

**Briefing to the Incoming Minister**

**Achieving Better Social Outcomes  
for all New Zealanders,  
our Families  
and our Communities**

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our Families and our Communities*

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**Cover illustration:** *Murals painted by children at Clyde Quay School, Mount Victoria,  
Wellington*



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## Overview

The Ministry of Social Development is providing you with three briefings:

- *Leading Social Development in New Zealand* covers issues across the social sector. It emphasises the need to invest in people to improve social and economic wellbeing. This investment will improve the capacity of people to deal with adversity, and reduce future reliance on social protection and assistance.
- *Achieving Better Social Outcomes for all New Zealanders, our Families and our Communities* outlines opportunities to benefit New Zealand as a whole, through good decisions on social issues for individuals, families and communities, and the delivery of quality social services.
- *Managing for Outcomes* provides an organisational overview of the Ministry, including our reach into communities and our organisational capability to make a positive contribution to social development at all levels of society.

The Ministry of Social Development was established in October 2001 to undertake two roles: firstly, to provide whole-of-social-sector leadership; and secondly, to deliver social services and advice to government on the needs of children and young people, working-age individuals, older people, and families and communities.

This briefing, *Achieving Better Social Outcomes for all New Zealanders, our Families and our Communities*, covers how New Zealand can build on recent economic and social success to achieve better outcomes by:

- helping children, young people and families succeed
- improving opportunities for working-age New Zealanders
- enhancing the wellbeing of older New Zealanders today and tomorrow
- building a strong and sustainable community-based social services sector.

**This briefing outlines ways social development can benefit New Zealanders**

**This briefing emphasises the value of investing for good outcomes now and in the future**

This briefing emphasises the need to focus on key points in people's lives to identify and address priority issues now, and to produce better outcomes further down the track that maximise the potential of our people, minimise harm, and reduce reliance on social protection in the future. The approach outlined tilts the balance of new social investments to prevention and early intervention.

# Key messages

## Helping children, young people and families succeed

- Most parents do all they can to ensure their young children are cared for and raised well. However, all families face pressures, and some experience serious challenges and disadvantage. To ensure all children get the best possible start in life, we need to support parents and families to fulfil their role, and shift the emphasis of our social investment towards children.
- Most children in New Zealand are safe and secure, but we have high rates of violence within families and one of the highest rates of children dying from intentional injury in the developed world. To help make our homes free from violence, it will be important to develop effective prevention strategies and early intervention programmes and services.
- Demand for affordable childcare exceeds supply. To ensure our children have the best opportunities to develop and prepare for learning, particularly children at risk of poor outcomes, we need to promote participation in, and increase the availability of, affordable, quality child care and education services.
- New Zealand provides good opportunities for our young people, but many struggle with the transition from school into further education, training and work. It is important we provide young people with the support they need to help them succeed and reach their full potential.
- Well-chosen tertiary education or industry training represents an excellent investment – both for the individual and for society. We need to help young people make the right choices about tertiary study or industry training, and ensure they understand the impact of the choices they make, including how they finance their studies.

## Improving opportunities for working-age New Zealanders

- The number of working-age New Zealanders receiving a benefit has decreased by 20% in the last five years. But some groups remain at risk of long-term benefit receipt and therefore low living standards. To help more working-age beneficiaries into work, we need to provide enhanced work-focused services to a broader range of clients.

- The Ministry of Social Development's relationship with employers and industry is critical to helping people into work. Continuing to develop and implement employer- and industry-focused employment services will better meet the needs of employers and thereby achieve better outcomes for our clients.
- Linking expectations, obligations and access to employment services to benefit type fails to recognise the potential of many people, and risks trapping them on a benefit at a time of high employment and labour shortages. It is important to modernise the working-age benefit system to build the capacity of all who can participate in work, while protecting those who genuinely cannot work.
- A decent job offers the best route out of poverty and is a means of lifting living standards, but parents face additional barriers to labour market participation – including the cost and quality of childcare. To improve parents' choices, we need to ensure parents can access effective paid parental leave arrangements, targeted income support, and high-quality and flexible child care and education services.
- Like employment, housing is of critical importance for a range of social and economic reasons. The cost, quality and location of housing have a material impact on a family's wellbeing today and their children's prospects tomorrow. To improve New Zealanders' access to decent secure housing, it will be important to review housing support mechanisms and to ensure these supports are responsive to the changing housing market.

#### **Enhancing the wellbeing of older New Zealanders today and tomorrow**

- The increasing numbers and changing nature of the 65+ population will have major implications for New Zealand. It is important that we increase our knowledge and plan to meet the opportunities and challenges the ageing population will bring.
- While New Zealand has a world-class system of public provision for retirement that leads to very low levels of poverty for older people, we need to develop strategies that ensure future generations of older people make adequate provision to supplement their New Zealand Superannuation, to support a good quality of life in retirement.

- Expanding employment opportunities for older people will support those who choose to continue working, offset some of the fiscal costs of population ageing, and help to reduce skills shortages. Currently, older people face barriers to employment. It is important to improve employment opportunities for older New Zealanders by working with employers and providing employment services to older people.
- Older people with moderate health and personal care needs should be able to remain in their own homes living independently, rather than having to move into long-term residential care. We need to provide improved support to help older people continue to live independently in the community.
- The current provision of services to older people in need is fragmented, and sometimes of poor quality. It is important that we improve the quality and co-ordination of services, and provide better information to older people about what is available, while developing a wider range of proactive programmes and services.
- Older people in New Zealand should be able to feel safe and secure, live with dignity, and be free from discrimination. Mental and physical frailty can make some older people more vulnerable. We need to develop strategies and put in place mechanisms that protect the interests of older people and prevent elder abuse and neglect.

### **Building a strong and sustainable community-based social services sector**

- Community-based non-government service providers play an increasingly important role in the delivery of a broad range of government-funded social services. However, many of the providers are small and lack strong organisational infrastructure. To ensure the sustainability of the delivery partnership with community-based providers, leadership across government is required to build organisational capability and capacity.

- Government supports the delivery of community-based social services through a variety of funding and contracting models. To strengthen the delivery partnership with community-based providers, we need to ensure funding and contracting models support the development of a robust social services sector, enhancing accountability, while minimising unnecessary compliance costs.

# part one

Building on recent success



# Part one : Building on recent success

## Chapter 1: Achieving better outcomes for all New Zealanders

### Introduction

A strong economy has delivered gains for many New Zealanders. Families with children are less likely to experience poverty. There are more people participating in employment and fewer relying on social assistance. New Zealand has one of the lowest levels of poverty among older people in the OECD.

Job-rich economic growth has underpinned the achievement of good social outcomes. Working to increase productivity and to broaden access to employment will continue to improve outcomes by increasing incomes and living standards. But, to successfully achieve better outcomes for the population as a whole, and for disadvantaged groups within it, we need to match our performance on economic development with our investment in social development.

The economic outlook is positive. Continued growth presents opportunities to take advantage of recent gains and to position New Zealand in a way that will deliver better social outcomes across the board for New Zealanders today and generations of New Zealanders to come. This will help New Zealand develop a globally competitive social environment, build industries and increase productivity, by successfully competing for our home-grown talent and attracting migrants with the skills we need.

The way forward is to invest in programmes and services that address social priorities now, and achieve medium- and long-term gains in the future.

### The Ministry of Social Development

The Ministry of Social Development (MSD) and its specialist services touch the lives of all New Zealanders. We provide leadership across the social sector and work with government and non-government organisations, and

**We can build on social and economic gains to deliver better outcomes across the board**

**MSD delivers services for individuals, families, and communities**

**We deliver services in partnership with businesses, community providers, and other government agencies**

directly with individuals, families and communities. We deliver services that help care for our children, support our families and young people, develop our workforce, care for older New Zealanders, strengthen our communities, and plan for demographic changes in our population.

In this way, a critical contribution is made to growing a strong and resilient economy. The better we do socially, the more competitive New Zealand is globally.

Our approach is to help identify what works and change what does not. Making wise investments that work across the life cycle will generate the greatest returns further down the track, particularly by investing in children to ensure they get the best possible start in life. Other key areas of focus for us are reducing barriers to employment for working-age people, and improving outcomes for older New Zealanders now and in the future.

Another emphasis is on developing new approaches to service delivery through active case management, and by forming strong partnerships and alliances across government, with industry and with our communities.

### **Tilt the balance towards social investment**

As part of living in a cohesive and inclusive society, it continues to be important to New Zealanders to provide social protection, by offering a safety net that protects those experiencing disadvantage. But we also need more effective social investments if we want to genuinely improve wellbeing for all New Zealanders over the long term.

**Social protection needs to focus more on causes rather than effects**

Taking a more active approach in the provision of social protection will make interventions more effective. For example, repeatedly treating a child suffering from a respiratory infection would be unnecessary if it were possible to address the causes that led to the infections, which might include living in overcrowded conditions or neglect. As another example, instead of simply paying a benefit, a more effective way of providing social protection is using active case management to address the barriers to work that people face, such as a lack of training or a lack of childcare.

Placing the emphasis of new social investments on prevention will help avoid problems and poor outcomes. Effective social investment has these features:

- It contributes to economic development and growth. As recent labour shortages show, without a skilled workforce, economic growth and productivity levels are weakened. Effective investment in the right types of education and skills enables more New Zealanders to participate in the economy.
- It prevents and mitigates poor outcomes in the future. The evidence is steadily building that our experiences when very young are a major influence on how we do later in life. Investment in prevention and early intervention will unlock potential, and avoid future problems, for disadvantaged children and young people.

**Social investment emphasises early intervention**

### **Place the emphasis on early intervention**

Placing the emphasis on early intervention services gives children the opportunity to reach their full potential, while tackling problems early to avoid potential long-term, negative outcomes.

**Early intervention avoids long-term problems and costs**

Early intervention approaches build on preventive systems through the proposition that intervening early in the life of the child, and early in the life of the problem, can work to address the immediate issue before it causes long-term harm and restricts opportunities.

There are numerous examples where effective early intervention can substantially alter a person's life and avoid consequences that include costs to the individual, the taxpayer and the community. This approach requires a system of effective screening built on research and strong evidence about what works. Situations where early intervention should be pursued include:

- school truancy, suspension and expulsion
- early exits from school
- children with conduct disorders
- children notified to the Department of Child, Youth and Family Services
- young people involved with drug and alcohol abuse
- teenage parents.

## **New approaches to service delivery**

New approaches to service delivery recognise that many issues faced by individuals or families are not independent of each other. For example, inadequate housing is commonly associated with families who are unemployed or on a low income. Frequent changes in housing circumstances may result in poor educational performance for children and an absence of family or community-based support networks. The Ministry of Social Development is developing new approaches to service delivery through:

- active case management and new technologies
- service integration
- partnerships.

### *Active case management and new technologies*

Key workers and case managers actively broker services to achieve improved outcomes for people by operating as agents on behalf of clients. Examples of this approach currently being developed include the Family Start and Strengthening Families programmes for at-risk families, and Work and Income's new approach to health and disability clients.

During the past decade, new technology-based tools and approaches have improved our efficiency and effectiveness in reaching clients and improving access to information. These include the establishment of call centres and the use of online technologies and data processing. How technologies are used has also changed. For example, outbound calling improves contact with clients, promotes employment services and ensures correct entitlements. This service operates through Work and Income call centres, making better use of existing resources and increasing the level of contact with clients.

### *Service integration*

People who contact specific agencies should be guaranteed advice on government programmes and entitlements that operate under the mandate of a variety of agencies.

**We act as a broker for clients**

**We refer people to the help they need from other agencies**

Services need to become seamless and outcomes-focused. For example, when people approach Housing New Zealand Corporation for a state rental home, they should also receive information on accommodation support available through the Ministry of Social Development. Where services are required, accessing one gateway, or using a ‘no-wrong-door’ approach, guarantees that people are referred to the specific services they need at the first point of contact. To achieve this, we need to use smart technologies, train frontline staff and, most importantly, gain commitment and co-operation across government.

### *Partnerships*

Delivering services through partnerships is critical to improving what the Ministry does and the outcomes we achieve. These include partnerships with:

- schools, care services and networks to improve support for children, parents and families
- health services, education providers, industry, firms and community groups to maximise opportunities for people marginalised in the labour market
- community-based social services to help groups of people that include:
  - people in hardship or crisis
  - people with disabilities
  - people with particular needs, including migrants and refugees
  - older people wishing to retain their independence and age in place.

Delivering services through other providers and networks is essential if the support people need is to be available where and when they need it. The Ministry of Social Development works with a range of groups at the national level to provide leadership and to achieve alignment and co-ordination of services, and within regions to help build and improve service delivery on the ground in tune with regional needs. Working to strengthen community-based social services sector is critical in a time where demand is outpacing capacity and capability.

**National and regional partnerships mean we can deliver co-ordinated services**

We have also developed partnerships with industry which help to identify skills and labour shortages, and ensure employment programmes meet industry demands.

## **Conclusion**

New Zealand is well-placed to build on recent success and to be a world leader in achieving better social and economic outcomes for all its citizens. We can do this by:

- Taking a direction on social issues which does more than react to people's current circumstances, focusing investments instead into programmes and services that achieve medium and long term gains.
- Focusing on key points in people's lives to identify and address priority issues now.
- Tilting the balance of new investments towards prevention and early intervention. This will not only deal with immediate concerns, but will also produce better outcomes further down the track, minimising harm, maximising people's potential and reducing reliance on social protection in the future.
- Implementing new service delivery methods to further develop service integration and build community-based social services.

