Māori leaders inaugurate the National Congress of Tribes.</li> <li>• Dame Catherine Tizard becomes the first woman Governor-General of New Zealand.</li> <li>• Geoffrey Palmer resigns as Prime Minister and is replaced by Mike Moore.</li> <li>• The National Party has a landslide victory.</li> <li>• Jim Bolger becomes Prime Minister.</li> <li>• Telecom is sold for \$4.25 billion.</li> <li>• Welfare payments are cut.</li> <li>• The first Reserve Bank policy targets agreement is signed. The Minister of Finance and the Governor of the Reserve Bank reaffirm the objective of price stability and set an annual Consumer Price Index increase of 0–2% by December 1992 as a target.</li> <li>• The National Government is elected.</li> <li>• A new Reserve Bank target agreement is signed extending the achievement of the price stability target to December 1993.</li> <li>• An economic package introduces across-the-board benefit cuts from April 1991.</li> <li>• Compulsory union membership ends.</li> </ul>
<b>1991</b>
<ul style="list-style-type: none"> <li>• Welfare payments are further reduced.</li> <li>• The Alliance Party is formed.</li> <li>• The Employment Contracts Act is passed.</li> <li>• The Consumer Price Index has its lowest quarterly increase for 25 years.</li> <li>• The number of unemployed exceeds 200,000 for the first time.</li> <li>• The Employment Contracts Act is passed</li> </ul>
<b>1992</b>
<ul style="list-style-type: none"> <li>• The public health system is restructured.</li> <li>• State housing is commercialised.</li> <li>• ACC reforms are introduced. The scheme's source of funds is realigned, reducing the share incurred by business and increasing personal contributions. Entitlement is redefined, including the abolition of lump sum payments.</li> <li>• The Government and Reserve Bank sign a new Policy Targets Agreement requiring the Bank to keep 12-monthly increases in the Consumer Price Index within the range of 0–2%.</li> </ul>
<b>1993</b>
<ul style="list-style-type: none"> <li>• The centennial of women's suffrage is celebrated.</li> <li>• The New Zealand First Party is launched by Winston Peters.</li> <li>• National wins the election without a majority.</li> <li>• A referendum favours an MMP electoral system.</li> <li>• Sealord Products is bought by a Māori/Brierley Investments venture. The Government's financing of the Māori half-share is in exchange for the ending of all Māori claims to commercial fishing under the Treaty of Waitangi.</li> <li>• Agreement is reached in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The agreement will lead to a more open world trading environment through the agreed process of progressive liberalisation.</li> </ul>
<b>1994</b>
<ul style="list-style-type: none"> <li>• New Zealand's first casino opens in Christchurch.</li> <li>• The Government records a financial surplus of \$755 million for the 1993/94 financial year.</li> </ul>

<b>1995</b>
<ul style="list-style-type: none"> <li>• New political parties form: the Conservative, Christian Heritage and United New Zealand parties.</li> <li>• The Royal Assent to the \$170 million Tainui Māori land settlement in compensation for lands confiscated in 1884 is signed.</li> </ul>
<b>1996</b>
<ul style="list-style-type: none"> <li>• The first legal sports betting at the TAB occurs.</li> <li>• The first MMP election brings a National–New Zealand First coalition government.</li> <li>• Income tax rates for individual taxpayers are reduced.</li> <li>• The Government records its third successive financial surplus. The surplus for the 1995/96 financial year was \$3,314 million following \$2,695 million in 1994/95.</li> <li>• The National–NZ First Coalition Agreement amends the Policy Targets Agreement with the Reserve Bank, broadening the permitted 12-monthly increases in the Consumer Price Index to a range of 0–3%.</li> </ul>
<b>1997</b>
<ul style="list-style-type: none"> <li>• Compulsory superannuation is rejected by a margin of more than nine to one in New Zealand's first postal referendum.</li> <li>• Jim Bolger resigns as Prime Minister after a National Party coup; he is replaced by New Zealand's first woman Prime Minister, Jenny Shipley.</li> <li>• The first of the Government's ANZAC frigate purchases, <i>Te Kaha</i>, valued at \$563 million, arrives.</li> <li>• The Crown signs a deed of settlement with Ngai Tahu for \$170 million compensation, plus asset transfers, to honour land sale agreements concluded last century.</li> </ul>
<b>1998</b>
<ul style="list-style-type: none"> <li>• The coalition government is dissolved, leaving the Jenny Shipley-led National party as a minority government.</li> <li>• Several cases of tuberculosis are discovered in South Auckland in the worst outbreak for a decade.</li> <li>• The Hikoi of Hope marches to Parliament calling for more support for the poor.</li> <li>• Eastern districts of New Zealand experience severe drought through the spring, summer and autumn of 1997/98, seriously affecting agricultural production. The government announces a rural sector assistance programme.</li> <li>• Income tax rates for individual taxpayers are reduced.</li> </ul>

Adapted From (Crothers, 2000)

## Glossary

ACC	Accident Compensation Corporation
CHIP	Community and Housing Improvement Programme
DPB	Domestic Purposes Benefit
FWWP	Family and Whānau Wellbeing Project
GMFI	Guaranteed Minimum Family Income
GMS	General Medical Services
GRI	Guaranteed Retirement Income
GST	Goods and Services Tax
HAND	Housing advisory service for older people
HCNZ	Housing Corporation of New Zealand
HNZ	Housing New Zealand
Hui	Meeting, coming together of people
ICT	Information and Communications Technology
Iwi	tribe, nation, people
Kaimahi Awhina	Māori primary mental health care programme
Kohanga Reo	Primary and preschool Māori language immersion schools, <i>Lit:</i> Language nest
Kura kaupapa	Kura kaupapa Māori are total immersion schools designed by Māori for Māori, and follow a curriculum which validates Māori knowledge, structures, process, learning styles and administrative practices. They offer a school environment that is immersed holistically in the Māori language and culture Maori culture; a way of life and view of the world.
Maoritanga	
Marae	Māori meeting place
MMP	Mixed Member Proportional
NCEA	National Certificate of Educational Achievement
OECD	Organization for Economic Cooperation and Development
Oranga niho	Dental health
Papakainga lending	Papakainga lending is available for building or buying housing on Maori land held in multiple ownership.
PEP	Project Employment Programme
SOE	State Owned Enterprise
Taha Māori	The Maori perspective
Te Hikoi ki Waitatngi	A march to Waitangi
Te Puni Kokiri	The Ministry of Māori Development
Tikanga Māori	Māori customs
Tohunga	Māori healer/wizard/priest
Whanau	Family or family group

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