There are always opportunities for action, and more that we can do, to improve social and economic outcomes for New Zealanders across the board. The Ministry of Social Development has the capability, the reach and the expertise to add value to government decisions and to social sector activities.

Part two of this briefing identifies opportunities for action to achieve better outcomes for children, families and young people, for working-age people, and for older New Zealanders. Part three focuses on strengthening the community sector to improve the delivery of outcomes through community-based social services.

# part two

Achieving better social outcomes



## **Part two : Achieving better social outcomes**

### **Chapter 2: Helping our children, young people and families succeed**

#### **Introduction**

Good outcomes that improve wellbeing for children and young people are vital to our economic and social future. How good these outcomes are will depend on how well families and communities function, and how successful governments are in supporting them.

New Zealand should aim to be a world leader in outcomes and opportunities to succeed for our children, families and young people. The importance of a skilled workforce to our future economic development, heightened by the impact of an ageing population, makes it even more critical that we ensure all children and young people reach their full potential and achieve more than previous generations.

Within an ageing population, over time we will place significant demands on the next generation of working people. Much of the responsibility for supporting the incomes and health needs of the baby boom generation will need to be met through taxation. While this expenditure reflects the social contract between working-age New Zealanders and the generations of tax payers who preceded them, New Zealand's long-term social and economic outcomes will only be improved if we tilt additional investment towards achieving better outcomes for children.

The Ministry of Social Development works to achieve better outcomes for children, young people, and the families and communities they live in, by informing government and social sector decisions through research and evaluation, by delivering services, and by co-ordinating programmes and services across government and the social sector. Our target group includes more than one million children and young people under 18 years of age, some 400,000 young people aged 18–24 years, and the 600,000 families with dependent children in New Zealand.<sup>1</sup> Together, children and young people make up 36% of the population.

**We should aim to be a world leader in the social outcomes we achieve for children, young people, and families ...**

**... through research and evaluation, services, and co-ordinated programmes**

**We have achieved many improvements, but disparities remain**

This chapter outlines priority social issues and areas for improvement in service delivery, in relation to children, young people and families. It includes opportunities for new actions to achieve better outcomes now and in the future.

### **Children, young people and families in New Zealand today**

There has been a steady decrease in the proportion of families with children in poverty. Improvements have been achieved in health, employment, housing, education and the economic circumstances of children and young people. But wide disparities remain. Many sole-parent families experience low living standards, and Māori, Pacific and other ethnic families are most likely to be living on low incomes.

The changing structure of New Zealand families is an important trend that will continue to have major implications for government. Patterns of family formation and dissolution have changed rapidly. Fewer young people are getting married and more live in de facto relationships. Women with formal tertiary qualifications tend to have children much later than those who are relatively less educated.

There is little change in the overall proportion of people in a relationship, but many relationships do not last. One in three women can be expected to separate from their partner within the first 20 years of marriage. As a consequence, sole-parent families, and blended families with children from a previous relationship, have become more common. Some 20% of all children in New Zealand are likely to live in blended families before they are 17 years of age.<sup>2</sup>

New Zealand has the second-highest level of sole-parent families in the OECD, with 40% of our children likely to experience a period of time in a sole-parent home. The increase in sole-parent families is more pronounced for Māori and Pacific children. In 2001, 44% of Māori children and 31% of Pacific children were living in sole-parent families, compared to 20% of European children.<sup>3</sup>

Changes in family types include a growth of sole-parent families is related to an increase in poverty rates

At present, 83% of our sole-parent families are headed by women. Over one-third of sole mothers have no qualifications (36%), compared to one-fifth of partnered mothers (19%). Another possible outcome of this situation is children growing up with little contact with fathers or positive male role models.

The OECD has noted that shifts in the distribution of family types, including the growth of sole-parent families, explain a significant part of the increase in New Zealand's poverty rates since the mid-1980s.<sup>4</sup> In 2003/2004, an estimated 94,000 children in sole-parent families and 120,000 children in two-parent families, had incomes below the main social report low income threshold.<sup>5</sup>

In a time of reducing poverty levels, the proportion of children living in low-income households is seven percentage points higher than 15 years ago (refer Table 2.1). The likelihood of children reaching their full potential in life is severely diminished by persistent periods of hardship, especially at a young age.

**Table 2.1 Proportion of population in economic family units with net-of-housing-cost equivalised incomes below 60% of median income (benchmarked to 1998 median)**

	1987–1988	1992–1993	1997–1998	2003–2004
	<b>Proportion of individuals</b>			
Total population	12.3	26.5	20.9	19.3
Total dependent children	13.5	33.9	24.4	20.6
	<b>Proportion of families</b>			
Families with one dependent child	10.3	29.2	24.0	18.8
Families with two dependent children	11.1	30.4	22.8	16.4
Families with three or more dependent children	16.8	40.6	26.1	27.4
Sole-parent families	13.9	59.6	47.1	39.8
Two-parent families	11.9	24.2	16.1	12.9
Total families with dependent children	12.3	32.7	24.2	20.1
Families with any Māori adult	13.5	41.8	30.3	23.6
Families with any Pacific adult	23.4	50.0	43.6	40.2
Families with any Other ethnic group adult	24.0	42.1	53.7	46.8
Families with any European adult	12.5	23.2	18.1	15.7

Source: The Social Report 2005, Ministry of Social Development, Table EC3.1

Table 2.2 provides some insight into the impact of low standards of living on children. Comparisons are made by grouping dependent children in 2000 into four broad living-standards categories: restricted (13%); somewhat restricted (16%); comfortable (41%); and good (30%).

**Table 2.2 Constraints in consumption experienced by children (%), by their standard of living, 2000**

	Living standards			
	Restricted	Somewhat restricted	Comfortable	Good
	%	%	%	%
<b>Items not obtained/activities not participated in due to cost</b>				
Suitable wet weather clothing for each child	31	7	3	0
A pair of shoes in good condition	17	3	1	0
Child's bike	24	9	4	0
Playstation	29	23	9	1
Personal computer	59	29	20	2
Internet access	59	30	19	3
Childcare services	28	13	8	1
Having children's friends over for a meal	13	5	2	0
Having children's friends for a sleepover	15	2	2	1
Having children's friends to a birthday party	14	3	2	0
<b>Items of consumption cut back due to cost</b>				
School outings	51	23	7	1
School books/supplies	38	18	5	1
Books for home	58	38	17	3
Visit to doctor	31	13	3	0
Visit to dentist	18	10	4	2
Eye glasses	9	8	1	0
Sports activities	54	34	13	1
Limited space for study and play	45	28	12	5

Source: Jensen et al (2003) "New Zealand Living Standards: Their Measurement and Variation, with an Application to Policy" in *Social Policy Journal of New Zealand*, 20:72-97, Table 4

While the majority of our children are safe and protected, there has been no decline in the rates of reported abuse and neglect of children in recent years. Māori and Pacific children are at higher risk. The rate of child deaths from intentional injury shows no improvement.

Reported rates of child abuse and neglect have not declined in recent years

The infant mortality rate halved in the 10 years to 1998, and there have been some improvements in the health of children and young people. However, other issues are becoming more prominent. For example, obesity has become a significant problem, and children and young people's participation in sport and active leisure is declining. Obesity is most prevalent for people with low standards of living.

Loneliness is most prevalent for young people aged 15–24 years. It can lead to a range of problems and is an indication that some young people have a sense of social isolation.

Common mental health issues among young people include anxiety, depression, conduct disorders, and alcohol and substance abuse. These are risk factors for suicidal behaviour and self-harm.

The rate of births to young women under 18 is relatively high in New Zealand, although numbers have been falling steadily since 1995. Teenage mothers and their children are highly vulnerable and need effective early support. They also need opportunities to help them continue with their own education and often additional support to help them raise their children.

While New Zealand children rank well in international educational comparisons, we continue to have high levels of early school leaving, with a reduction in school retention at age 16 over the past decade (from 85% in 1993 to 82% in 2003). Particularly worrying is the situation for adolescent males, where one in five (21.4%) have left school by the time they turn 16 years, compared with 14.5% of females.<sup>6</sup>

New Zealand should aim to provide the best social environment for children, young people and families and be a world leader in the outcomes we achieve. We need to support families and give children every opportunity to reach their full potential, while working to prevent childhood experiences leading to disadvantage. We need to be proactive and develop programmes and services that get ahead of the problem and prevent long-term harm. Our young people should access world-class opportunities at home, and look forward to opportunities, challenges and rewards that compete with those available elsewhere. What we do now will ensure our children, families and young people positively contribute to building an even better New Zealand for the future.

**The rate of births to women under 18 is relatively high**

**... and we have high numbers of young people leaving school early**

The following section of this briefing provides priority opportunities for action to improve the situation of children, families and young people in New Zealand.

### **Opportunities for action to improve the wellbeing of children, young people and families**

The majority of families in New Zealand are doing well. The majority of children are well cared for and given the opportunities in life they deserve. Most parents do an excellent job of raising their children. But families are facing an increasing range of challenges. Family structures change; parents move and leave behind the support of relatives and friends; some parents have little knowledge of good parenting skills; others struggle to balance work and family life.

It is critical that we help families function well by ensuring support is available to help them deal with difficulties as they arise, and cope with stresses that result from the need to balance work and family life. We need to support people into work and take into account different family contexts, including size and situations where no one in the household has a job (refer to Chapter 3 of this briefing for a fuller discussion of these issues).

While many aspects of wellbeing for children and young people have improved, there are still too many at risk of chronic illness, or subject to failure at school, or in circumstances where low standards of living, neglect, violence, and other forms of maltreatment blight their lives and restrict their opportunities.

To help all our children, young people and families succeed, we need to tilt the balance of our social investment to:

- give children the best start in life
- reduce the level of disadvantage and harm experienced by children
- increase child development opportunities
- provide young people with the best prospects for success.

**Families are facing increasing challenges; we must make sure support is available**

## **Giving children the best start in life**

Most parents do all they can to raise their children well and give them the best chance of success in the future. However, all families face pressures that can impact on their ability to cope with the demands and needs of young children. For a significant number of families, such as sole parents and families experiencing disadvantage, the challenges are even greater. We need to ensure all children get the best possible start in life by supporting parents and families, and shifting the emphasis of our social investment towards children.

Ensuring children have the best start in life includes supporting parents and promoting family stability, and improving access to, and the quality of, the information, services and advice that help families address their own problems and care for each other.

New Zealand has well-established universal services to encompass the most important developmental years and milestones in a child's life. These services provide a potential platform from which to build networks to connect families to the supports and services that will help them give their children the best start in life. We can do much more to build comprehensive support for children by linking services and building more intensive support for children who need it. Building off universal services has the potential to provide the level of support families need, while removing the stigma sometimes associated with seeking help from distinctive organisations.

The provision of services to help families seeking additional knowledge and skills to support their children's development, needs improvement. More attention needs to be paid to the pressure points families experience, such as the birth of a child, children's entry into early childhood education and school, and their movement between schools.

While resources have been increased to meet the needs of families in crisis, not enough has been done to prevent the crisis happening. Families experiencing additional pressures resulting from changing location, conflict between parents, family break-up or the move into a blended family situation with a new parent, need more support.

**We need to build on our well-established universal services to provide intensive support for children who need it**

### *Early intervention*

There is high-quality New Zealand evidence that interventions in the early years work to give children the opportunity to reach their full potential. The Early Start programme has lowered behavioural problems, raised early childhood education attendance and reduced numbers of Child, Youth and Family notifications<sup>7</sup>. International studies confirm the benefits of interventions early in the life of a child.<sup>8</sup>

We need to ensure all children in New Zealand have the opportunity to reach their full potential by investing more in preventive community-based services to support families experiencing difficulties, and by increasing our total investment in parenting education and support for each of the stages of children's development, including the pre-school, school and teenage years. We need to re-balance new social investments to increase prevention and early intervention services.

We have made some progress in the provision of information and support services for all families with young children through programmes like SKIP (Strategies with Kids – Information for Parents), which provides information for families and service providers. The Strengthening Families initiative is achieving good results through organisations and communities working together at a case-by-case level, with some of our most vulnerable families.

Investment in intensive support services for the most vulnerable families includes programmes like the Family Start home-visiting programme, now located in 16 sites around New Zealand, with a further 12 sites to be established over the next two years. At present, Family Start still only touches a small proportion of at-risk children across New Zealand. We have identified ways to expand and improve these services and take them to international best practice standards.

Early intervention can work to stop problems becoming entrenched and change negative life paths by dealing with matters early in the life of a child, and early in the life of the problem. We need to increase our investment in early intervention to reduce the need for spending in areas like social assistance, justice and health.

**SKIP, Strengthening Families, and Family Start, are all good examples ...**

**... of successful programmes we can expand and improve, helping people change their lives for the better**

For families with young children up to five years of age, we have the opportunity to put in place a much stronger system of support so that:

- all families will be able to access community-based formal and informal support networks (eg through existing programmes like WellChild and SKIP)
- all families that want it will receive services, including information and advice, that help them raise their children, and families with particular needs will be provided with effective co-ordinated responses (eg through local one-stop services that provide early childhood care and education, immunisation, health assessments, parenting support and family counselling)
- families with particular needs, and with young children who continue to be vulnerable to poor outcomes, will have access to effective, co-ordinated, intensive prevention and remedial services (eg through the Family Start and Strengthening Families programmes, and child protection services).

Building family support networks and improving the early provision of services and advice to families will improve outcomes and prevent problems occurring further down the track. Investing in families and children safeguards New Zealand's greatest asset.

*Opportunities for action to give children the best start in life*

- We need to provide information and support to families and children in the early years, and identify additional needs
- To build this capacity, we should extend existing support available through universal services like WellChild to enhance our ability to
  - ensure all parents gain access to key skills and the knowledge they need
  - effectively screen for problems
  - recognise and respond to the additional needs of families, and refer families to the right services

- In establishing an effective and responsive service infrastructure to support families, we should aim to:
  - clearly articulate and ensure accountability of outcomes
  - build on what works and evidence-based best practice
  - establish strong feedback loops to share understanding and knowledge among all professionals working with children and families
  - support innovation, ensure services evolve and achieve coherence and better coverage
  - develop an effective workforce to work with and deliver services to those most at risk
  - provide incentives for collaboration and foster strong and effective governance
  - place decision making close to families and communities
  - adapt to different community and population contexts
- Development should include community-based services that provide easily recognised and accessible venues for support to families
- There are opportunities to build on the existing Strengthening Families governance and co-ordination process to achieve co-ordination of family support services and networks
- To put the above actions in place, we need to work with communities, engaging with them in ways that recognise and respond to the needs of families
- Successful programmes such as Social Workers in Schools should be expanded to address problems before they escalate.

### **Reducing the level of disadvantage and harm within families**

While most children in New Zealand are safe and secure, we still have high rates of violence within families, and one of the highest rates of children dying from intentional injury in the developed world. Around 55,000 referrals were made to Child, Youth and Family in 2004/2005 regarding suspected child abuse and neglect. We need to develop prevention strategies and active early intervention programmes that provide parents with the child

development knowledge they need and build their coping mechanisms through support networks to help them stay free from violence in the home.

Children and young people need, and are entitled to, safety and security. While most of our children live their lives free from harm in positive environments, a small proportion are less fortunate. Children living with abuse, neglect and family violence is the ultimate failure of our most basic responsibilities.

In the 1980s, the rate of children dying from intentional injury in New Zealand almost doubled and there has been little change since then. Our most vulnerable children, those aged under five, are twice as likely to suffer this fate as children aged 5–14 years.<sup>9</sup>

Around one in 20 of our children under the age of 17 years was present during instances of violence within their families attended by police in 2004/2005.<sup>10</sup>

The prevalence of violence between partners<sup>11</sup>, the increasing notifications of child abuse and neglect, and the growing awareness of elder abuse and neglect make violence within families a common social ill.<sup>12</sup>

The high incidence and human cost of family violence in New Zealand is indefensible, and the financial cost substantial – directly to taxpayer-funded services such as social assistance or health, and indirectly through the loss of participation in work and community life.

The Ministry of Social Development is taking renewed action to reinvigorate our response to family violence. We have planned a public education and awareness campaign with a focus on changing attitudes and behaviours, and giving families the skills they need to resolve conflicts and to achieve order in the home without resorting to violence or abuse. We have also established the Violence within Families Task Force, supported by government and non-government organisations. A key focus needs to be on effectively dealing with the behaviour of perpetrators of domestic violence.

There has been a significant increase in resources to expand statutory care and protection services that address the effects of child abuse and prevent its re-occurrence. Work has been done to enable the earlier referral of lower-risk cases notified to Child, Youth and Family, to community

**Children and young people are entitled to safety and security**

**We are reinvigorating our response to family violence**

providers. The community providers will then establish close contact with families and provide the support children and families need. Networks of family support services are being built through the Ministry's Family and Community Services service line, with the aim of reducing the pressure on Child, Youth and Family to allow them to focus on the most serious cases of abuse and neglect.

While remedial care and protection services have been substantially expanded, greater investment needs to be made in effective prevention. We need to prevent the harm whenever possible, rather than step in after the fact.

With little change in the incidence of child abuse and neglect in the last five years, it is unlikely we will turn the tide through care and protection services alone. We need to increase our understanding of what drives violence within families and of effective responses to it. We can use the Task Force process now in place to increase our knowledge, to take action to strengthen and broaden our prevention strategies and services, and to build our early response systems for families at risk of violence.

Child, Youth and Family needs to maintain a single-minded focus on the safety, security and best interests of children. To do this, it needs the tools and support to intervene effectively, in an environment of stronger prevention services.

Failure on this issue is not an option. If we do not succeed, the need for remedial care and protection resources will increase and New Zealanders will continue to suffer the tragic consequences of family violence.

*Opportunities for action to reduce the level of disadvantage and harm for children*

- We need to plan and carry out a systematic programme of actions, including public education and community awareness-raising, to change the attitudes and behaviours that lead to violence within families
- This should include working with communities, non-government organisations and government agencies to set up community-driven, 'safe families' programmes of action that:
  - increase awareness of violence and neglect within families

**We need a systematic programme of action that involves all parties and strengthens all areas, from prevention and early intervention through to care and protection**

- set objectives about families being safe
- engage community leaders and organisations in responses to violence, which prevent the occurrence and re-occurrence of violence
- We need to increase the capacity and effectiveness of services working to prevent violence within families
- Perpetrators of violence within families should be held accountable for their actions
- We need to address the impact of violence on children and young people, and work to prevent the re-occurrence of violence
- There are opportunities to strengthen whole-of-government responses to violence within families (including child abuse, partner abuse and elder abuse) through leadership at a ministerial and chief executive level, building on the new processes and structures around the Task Force for Action on Violence within Families.

### **Increasing child development opportunities**

In many OECD countries, changing labour market participation patterns and the need for increased economic growth triggered the development of formal childcare. In New Zealand, community-based kindergarten and playgroups grew from a basis of child development. Participation in the labour market as the driving force behind the need for improved childcare in New Zealand has only recently come to the fore. But demand now exceeds the availability of affordable quality services. We need to improve the accessibility and affordability of child care and education services to increase participation and to ensure our children get the best opportunities, particularly children at risk of poor outcomes.

Child development opportunities, provided through participation in early childhood education and care, are receiving increasing prominence in most OECD countries. In Nordic countries and in New Zealand, the need to expand early childhood services has focused on the educational and developmental role of pre-school care. In other countries, the emphasis is on improving the availability of childcare as a mechanism to increase participation in employment, alleviate poverty and improve living standards.

**Early childhood education is as important for child development as for enabling parents to work or study**

Increasingly, New Zealand is facing a shortage of early childhood services, with more parents seeking to improve the circumstances of their families and wanting greater choices around participation in work. This is addressed in Chapter 3 of this briefing (Improving opportunities for working-age people).

An approach to early childhood education and care that focuses only on assisting parents into work does not necessarily encourage participation that will help children prepare for learning and improve school performance.

From a child development perspective, we need to pay attention to the early years to get ahead of issues that occur later on, like poor educational achievements and poor patterns of health and activity. We need to achieve improvements while children are young if we want to ensure the next generation is active, healthy and laying down the foundations for good prospects in life.

The first three years of a child's life is a time of rapid physical, cognitive and emotional development. The quality of the home environment and participation in early childhood education both make important contributions to this process. For children subject to deficits in the home environment that deprive them of the stimulation necessary for normal cognitive development, early childhood education plays an even more crucial role, by making up for what is lacking at home. Research shows that providing children in these situations with early childhood education has a significant impact on their cognitive development, and that this can have enduring positive effects for their future development.<sup>13</sup>

**70,000 families with children under five can't access suitable care**

In New Zealand, some 70,000 families with children under the age of five report they are unable to access appropriate care services for children, indicating the extent of service restrictions. Poor care arrangements add to family stress. In addition to the lack of supply, costs of childcare are also substantial, providing a disincentive that prevents some children participating in early childhood development opportunities.

Recent investments have been made to support increased participation in early childhood education, but the current service limitations continue to place child development and economic development at risk, and limit the capacity of families to increase their income and to improve their living standards and long-term prospects.

While some short-term measures to improve the range of choices open to parents have been made, in the medium term we need to do more to make quality, affordable early childhood education and care available if we are to increase children's participation. A coherent plan of action over a period of 5–10 years needs to be developed to ensure all New Zealand children can access quality services and get the best start in life.

**We need a five-to-10-year programme to improve the availability, accessibility, and quality of early childhood education and care services**

#### *Opportunities for action to improve child development outcomes*

- All parents should have access to the support and guidance they need to help them provide children with an environment that meets their developmental needs
- We need to develop a medium-term plan of action to increase the availability and accessibility of affordable, quality early childhood education and care services for all children
- A priority is to co-ordinate and strengthen early childhood education and care services, and other support services, for disadvantaged families to increase the participation of children vulnerable to poor outcomes in early childhood education and care services
- The development of school-sited and community-based all day early childhood education and care centres for working families should be promoted
- The development of quality home-based care for families engaged in work outside of standard hours should be supported.

#### **Providing young people with the best prospects for success**

Young people in New Zealand have good prospects for success, but some struggle with the transition from school. To secure New Zealand's future, it is vital that young people make good choices and successfully make the transition from school into further education, training or work. We need to help young people avoid unemployment and circumstances that restrict their opportunities in life, by supporting them to reach their full potential and make a positive contribution to our communities.

**The transition from school to adult life is a crucial stage for young people**

The teenage years mark an important point of transition. Young people's actions at this point in their life can have a marked effect on the direction their life will take and their chances of successfully reaching their full potential.

In the year ended March 2005, around 18,000 of our 15–19 year olds (6%) were neither employed nor engaged in study. For some, this is the beginning of a cycle that can reduce their chances of finding employment in the long term and can increase their risk of experiencing mental health issues or substance abuse or of breaking the law.<sup>14</sup>

The number of young people coming into contact with the law has increased. Young people remain responsible for around 22% of all offences committed, and for about 9% to 10% of violent offences. There has been little change to these proportions over the past decade. The very small group of young people who commit large numbers of offences often have conduct disorders.<sup>15</sup> Usually low level offending is a temporary phase, part of the transition into adulthood, but for some young people, it signals the start of persistent problems with long-term consequences.

Every young New Zealander leaving school needs to make a smooth transition into work, further education or training. Young New Zealanders who come into conflict with the justice system, or experience other difficulties, require speedy and effective assistance that helps get them back on track.

#### *Effective transitions*

Strong economic growth and a healthy labour market, backed by intensive case management work with young people, have already seen dramatic declines in youth unemployment, but young people are still at greater risk of unemployment than older New Zealanders.

Alternative education systems do not appear to be working effectively for those most at risk. We need to find alternative pathways for those who need support to ensure young people do well at school and leave with a clear path into employment.

Opportunities to develop and expand innovative approaches to ensure young people are well positioned for local labour market opportunities are

**We are exploring ways to support young people at risk of a poor transition**

being explored. Several initiatives aim to achieve the goal of having all 15–19 year olds in education, employment or other activities that lead to economic independence and social wellbeing.

The Ministry of Social Development's Work and Income service assists young people into employment. The Youth Transitions Service works with schools and supports students, encouraging teenagers at risk of leaving school early to remain in education or to enter training, to make good long-term choices, to support their transition into work and to help them position themselves to achieve long-term outcomes. Stronger vocational guidance is being provided through career services.

### *Effective approaches to improve youth justice outcomes*

We know that an effective youth justice system should have a heavily graduated response, steering most young people away from continued offending at their first contact while responding more assertively to those who are becoming set on the wrong path.

More established problems in older children and young people require a strategic approach, involving collaboration between all the key players and building off work already underway through youth offending teams.

We know many of the factors that can contribute to a young person offending are deeply entrenched and go back to early childhood. Early intervention can be seen as an investment that avoids significantly higher costs further down the track. For example, it costs on average more than \$50,000 a year to keep a person in prison. Costs of crime in New Zealand met by government alone have been estimated at 5% of GDP.<sup>16</sup> A recent study found that 69% of young offenders attending a family group conference were subsequently convicted within the judicial system after they turned 17 years of age.<sup>17</sup>

Child, Youth and Family is working with agencies to build a more effective approach to improving youth justice outcomes. Consistent with early intervention programmes, this will include measures to address problem behaviours in young children before they become entrenched.

**Our youth justice system aims to steer young people away from continued offending ...**

**... and take strong, collaborative approaches to help serious young offenders get back on track**

Changes in Child, Youth and Family, and the establishment of a Family and Community Services line within the Ministry of Social Development, are reinforcing strategies to achieve improvements for young people. Current programmes such as Social Workers in Schools need to be adapted and expanded to include older children and act as service brokers for young people coming into conflict with their families, school authorities or the law.

The Ministry of Social Development works closely with the Ministry of Youth Development (MYD) and other agencies and organisations to pursue better outcomes for young people.

#### *Opportunities for action to improve outcomes for young people*

- We need to build on initiatives that provide individual support to young people, helping them to identify employment, education or training opportunities
- At risk young people need stronger support as they transition from school to further education, training or employment
- We need to work with other agencies, such as the Ministries of Youth Development and Justice, the Police, and Child, Youth and Family, to improve the range and effectiveness of youth justice interventions including youth offending teams, conduct disorder services, supervised bail, and sentencing options for young offenders
- We should expand prevention-oriented programmes such as Social Workers in Schools to address offending by children and to cater to the needs of older children.

#### **Helping students make informed choices**

Making successful transitions from school is only part of the equation. It is critical that young people choose well when deciding on tertiary training and qualifications that can significantly lift their employment prospects and lifetime earnings. Well-chosen tertiary education or industry training represents an excellent investment – both for the individual and for society. Making this investment often requires student loans and other supports. It is critical that young people and adults understand the impact of the choices they make, including how they finance their studies.

**Well-chosen tertiary education or industry training is an excellent investment**

Our system of student support provides young people and adults with the ability to invest in the future and to increase their potential earning power.

People do not, however, always make wise choices about study. We should all be concerned if:

- people are not engaging in tertiary education or training when it might make the difference between securing a job or being unemployed
- people are building up student debt participating in courses they are never likely to complete
- people are building up significant debt participating in courses that are unlikely to lead to a job or to advance their employment prospects.

Tertiary education and industry training are crucial in helping equip people with the necessary skills and knowledge to contribute to a successful economy.

Responsibility for supporting tertiary students is divided between the Ministry of Education and the Ministry of Social Development. The Ministry of Education provides the lead advice role on student support, and the Ministry of Social Development's StudyLink provides income support to students. During study periods, full-time students are eligible for the Student Allowance and the Accommodation Benefit available through StudyLink. During vacation periods, students may be eligible for income support by way of the Unemployment Benefit – Student Hardship and the Accommodation Supplement.

The decisions potential students make are critical to their and our future. Students deserve better advice about study options, labour market opportunities and the long-term impact of the decisions they make. This should include advice about the costs and financing of tertiary education or training.

Options for those considering study should specifically include industry training and other on-the-job opportunities alongside tertiary education or training options. As the OECD notes, "A significant share of any individual's human capital is built up through on-the-job training, experience and increased responsibilities".<sup>18</sup> Currently, with strong economic growth and a healthy labour market, many people may be better off pursuing industry

**Students need good advice about study options and financial decisions**

**We want to avoid people making ill-informed study choices and accumulating unnecessary debt**

training or other in-work training options, with more certain employment results and with little or no personal debt burden.

Tertiary education and industry training have a crucial role in equipping people with skills and knowledge. Individuals rightly see education and training as a way to enhance their employment prospects and lifetime earnings. However, ill-informed or poor study choices (including failure to complete) can leave people with substantial debts and without a commensurate lift in future earning potential. StudyLink is already demonstrating the potential of helping students make informed decisions through the Studywise programme, and is well placed to offer a much more comprehensive service to prospective students on study or training choices and how to finance their studies.

### **Study issues for working-age people**

It is important to note that issues around student support described above apply to young people and working-age adults, who are the focus of the following chapter in this briefing. There are, however, a number of issues in the student support system that impact particularly on working-age students.

For some working-age people currently in receipt of social assistance, well-chosen study or training offers one of the best routes to sustainable employment. New Zealand's student support and income support systems are, however, not that well aligned, with some aspects such as housing assistance creating disincentives to study. Low repayment thresholds for student loans can also create issues, particularly for students with families who move into fairly low-paid employment.

Better access to information and advice is particularly important when people on a benefit are looking to engage in further education or training as a way to improve their prospects and situation. Advice should encompass the full range of options, including school-based second-chance education services and industry training, as well as formal tertiary education. People deserve the best possible advice to inform their choices, to minimise their exposure to debt and to increase their prospects of employment and advancement. A major concern would be people building up debt by doing entry-level courses that might be better provided through low-cost school-

**Issues for low-income families include student loan repayment thresholds, and access to information about education or training possibilities**

based adult education or night classes (with no debt burden on the individual and lower costs to the state).

Student loan repayment thresholds also create issues for low-income families. Currently, these repayments are required when families are on fairly limited incomes, which may compromise living standards and impact on choices in areas such as housing and employment.

*Opportunities for action to inform student choices and improve outcomes*

- There are opportunities to integrate and improve information and advice to guide prospective students' study or industry training choices, and the financing of their studies, with a clear focus on employment
- We need to work with other agencies to ensure education and training retains a strong employment focus that contributes to job-rich economic growth for New Zealand
- The alignment of student allowances and income support should ensure incentives do not steer people towards a benefit when carefully-chosen study would produce a better outcome.

## Chapter 3: Improving opportunities for working-age people

### Introduction

Jobs and families are central to the lives of working-age people. Actions in our working lives dictate the environment in which our children grow, and enable people to build an asset base that offers protection in times of trouble and the promise of a comfortable retirement. Ensuring every working-age New Zealander who can work has the skills and opportunities to do so, while protecting those who cannot, helps build strong families and communities, increases social participation, and helps New Zealand achieve its economic and social goals.

Getting New Zealanders working and lifting productivity are central to achieving economic growth, eliminating poverty and improving social outcomes. Helping people into work, and building the skills our workforce offers the economy, is critical to ensuring that New Zealand can accommodate our ageing population, provide protection for those in need, and afford the health, education and social services we desire.

The Ministry of Social Development seeks to build skills and opportunities for our workforce, supports choices for families and participation in communities, provides a safety net for people moving between jobs, and ensures a fair deal for those who genuinely cannot work.

We assist people to move into employment by working on the supply side: providing a range of employment and skills programmes that help people increase their employability. We work with employers, focusing on demand to increase job opportunities. We bridge supply and demand by matching people (supply) to jobs (demand).

Understanding the importance of working with others to achieve desired outcomes is critical. The Ministry of Social Development has a significant interest in broader policies and settings that impact on the job market and therefore on:

- our ability to help people into work
- the number of people who require our help

**We build skills and opportunities for our workforce and provide a safety net for people moving between jobs**

**Many policy areas impact on our work to support people into employment**

- whether people come to us prepared for employment or not.

We maintain a strong interest in policy areas that impact on supporting individuals into employment, and on parents' choices, such as:

- early childhood education and care
- compulsory education
- tertiary education and industry training
- immigration
- housing
- health and rehabilitation services
- employment settings and relations.

We recognise that the quality of our relationships with firms and industries is a key to our success. We have greatly enhanced our responsiveness to industry, understanding labour market needs and preparing clients to match those needs.

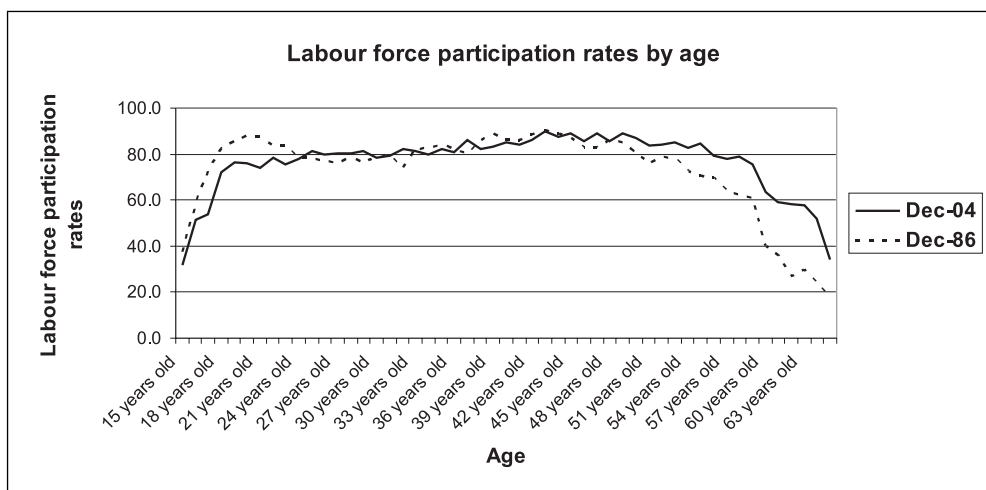
We also work with those already in work – helping build a productive and adaptable workforce and ensuring people can climb the career ladder and achieve sustained employability in a changing world.

### **New Zealand trends in employment and unemployment**

After the downturn in the late 1990s, participation in the labour force for all groups has been trending upwards. While it is clear young people, people 60–65 years of age, women, Pacific peoples, recent migrants and, to a lesser extent, Māori, still have lower-than-average labour market participation rates, many of these groups experienced faster growth in participation in recent years than other groups.

**Labour force participation for all groups has been trending upwards over the past five years**

**Figure 3.1 Labour force participation rates by age**



Source: Statistics New Zealand, Household Labour Force Survey

While average unemployment rates for Māori, Pacific peoples and recent migrants continue to be more than double the average unemployment rate for European New Zealanders, trends for these groups significantly improved between 1999 and 2004.

**Table 3.1 Unemployment rates by sex, age and ethnicity, 1986–2004**

	Sex			Age group			Ethnic group			
	Male	Female	Total	15–24 years	25–44 years	45–64 years	European	Māori	Pacific	Other
	%	%	%	%	%	%	%	%	%	%
1986	3.6	4.8	4.1	7.9	3.1	1.8	3.3	11.3	6.6	3.7
1991	10.9	9.6	10.3	18.8	8.8	6.1	7.9	25.1	28.0	13.7
1996	6.1	6.1	6.1	11.8	5.2	3.9	4.6	15.1	14.5	10.7
2001	5.3	5.3	5.3	11.8	4.5	3.4	3.9	12.3	9.6	8.7
2004	3.5	4.4	3.9	9.3	3.2	2.3	2.8	8.8	7.4	6.6

Source: Statistics New Zealand, Household Labour Force Survey, annual average for years ended December

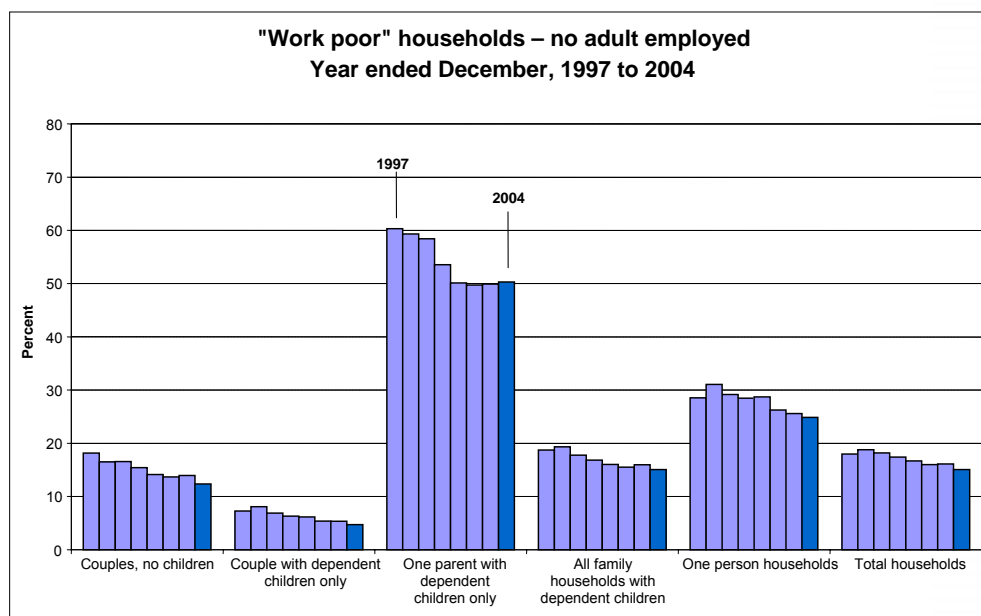
However, while aggregate unemployment rates for European, Māori and Pacific peoples are now close to or below 1986 levels, a proportion of those displaced during the late 1980s and early 1990s have remained jobless.

Unemployment rates for Māori, Pacific peoples, and new migrants continue to be more than double that for European New Zealanders

This raises concerns about the impacts of long-term low-income status and the loss of opportunity to build an asset base for retirement.

Rates of employment and unemployment also vary considerably between household types.

**Figure 3.2 Work-poor households, no adult employed, 1997–2004**



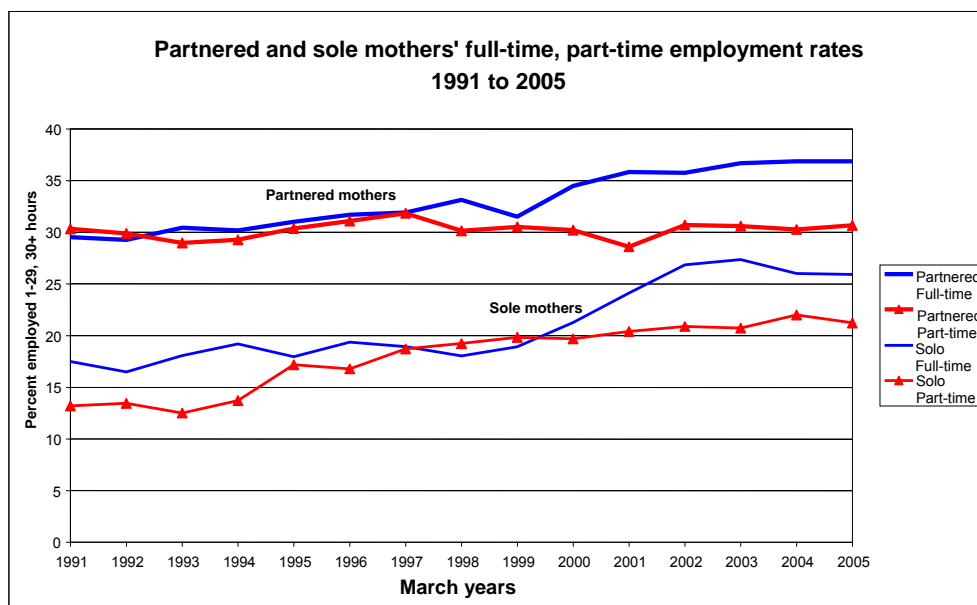
Source: Statistics New Zealand, Household Labour Force Survey, excludes households where all members are outside the ages of 18–64 years

One-parent households with dependent children had the highest proportion of households where no adult was employed. Households composed of couples with dependent children had the lowest.

Much of the difference between the two types of households arises because of the different patterns of labour market participation of mothers. Figure 3.3 shows that, while both sole mothers and partnered mothers are more likely to work full time rather than part time since the late 1990s, partnered mothers have significantly higher employment rates.

**Unemployment rates vary considerably among household types – being highest in one-parent households**

**Figure 3.3 Partnered and sole mothers' full-time/part-time employment rates, 1991–2005**



Source: Statistics New Zealand, Household Labour Force Survey; customised data, calculations by the Ministry of Social Development

Recent OECD forecasts predict softening economic growth with a resulting slow-down in employment growth from the 3.5% level achieved in 2004.

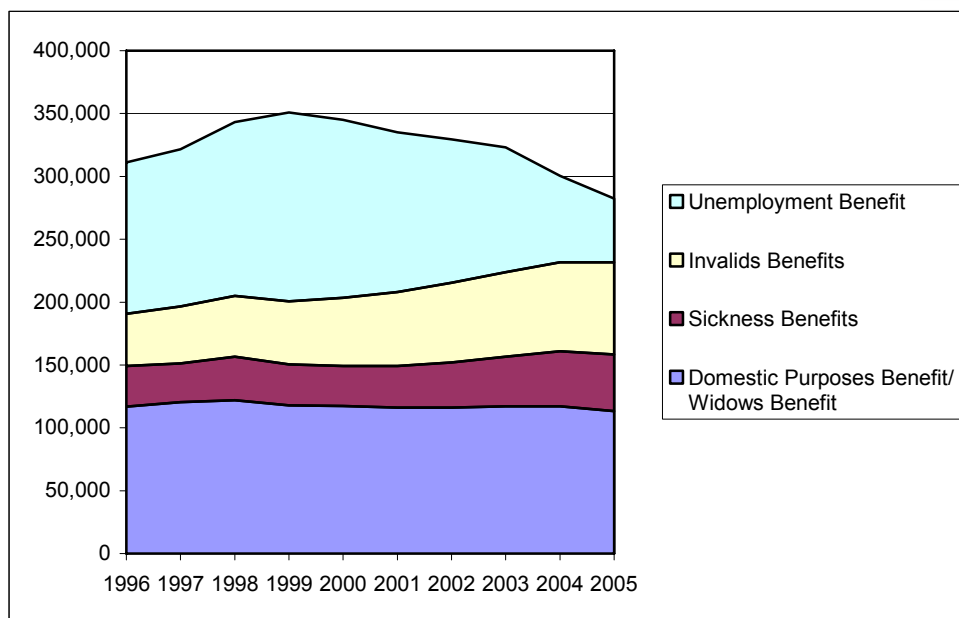
This reinforces the importance of an active approach to helping welfare recipients. This will be the case particularly for people with lower skill sets and for those facing higher barriers to employment, including people with a disability and sole parents. However, even with a softening in employment growth, there still remains a strong capacity for the economy to absorb more labour given the current record-high labour shortages. Government policy can continue to take advantage of a good labour market position to continue the shift toward social investment while still maintaining an adequate safety net.

### Support for the unemployed

The composition of working-age New Zealanders on a benefit has changed dramatically over the last few years. Where unemployment dominated in the past, the largest client groups now are people facing health and disability issues, and people looking after children alone.

**We can use an active approach to help people with barriers to employment move into work, even if the economy softens**

**Figure 3.4 Numbers of working-age beneficiaries, 1996–2005**



Source: Ministry of Social Development working-age benefit data

Among the unemployed, there is a proportion of clients who are long-term unemployed, despite the healthy labour market. A significant proportion of the very long-term unemployed share many of the same issues as health and disability clients, eg poor mental health.

Discussing Unemployment, Sickness and Sole Parent Benefit recipients as if they are distinct groups is clearly somewhat artificial and is, in reality, a creation of the complex benefit system we have inherited. Individuals in each group have widely different capacities and face very different barriers to employment or participation. While we would expect the unemployed to be the most work-ready, many people on other benefits want to and can work, while some will never be able to work again, regardless of benefit category.

At present, the structure of the benefit system requires us to categorise working-age people out of the workforce into one of three broad eligibility groups (unemployed, sick or disabled, widow or sole parent).<sup>19</sup>

**A person who is long-term unemployed can face the same issues as a Sickness or Invalids Benefit client; the distinction can be misleading**

**How our system categorises a beneficiary has a marked impact on their opportunities**

This status determines not only the level of payment but also whether other services are provided or withheld, including employment support, and what expectations and obligations go with income support receipt. So how a person is categorised can have a major impact on their opportunities and outcomes.

The world has changed considerably since the categorical system of income support was developed and refined between the late 1930s and the 1970s.<sup>20</sup>

People with health conditions (including mental illness) and disabilities now live in the community and exert their right to participate in society as fully as possible. Medical, pharmacological and technological improvements, and the public's changing understanding of disability issues, now mean it is possible, practical and desirable for many people who face health and disability issues to remain in the workforce.

Parental work patterns have also changed. In couple families, it is increasingly common for both parents to work, at least part time. The model of a full-time stay-at-home parent, typically the mother, is less frequently the reality, particularly beyond the point where children start attending school. Sole parents are following a similar trend, with increasing participation in employment.<sup>21</sup>

The current categorical structure of the benefit system is outmoded. Categorising people into benefit groups, and then basing the services they receive and the obligations they face on this blunt categorisation, artificially limits people's opportunities. Locking people out of services or lowering our expectations of what they can and should achieve because they have an illness, disability or a child in their household is increasingly out of step with modern realities.

Equally, it would be wrong to suggest that everyone on Unemployment Benefit (or Sickness/Invalids, Widows/Domestic Purposes Benefits) is ready and able to go to work today. Some will need considerable support to make that leap. For some, movement into employment will never be possible, but increased participation in society is an important goal.

We know, however, that for most people a decent paying job is the best route to an adequate income – improving their standard of living and

**The design of our benefit system creates artificial limitations in today's society**

providing for families today, building assets and a stake in society, and securing a comfortable retirement in the future. Our prime working-age years are the best opportunity we have to achieve this.

Further, in a tight labour market, the current approach risks forgoing labour, skills and talents that our economy and society cannot afford to be without. Our ageing population makes it even more critical we do all we can to get New Zealanders who can work, working today.

**We must do all we can to get people who can work, into work**

### **An integrated response**

Service integration is at the very core of the Ministry of Social Development's success in helping people on benefits increase their participation in employment.

Integration of employment and benefit services means every interaction we have with a working-age person on a benefit provides an opportunity to offer access to employment programmes or assistance.

Integration of policy and service delivery within the Ministry of Social Development ensures that policy development is informed by operational knowledge and feedback, and that operations remain at the cutting edge, informed by the latest research and developments.

For working-age clients on a benefit, integration is the link between security provided by the correct payment of income support and opportunity created through employment services. Work and Income services have undergone a period of rapid development, and the results can be seen in record job placements and in reducing numbers on benefit. In essence, there has been a significant increase in the responsiveness and flexibility of working-age services.

Responsiveness means:

- employment services that focus on the labour market, understanding the labour and skills needs of employers and industries, matching people on a benefit to those opportunities, and training them to secure a decent job and to be productive from day one. This is a marked change from the old approach when training and employment services

for beneficiaries were not closely linked to specific real-job opportunities or industry needs

- active case management that focuses on work and development, working with a client's skills and abilities and addressing barriers to employment and participation, regardless of which type of benefit they receive
- increasing the skills and specialisation of Work and Income frontline case managers and work brokers to ensure they have the tools to do the job
- income support services that get it right first time, ensuring people get their correct entitlement – no more, no less – minimising debt and identifying and eliminating fraud
- high-quality support for those who genuinely cannot work.

Flexibility means:

- Regional Commissioners having greater authority to tailor services to local needs and opportunities, working with employers and local leaders to stimulate developments and to achieve the best outcome for clients
- helping people into a job, if possible, when they walk in the door – rather than waiting until they are on a benefit to offer employment assistance
- putting together packages of training and support that make movement into work possible and make sure it pays
- being able to target groups who have traditionally proved harder to place into work, providing specially-tailored services that get results
- seeing and taking opportunities to improve or add value to existing services
- moving resources to respond to needs and opportunities, like flood relief or seasonal labour market opportunities.

## **Opportunities for action to improve the lives of working-age people**

In the following sections, we identify some opportunities to improve support for working-age New Zealanders. This includes operational, policy and legislative changes to:

- enhance the integrated model of income support and employment services to help more working-age New Zealanders into work, regardless of which type of benefit they receive
- increase the responsiveness of employment services to job opportunities and labour market needs, increasing participation and productivity and opening up these services to a wider range of New Zealanders
- modernise the benefit system to make it more responsive to individual capacity and needs – breaking down artificial barriers to opportunity and employment, while protecting those who genuinely cannot work
- improve assistance to working parents and their children, including through help with childcare and out-of-school care costs
- explore options to improve housing assistance, ensuring that the system of support responds well to the modern housing realities of lower home ownership and more New Zealanders renting long term.

### **Integrated employment services and income support to help more working-age New Zealanders into work**

The number of working-age New Zealanders receiving a benefit has decreased by 20% in the last five years. Our success in helping the unemployed into work has changed the make-up of the working-age beneficiary population. But some groups remain at risk of long-term benefit receipt and therefore low living standards. Offering enhanced work-focused services to a broader range of working-age beneficiaries will help more people into work.

At the core of our service for working-age New Zealanders is the case management model, providing integrated employment assistance and income support.

**Enhanced,  
work-focused  
services will  
help more  
people into  
work**

This approach has developed over several years, helping tens of thousands of New Zealanders move from a benefit into a job. Case managers have become increasingly skilled and specialised, with staff developing particular expertise in areas such as working with the mature unemployed, young people, sole parents, Māori and Pacific job seekers, and clients with health or disability issues.

Further refinements to this approach target people who have, in the past, proved harder to place into work, eg the Pacific Wave strategy helped to achieve a 52.6% reduction in the number of Pacific people on Unemployment Benefit in Auckland over the last two years.

In June 2005, a trial of enhanced work-focused services commenced, representing the next evolution of active case management. This has significant, broad-based potential. Below, the key features of this way of working are identified, and the opportunities to further strengthen it are highlighted.

The enhanced work-focused services approach will enable:

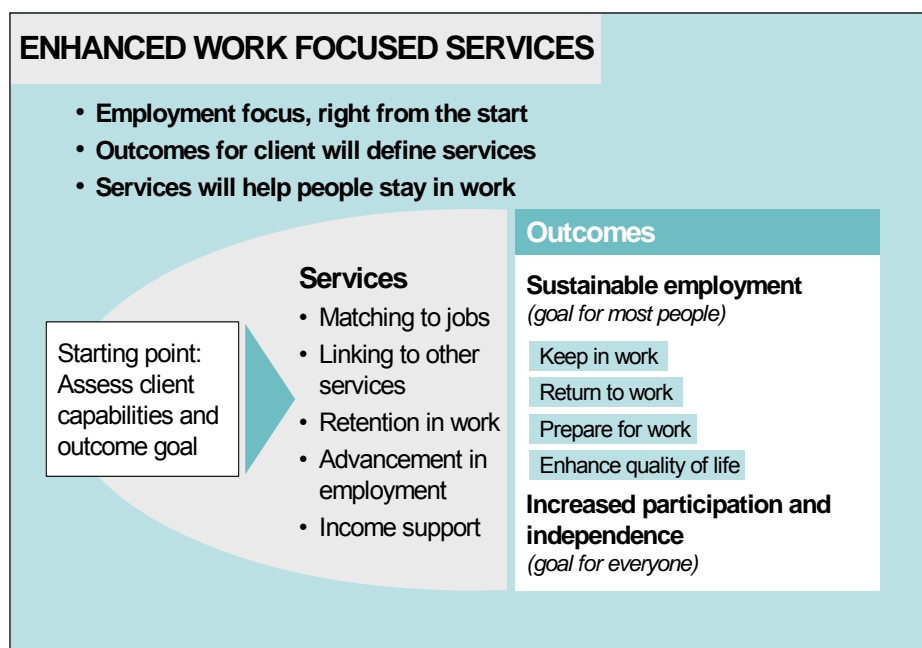
- people asking for assistance to move into employment more quickly
- people who cannot work now to keep moving towards employment, increasing their participation and independence
- people to stay in work and to change jobs without needing to come onto a benefit.

Instead of services and opportunities being driven by benefit type or category, the enhanced service focuses on the individual and builds services around the outcome that person can achieve.

The default position is a decent paid job for those who can, with efforts focused on securing someone in sustainable work as soon as possible, because this is the best way of securing their economic future.

**We need to base services around the person, not the benefit category**

**Figure 3.5 Enhanced work-focused services**



The starting point for the assessment of all working-age clients will be to consider and identify achievable goals for the client, always taking into account whether full-time or part-time employment is possible now or in the future with the right support.

For those where employment is a realistic option, the client will be offered these opportunities:

- To be matched to job opportunities to help them get a job without ever needing to come onto a benefit.
- To participate in work-readiness seminars, which will include information on the local labour market, benefit eligibility and responsibilities.<sup>22</sup>

All clients for whom work is a realistic option, regardless of benefit type, will be offered employment programmes and services.

People not on a main working-age benefit will also be able to access employment programmes and services if required. High employment, the provision of better in-work assistance to former clients, and the Working for Families package have brought us into contact with more working families.

**We need to start with setting immediate or future work goals**

**We will extend the availability of employment programmes and services**

Many of these families include adults who are not currently working but may consider entering the workforce. Opening employment services up to second earners in these families will assist the family concerned and our economy.

Achieving good outcomes for the vast majority of working-age clients means helping them secure paid employment. Some clients will need help to access additional specialist services if they are to make this leap. While for others, serious illness or disability may mean work will never be a realistic option. Where work is not a possibility, clients will continue to receive high-quality case management, income support and assistance to gain access to other services they may need.

The potential for the work-focused services model to help us match more clients to jobs is significant – helping with the supply of labour and skills. Extending the range of services offered to assist health and disability clients back to work will ensure the full potential of this approach can be explored.

Alongside this, there is a need to modernise the benefit system itself, placing capacity, opportunity and work-focused services at the heart of the legislation, backed by appropriate obligations for those who can work and protection for those who cannot.

*Opportunities for action to increase participation of working-age people in employment*

- We need to further develop the enhanced work-focused services model to assist more working-age people into work
- This should be supported by a modernised benefit system, placing capacity, opportunity and work-focused services at the heart of the legislation, backed by appropriate obligations for those who can work and protection for those who cannot.

## **Achieving better employment outcomes through an industry and employer focus**

The Ministry of Social Development's relationship with employers and industry is central to helping clients into work. Continuing to develop and implement employer- and industry-focused employment services will better meet the needs of employers and thereby achieve better outcomes for our clients.

Over recent years, we have had real success in placing working-age New Zealanders into work by aligning employment services much more closely with employer needs, by working with employers to understand their labour and skill needs and by ensuring that clients are well prepared for productive employment.

This approach not only assists in offering employment placements to people who may otherwise miss out, but it also provides a significant dividend to participating employers.

Employers benefit from the investment Work and Income make in training people, and through the matching process that ensures workers are productive right from the start.

This model is based on understanding business needs and targeting training services and related programmes to those needs – a demand-led approach. This starts with employer requirements and works backwards to meet client needs, as opposed to a supply-driven approach where client skills are developed in a reduced relationship with local job opportunities.

The relationships we form with industries and employers helps secure employment opportunities for people who may have been overlooked in the past – such as the mature or long-term unemployed, refugees and migrants, sole parents and people with health or disability issues.

The Ministry of Social Development can work with employers, highlighting potential sources of labour and the supports offered through Work and Income, to ensure job placements succeed.

There is significant potential to build on existing employer-focused services and industry partnerships, providing a new level of service to employers and

**Aligning employment services with employer needs leads to much better employment outcomes**

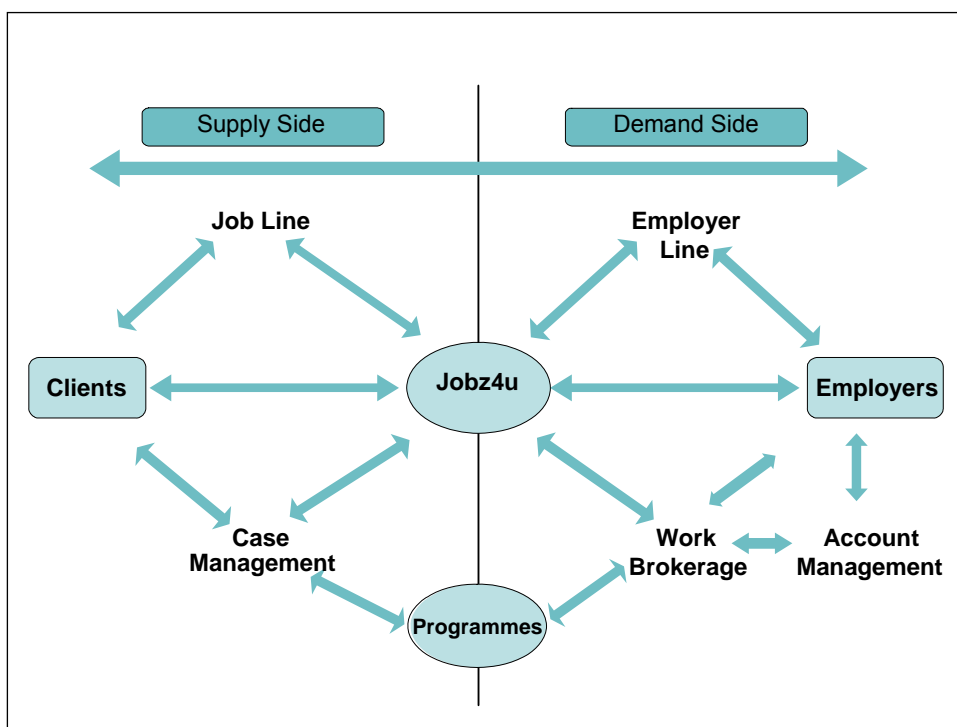
**We have the key components in place for a demand-led, employer-focused approach**

industry segments not well served by private sector recruitment companies, for example:

- the labour-intensive industries with which Work and Income has established nationwide industry partnerships (such as hospitality and road transport)
- smaller skilled and unskilled labour employers with whom Work and Income engages at a regional/local level (who typically do not have internal human resource specialists).

As part of the development of a demand-led approach, a more sophisticated recruitment service should be offered to these industries and employers. Figure 3.6 demonstrates the key components of this service, the building blocks of which are already in place.

**Figure 3.6 Enhanced recruitment service**



Key elements of the service include:

- case managers working closely with clients to increase their work capabilities

- Jobz4U: the application tool used to match job seekers' skills with employer's needs
- Job Line: a free telephone job-search service
- Employer Line: a free telephone job-listing and matching service
- work brokerage: understanding employers needs and brokering the right solution
- account managing employers to increase outcomes
- programmes: pre-entry training and wage subsidisation.

*Opportunities for action to achieve better employment outcomes through employer and industry partnerships*

- We need to provide a more sophisticated recruitment service to employers and industries, helping them to plan for and meet their recruitment goals, and in doing so opening up more opportunities for people to move from a benefit into work
- To support this we need to align investments in pre-employment training to specific industry and employer needs, improving the prospects of positive employment outcomes for clients.

### **Removing barriers to opportunity**

The system of working-age benefits we have inherited is complex and outmoded. Linking expectations, obligations and access to employment services to benefit type fails to recognise the potential of many clients, and risks trapping them on a benefit at a time of high employment and labour shortages. Modernising the working-age benefit system will help to focus on and build every clients' capacity to participate in paid employment, while protecting those who genuinely cannot work.

Currently, the benefit system groups working-age clients into three broad categories: unemployed, health or disability, and sole parents and widows. In reality, there is huge diversity within benefit categories. For example, some of the currently work-tested unemployed face significant barriers to employment and experience many of the same mental and physical health problems as health and disability clients.

**We currently have three broad categories of benefit type, with huge diversity within them**

Our active approach is being constrained by the current benefit structure; we need a more individualised approach that meets the needs of ...

... clients who can work straightaway ...

... clients who have the sole care of children

In contrast, many widows and sole-parent clients are capable of moving into employment now, provided that family-friendly work environments can be found and quality, affordable childcare guaranteed. Many people on health and disability benefits could also return to employment with the right support.

Recent initiatives, including the more active case-management approach taken with sole parents and with health and disability clients, have proved that many clients are well motivated to move into employment, with the right support and services.

In the preceding section of this paper on enhanced employment services, full- or part-time paid work, if possible, was proposed as the starting point for all working-age clients. At present, this model is constrained by existing benefit rules that apply expectations and obligations, including work-testing, to people by benefit type rather than the individual's capacity to participate. Individual capacity should determine what services are offered to people, and what expectations and obligations they face.

The current working-age benefit system needs to be replaced with a more individualised approach, where services and expectations are closely linked to an individual's capacity to participate. Investments that support people into employment now, particularly those who have been hard to place into work in the past, will reap long-term rewards, not only for the individuals and families concerned but for our society.

The starting point for every working-age benefit applicant (and for existing recipients) should be the initial identification of capability, goals and employment potential. Outlined briefly below is how a modernised working-age benefit system could apply to key client groups.

**For clients who can work now** – a more individualised approach can provide job opportunity focused employment services and income support, until the client can be helped into paid work. Securing a sustainable paying job as soon as possible should be the central activity, as this is where the rewards to individuals and society are greatest.

**For clients who have the sole care of children** – a more individualised approach can explore employment options, with childcare support, that take into account the ages and care needs of the children. Just as in two-parent

families, many sole parents will want to return to work part time when their children are quite young, while others will have children with higher care needs and will delay entry into work. The In-Work Payment that comes into force in 2006 will ensure movement into employment for over 20 hours per week really pays, helping sole parents raise their living standards and get on a better income path.

Consideration should be given to a part-time work test for sole parents, strengthening the current planning approach. Work-test options include basing the test on the age of the youngest child at entry onto benefit, eg applying a part-time work test to the parent when that child enters school. This approach fits the general New Zealand norm, with mothers' participation in employment increasing significantly when their children enter school in both two- and one-parent families.

Whatever approach is chosen, placing a part-time work-test requirement on sole parents makes guaranteed access to quality, affordable childcare and out-of-school care a critical issue.

**For clients with ill health or disability** – a more individualised approach can provide the opportunity to receive services including employment programmes as potential job seekers. They would be available on the basis of what a client can do rather than historical assumptions focused on the limitations associated with ill health or disability.

The assessment of health and disability status should be modernised. The current tests are simply based on a medical assessment of the presence or absence of disease or disability. In other countries, health and disability benefit eligibility involves assessments of functional impairment and employment capacity. This approach does not presume that someone cannot work simply because they experience illness or disability, and accords better with modern understandings of disability issues and rights and with the system operated for injury accidents by the Accident Compensation Corporation. Changing to a capacity approach would need to be backed by strong review and appeal rights to ensure a fair and open system of assessment for all.

Clients should be linked to services that respond to their health needs, with options to make participation in these activities a condition of their non-work-tested status on benefit (where there are clear health benefits).

**We need an individualised approach for clients with ill health or disability; with a modernised assessment of this status**

The majority of clients should be required to participate in a planning process akin to the existing sole-parent model. This would ensure case managers are working with people to support recovery or rehabilitation, and are exploring what can be done to increase participation.

Additional payments to cover the costs associated with health and disability status should be removed from the core payment and re-oriented as an in- and out-of-work top-up payment that does not trap people on benefit.

On the other hand, for a minority of clients there is little prospect of a recovery and return to work. In such cases, clients have a right to decent income support, with low compliance requirements, easy access to health services, and assistance to participate in society as fully as possible.

Reducing the complexity of the current social assistance system would have significant benefits such as: reducing the proportion of staff time committed to income support as opposed to employment promotion activities; ensuring the system is fair, with clients receiving their correct entitlement, no more and no less, first time; reducing levels of client debt; and reducing fraud.

Debt and fraud are barriers to future employment, prevention is therefore fundamental to achieving better social outcomes.

While there are many options for the reform of working-age benefits, the need to modernise is pressing and represents an important step towards employment opportunities for more New Zealanders.

*Opportunities for action to modernise the benefit system and remove barriers to opportunity*

- We need to modernise the working-age benefit system to focus on and build every client's capacity to participate in paid employment, while protecting those who genuinely cannot work
- Making the full range of employment services and programmes available to every client who is able to move towards employment, would assist more people
- Including a part-time work-test requirement for sole parents, eg when children start school or after a set period on benefit, would support movement into employment

- Additional payments for people with health issues or disability to cover costs should be available to them in work, to reward movement into employment
- We should extend the planning and development approach to most health and disability clients and link them to services that increase their prospects of recovery or rehabilitation and their return to employment
- We need to ensure those who genuinely cannot work receive high-quality services, face low compliance costs and are supported to participate in society as fully as possible.

### **Improving outcomes for working families**

A decent job offers the best route out of poverty and is a means of lifting living standards. But parents face additional barriers to labour market participation, including the cost and quality of childcare. It is important to support parents' work/life choices through paid parental leave, effective targeted income support and access to high-quality and flexible childcare and education arrangements. At the same time, we need to ensure children's long-term interests remain a central concern.

The ability to participate in paid employment is the key means through which people can improve their overall quality of life. But for those caring for children, employment decisions must be balanced against other family considerations and needs.

These are ultimately individual and family decisions but government policy, and employers' attitudes and responses, have a major influence on the choices people make. Paid parental leave, childcare assistance and family-friendly workplace reforms demonstrate government and employers' interest in supporting parents' attachment to the workforce.

The recent Working for Families package further improves the returns from employment for low- and middle-income families with children. The package does this through improvements to family income assistance (especially for those who are working) and the development of an In-Work Payment for working parents.

**Parents face additional barriers to work – government policy can have a major influence on their choices**

**Working for Families improves the employment returns for low- and middle-income families**

The package is designed to:

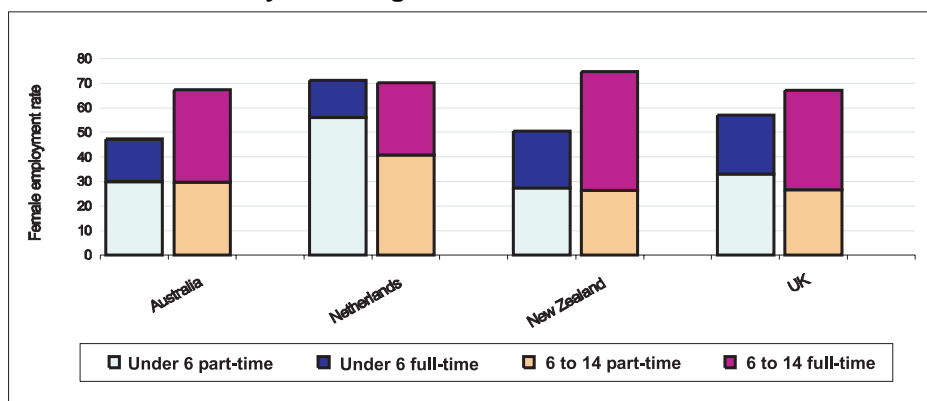
- ensure people with children who work are better off as a result of their effort
- ensure working families have incomes sufficient to provide their children with a decent standard of living
- simplify the benefit- and tax-based family income assistance structure.

The package targets resources to low- to moderate-income families with children, with a particular emphasis on supporting movement from benefit into work. Families with children and income in the \$25,000 to \$45,000 band will receive an average increase of around \$100 a week in direct income assistance by 2007.

The targeted nature of the package enables it to have a significant impact on child poverty. The trade-off is that income targeting inevitably involves the reduction and eventual removal of assistance further up the income scale, where the impact and sensitivity to removal are lower. This is a natural consequence of any income regime where additional resources are focused on encouraging movement into employment and increasing incomes for low- and middle-income families with children.

Parents' participation in employment has increased significantly over the last decade. Around 65% of two-parent families have both parents in employment, and half of all sole parents are working to some degree.<sup>23</sup> But many are delaying entry into employment until their youngest child enters compulsory education.

**Figure 3.7 Part-time and full-time working mothers with children under and over six years of age**



Source: Compiled by the Ministry of Social Development from OECD data, 2005

For many families who delay one parent returning to employment until children enter school, this represents a considered choice where the gains of having a parent at home full time are seen to outweigh the loss of potential income. But equally we know that parents' choices about work/life balance are often constrained by barriers such as the accessibility and cost of quality childcare or out-of-school care. We also know that other countries have different approaches to pre-school and out-of-school care and education, or invest more in such services, and achieve different results.<sup>24</sup>

In 2004, 45% of couple families with children, and close to 70% of sole parents, reported the cost of child or out-of-school care as a significant barrier to employment.<sup>25</sup>

Poor access to quality, affordable care can lead to:

- parents forgoing employment opportunities, denying the economy skills and the family financial rewards
- families juggling work and parenting responsibilities (eg shift-parenting) with negative impacts on parents and children
- children experiencing inadequate care (latch-key kids) with negative impacts on children's health, development and future prospects.

Sole parents, who lack a partner to share care arrangements, are more likely to be employed in lower-income jobs and experience particular difficulties, with only one parent available to work, pick up children and care for them after school.

We know the quality of care is important for every parent (in terms of their choice to use or not use care) and for their children (in terms of safety as well as their educational and social development).

Action to improve access to childcare and education must therefore respond to dual goals:

- child-centred, high-quality care with educational elements appropriate to the age and development of the child
- affordable, flexible services in convenient locations that reduce or remove parental barriers to employment participation.

**The cost of childcare is a significant barrier to work for many parents**

**Work to improve access to childcare must focus on quality and affordability**

**Recent initiatives have started to address these issues**

Achieving both goals is the key to achieving genuine choice for parents without compromising the long-term interests of children.

Currently, New Zealand runs a mixed funding model, with Vote: Education and Vote: Social Development funding for education and labour market purposes respectively. Each agency has a different focus for improving and developing childcare and early childhood education services.

Recent initiatives in the education and social development portfolios have gone some way towards addressing these issues, for example by:

- increasing access to, and the level of, the Childcare and Out-of-School Care and Recreation Subsidy administered by the Ministry of Social Development
- increasing funding for formal high-quality early childhood education services, including a move towards the provision of up to 20 hours free early childhood education per week for three and four year olds enrolled in community-based early childhood education services
- making the Childcare Subsidy available for home-based services registered by the Ministry of Education.

**... but to gain real traction, we need to fundamentally examine our goals and methods**

While these represent tangible improvements, we are, however, unlikely to achieve the full potential for improved parent and child outcomes without a fundamental examination of the goals of our childcare investment and the most appropriate methods to attain those goals.

Models employed overseas provide some useful pointers for future service development. For example, the UK's guaranteed offer of full-day (8 am to 6 pm) care and education for school-age children, either on or close to the school site, alongside the development of full-day childcare and education services for younger children, is one way forward.

The values of investments in early childhood education and care (ECEC) are clear. As the OECD notes, "Another important investment for human capital and, arguably, the one generating the greatest net social return on public funds spent, is ECEC".<sup>26</sup>

As every parent knows, early childhood education and care are complementary, but not identical, activities.

For working parents, it is clearly preferable to have education and care provided in a single location to enable parents to work full time if they choose, and for their children to receive an appropriate balance of quality education and quality care.

School hours and terms do not accord with standard work hours or holiday entitlements, let alone the needs of families working non-standard hours. The out-of-school care and recreation sector is currently very small, with significant room for the expansion of school-site or community-based services.

#### *Opportunities for action to support families and improve work/life balance*

- We need to work with other government agencies, employers and industry partners to address barriers to parents' labour market choices and to improve work/life balance
- Current early childhood education and care and out-of-school care funding models should be reviewed to ensure we are taking the best approach to achieve good child and parent outcomes
- It would be worthwhile to examine whether we are making the best use of our trained teacher resources to achieve age-appropriate early childhood education and care, while retaining the flexibility and affordability parents need
- Many parents would benefit if education and care were available in one location
- To support working parents, we need to increase the supply of high-quality services offering full-day or non-standard working hours care
- We also need to expand access to quality out-of-school care and recreation programmes.

#### **Help with housing**

Like employment, housing is of critical importance for a range of social and economic reasons. Decent housing is about more than having a roof over your head. The cost, quality and location of housing have a material impact on a family's wellbeing today and their children's prospects tomorrow.

**Housing is the single largest living cost most people face**

Working to ensure every New Zealander has access to decent secure housing is critical.

Housing is the single largest living cost most people face day to day. It therefore critically impacts on families' and individuals' standard of living. Housing is also the traditional kiwi route to asset acquisition – if a person owns their own home at retirement, this greatly reduces their level of outgoings in retirement and gives them an asset they can use to increase their income if required.

Housing quality and stability also impacts on outcomes for children. Education outcomes for children are put at risk where parents have to move frequently or live in housing that is overcrowded. The health of children, adults and older people is also significantly affected by housing, with health issues ranging from asthma to meningitis, and with the resulting impacts on schooling, employment and health costs.

Housing has an impact on employment, particularly for those on low incomes, with the location of affordable housing (together with the transport infrastructure) dictating the catchment area within which people will seek and accept work. This effect can clearly be seen in high housing-cost areas (including tourist and retirement hotspots), where employers struggle to attract people to fill low-pay/low-skill employment opportunities.

Older New Zealanders who for, one reason or another, do not own their own home at retirement can also be particularly vulnerable in the rental housing market.

In terms of social outcomes, people in stable housing are more likely to consider they have a stake in their community, especially if they own their own home.

**House prices have increased substantially, and home ownership rates have declined**

House prices in New Zealand have increased significantly and there has been a substantial increase since the late 1980s in the proportion of households spending more than 30% of their income on housing.<sup>27</sup> The rate of home ownership in New Zealand has also fallen, from 74% in 1989 to 65% in 2004.

It is still debateable to what extent declining home ownership rates are the result of lower-income households being priced out of the market, or if

people are making an informed choice to rent and are building other assets, or if they are deferring home ownership. Increasing numbers of renters, however, make it important to achieve a rental environment that supports the needs of long-term family renters, and ensures greater stability in a sector where investor decisions may have become driven by short-term capital gains.

Assistance to low-income renters and homeowners<sup>28</sup> is available through the Accommodation Supplement. This payment is in effect a rent or mortgage subsidy, topping up income to allow people to secure decent housing. While some have criticised the payment in the belief landlords may increase rents to capture the Accommodation Supplement subsidy, research<sup>29</sup> suggests this is not a frequent occurrence. In contrast, others have criticised the payment's failure to keep pace with rapidly changing rental levels in hot-housing markets. Recent changes to Accommodation Supplement areas have gone some way towards addressing the latter concern, but problems still exist that cannot be resolved within current arrangements. Despite this, the Accommodation Supplement still provides an effective, portable and flexible housing assistance tool.

The increasing costs of housing, and the shortage of suitable accommodation near employment opportunities, have implications for the market's ability to respond to labour shortages and our ability to place people in work. For this, and other reasons, we retain a strong policy interest in supply-side housing initiatives for individuals and families, whether through strategic state housing acquisitions, local council or non-government organisation provision, or private sector initiatives to develop affordable housing in job-rich locations. It is also critical that the various housing-support mechanisms mesh well with each other to form a cohesive housing-support system.

#### *Opportunities for action to improve housing support*

- It would be worthwhile to review the Accommodation Supplement to ensure it is the most effective way of providing assistance to renters and homeowners and it fits with supply-side mechanisms such as the provision of state housing
- It would also be appropriate to examine the interface between state housing income-related rent rules for working-age tenants and

**Accommodation Supplement provides assistance with housing costs**

**We have a strong policy interest in supply side housing initiatives, as housing is crucial to employment**

benefit/employment assistance, to ensure the systems are complementary and encourage tenants to improve their circumstances

- We need to work with the Department of Building and Housing, and others, to improve the stability of the rental sector to meet the growing demand for long-term rental properties
- Given recent declines in home ownership it would be worthwhile to explore whether more support is required to help lower-income families into their first home.

## Chapter 4: Enhancing the wellbeing of older New Zealanders today and tomorrow

### Introduction

Older people in society are vital members of our communities. People 65 years of age and above continue to play an important role in the economy (10% were active in the labour market in 2004) and a critical part within the voluntary sector. They provide care and support for children and other family members. As the population ages, society will become increasingly dependent on the contribution older people make.

While the majority of older people in New Zealand enjoy a good quality of life, a small group have high health needs, others face financial hardship, and some are socially isolated.

The Ministry of Social Development administers the payment of New Zealand Superannuation to around 500,000 people aged 65 years and above. This represents around 12% of the total population. Over the coming decades, the number of people over the age of 65 will increase, particularly as the baby boomers reach retirement. A key priority for the Ministry is planning for the ageing population.

**We pay New Zealand Superannuation to around 12% of the population, and a key priority for us is planning for an ageing population**

**Table 4.1 Population 65+ breakdown, 2005**

	Number	Proportion of older people
Females	275,000	55.5%
Males	220,000	44.5%
65–74	264,000	53.4%
75–84	175,000	35.4%
85+	55,000	11.2%

*Source: Derived from Statistics New Zealand, population estimates at 30 June 2005*

This chapter outlines opportunities for action to improve the wellbeing of older New Zealanders now, and to help ensure good outcomes for us all in the future.

Most older New Zealanders have modest incomes but also low poverty rates

## The situation of older people in New Zealand

New Zealand's social safety net effectively protects the vast majority of older people. Low rates of poverty among the older population are largely due to the high levels of home ownership and the universal payment of New Zealand Superannuation. The public health system provides good incentives for the provision of primary healthcare, and ensures that those with health needs are able to access hospital and long-term care.

Older people tend to have relatively modest incomes, which on average are lower than the rest of the population. But only around 7.6% of older people live in poverty, compared to 19.3% for the whole population (using an after-housing-cost measure).<sup>30</sup>

**Table 4.2 Economic indicators for people over the age of 65**

Indicator	Data
Average gross weekly income <sup>31</sup>	\$358
Average net worth <sup>32</sup>	\$197,100
Proportion of population in poverty (60% HEDY <sup>33</sup> ) <sup>34</sup>	7.6%
Low living standards <sup>35</sup>	7%
Own house with mortgage <sup>36</sup>	7.1%
Own house without mortgage	67.9%
Renting	12.7%
Other housing	12.3%

Sources: Derived by the Ministry of Social Development from Housing New Zealand, Statistics New Zealand and Ministry of Social Development data

New Zealand Superannuation, combined with high levels of mortgage-free home ownership, provides comprehensive protection against economic hardship for older people. Approximately 14% of government expenditure is on New Zealand Superannuation, the associated system of supplementary cash payments, and emergency benefit.

Most older people are in good health and live their lives relatively free from disability. The average life expectancy at 65 years is currently 20 years for females and 16.7 years for males.<sup>37</sup> However, as a population group, older people tend to have higher health needs than the rest of the population. Roughly 13% have a severe disability, compared with 3% of the population

Most older people are in good health, satisfied with their lives, and regularly participate in sport and leisure

as a whole.<sup>38</sup> Eight percent of older people have health needs that require them to receive care within residential facilities.

Approximately 7.8% of total government expenditure supports the health needs of older people. Funding to provide health services for older people is devolved to district health boards (DHBs). Each DHB is required to develop an integrated continuum of care for older people. DHBs are responsible for assisting older people with moderate health needs to remain in their own homes.

Older people report a sense of community in their local neighbourhood and have high levels of trust of others.<sup>39</sup> Around 89% report being satisfied with their lives.<sup>40</sup> More than three-quarters of older people report regular participation in active sport and leisure (the highest levels of any age group). Twelve percent of older people report being victims of crime, and 19% report feeling isolated and lonely.

### **Opportunities for action to enhance the wellbeing of older New Zealanders**

To support older New Zealanders, it is important to ensure adequate living standards and to improve access to the services they need to help them participate in the community and the economy, and to remain independent, for as long as possible. We need to protect older people from abuse and discrimination, and to help them age in place. With the high level of government expenditure dedicated to supporting older people, planning for an ageing population is critical.

The following section identifies opportunities for action to enhance the wellbeing of older New Zealanders today, and to plan for the ageing population and ensure good outcomes in the future.

### **Plan for New Zealand's ageing population**

The increasing numbers and changing nature of the population aged 65 years and above will have major implications for New Zealand. The ageing of the population will bring real benefits if we ensure older people are able to participate more fully in the economic and social life of our communities. We

**Good living standards, protection from abuse, and ageing in place are all vital to good quality of life for older people**

**Our ageing population can bring us real benefits if we plan properly**

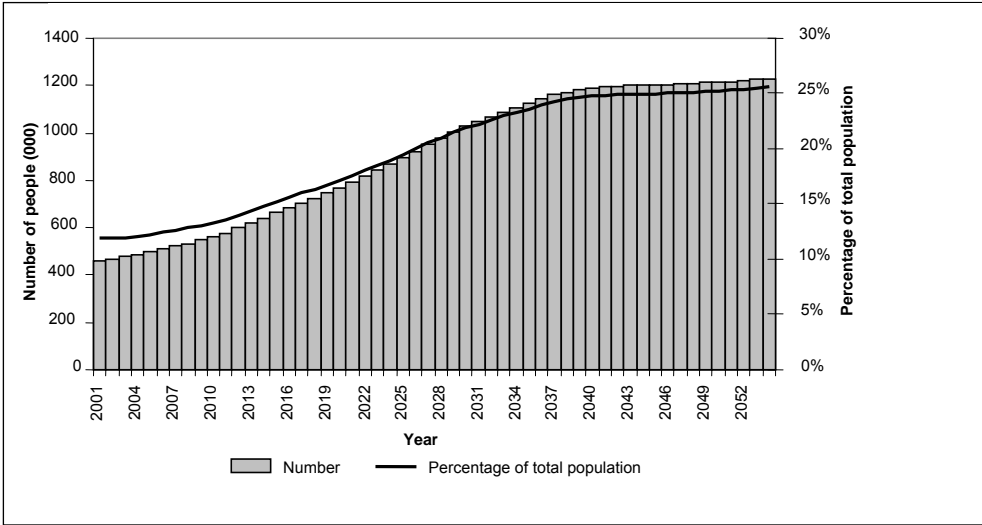
**In 30 years, we expect the proportion of older people to double to 24% of the population**

need to increase our knowledge and to plan to meet the opportunities and challenges the ageing population will bring.

An increasing number of older people reflects a fundamentally good phenomenon: people are living longer. Over the coming decades, the number of older people will increase markedly.

Older people aged 65 years and above currently make up 12% of the population. In 30 years, we expect this to double to 24%. The increasing proportion of older people is a result of increased life expectancy and the movement of larger birth cohorts into retirement age. This will increase substantially after 2011, as the post-war baby boom generation reaches 65 years. The size of the baby boom cohort has also been expanded by migrants in recent years, and the birth cohorts that follow are smaller, largely due to declining rates of fertility in the population.

**Figure 4.1 Projected number and proportion of people aged 65+**



Source: Statistics New Zealand, national population projections

The number of older people is expected to increase over all age groups, and the number of people aged 85 years and over will have the highest relative growth. For example, by 2023 we expect the number of people over 85 to have doubled from 57,000 currently to 112,000.

Future generations of older people will differ from the current generation. On average, they will live longer, and it is likely they will be healthier, richer and more educated. They will also be more ethnically diverse. The closing of the life expectancy gap between non-Māori and Māori, and the differences in fertility and immigration, will change the ethnic composition of the older population in the future.

**Future generations of older people will live longer, and be healthier, richer, and more educated**

**Table 4.3 Ethnic share of population aged 65+ in 2001, and projected share**

<b>Ethnicity 65+</b>	<b>2001</b>	<b>2021</b>
European	92%	86%
Māori	4%	7%
Pacific	2%	3%
Asian	2%	7%

*Source: Statistics New Zealand, ethnic population projections, 2001(base) series 6, New Zealand population projections, 2004(base) series 5*

*Note: People who identify with more than one ethnicity are included in each ethnic population*

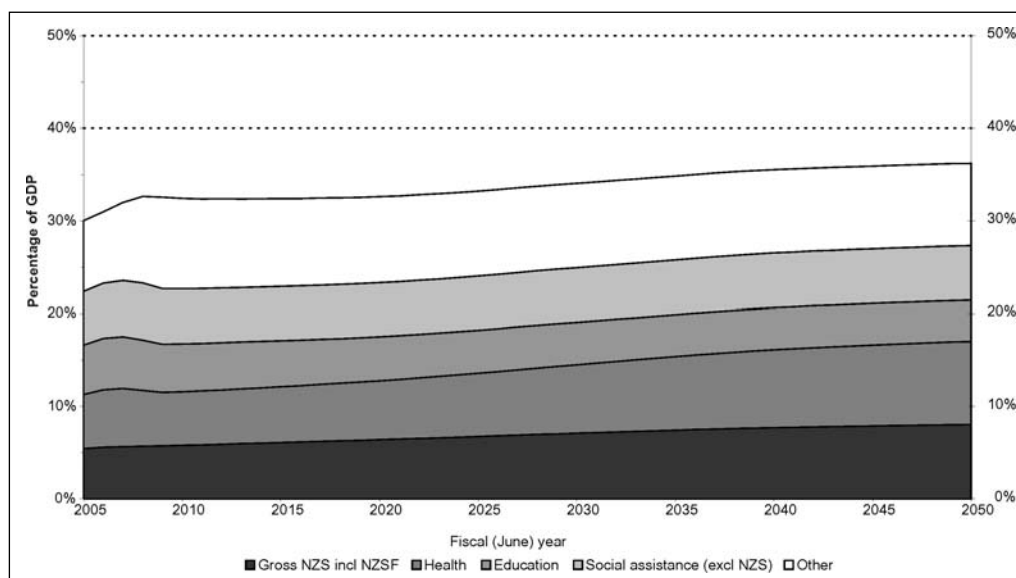
The ageing population is often viewed as a problem, with a growing proportion of older people dependent on a shrinking working-age population. However, in many ways, the reverse is true. As the number of people over 65 increases, society will be increasingly dependent on older people. Employers will be dependent to a greater degree on an older labour force, and we will see increasing rates of employment among people 65 years of age and above. Families will rely more on grandparents for the provision of childcare. Our communities will increasingly rely on older people's participation in the voluntary sector.

**Population ageing presents benefits for employment, communities, and families; but also challenges for services and expenditure**

Population ageing will also present some challenges. It will require proper planning to ensure service delivery reflects the changing profile and needs of older people. While, on average, future generations of older people are likely to have better outcomes than the current generation, there will also be increased numbers at risk of poor outcomes.

The ageing of the population will have a significant impact upon aggregate government expenditure and taxation. We expect sizeable increases in health and superannuation expenditure as a result of future demographic change.

**Figure 4.2 Core Crown operating expenses (excluding debt servicing costs) plus NZSF transfers, as percentage of GDP**



Source: Treasury, *Long-term Fiscal Model, 2004*

Currently, a proportion of the future costs of New Zealand Superannuation is pre-funded.

One of the most important responses to an ageing population is putting in place policies and programmes that support the increased participation of older people. Promoting an increase in the employment of older people will contribute to the economy through increasing the tax take and helping to meet labour and skills shortages.

Support for older people as carers (of both grandchildren and spouses) will improve the labour force participation of younger workers and reduce health costs. Initiatives to support people continuing to live independently, rather than in more expensive long-term residential care, will reduce the pressure on health expenditure.

The increasing numbers of people aged 65 years and above will have a major impact on families, communities, the economy and government. There is a considerable need for increased research in this area, given the importance of the demographic changes involved.

### *Opportunities for action to plan for the ageing population*

- Developing practical proposals to remove barriers to participation by older people in social and economic life will be critical to how we respond to population ageing
- We should ensure that government and non-government organisations are planning for the service delivery implications of an ageing population
- In order to fully understand the implications of population ageing we need to develop a research strategy, including a national research agenda and a mechanism to ensure closer co-ordination of government-funded research on the implications of population ageing.

### **Improve the future provision for retirement**

The New Zealand system of retirement income relies on both public and private provision. The combination of private provision, mainly through mortgage-free home ownership, and a world-class public system leads to very low levels of poverty for older New Zealanders. The coming decades will present some challenges to this system. The total cost of New Zealand Superannuation (NZS) will rise, and to achieve reasonable incomes over and above New Zealand Superannuation, many working-age New Zealanders will need to save more.

The public provision of retirement income consists of NZS, which is a universal payment, combined with means-tested supplementary payments for those with specific needs. For those who do not meet the residency requirement of NZS, there is also an emergency benefit, which is income tested. Taxation revenue funds both the current cost of NZS (approximately \$6.2 billion in 2004/2005; \$6.4 billion forecast for 2005/2006) as well as a proportion of the future costs of NZS (around \$2.3 billion per annum). Older people with high health needs can apply for additional financial support through the Disability Allowance. The Accommodation Supplement is also available for those with costs in this area.

On the private side, the New Zealand system relies on home ownership and private savings. Apart from light-handed regulation, there is limited government involvement in the private provision for retirement. From 1 April 2007, there will be a work-based savings scheme with government

**New Zealand Superannuation is our main public provision for retirement**

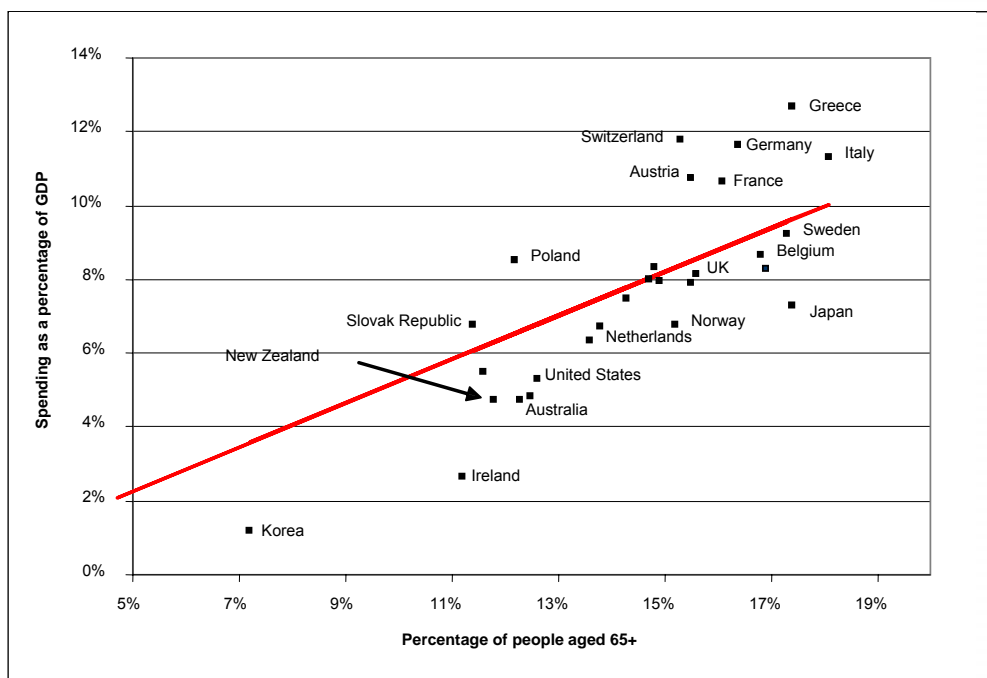
**There is limited government involvement in private provision**

incentives. The Retirement Commission promotes information designed to increase financial literacy and an awareness of the need to save for retirement.

The New Zealand system of retirement income provision compares relatively well with other OECD countries:

- the New Zealand system is universal
- poverty among older people in New Zealand is the lowest in the OECD
- compared to other countries, the New Zealand system provides no disincentives for participation in employment
- the fiscal costs of NZS are slightly below average compared to other countries, taking into account that New Zealand has a lower proportion of older people compared to many OECD countries
- in the area of replacement rates (the ability of the retirement income system to provide an income comparable to pre-retirement), New Zealand performs worse than other OECD countries.

**Figure 4.3 Spending on pensions as a percentage of GDP compared to spending on 65 years and above population groups in OECD countries**



Sources: OECD Factbook 2005; OECD Social, Employment and Migration Working Papers No. 22 Income Distribution and Poverty in OECD Countries in the Second Half of the 1990s

Although few older people are in poverty, they also have significantly lower average incomes than the rest of the population. After excluding the cost of housing, the median disposable income of people 65 years and above is 60% of the rest of the population. This has reduced from 72% in 1994. The widening of the gap between older people and the rest of the population is due to increases in real incomes. More than half of all people aged 65 years and above have very little private income and are almost totally reliant on NZS.

Even though the public provision of retirement income in New Zealand is very good, there is room for improvement.

The current system does not always effectively target the needs of older people it tries to meet (eg those with significant caring responsibilities or general transport needs). In addition, the rules of eligibility for supplementary payments may act against older people. Generally, older people are more likely to be asset rich but income poor. There is scope to

**More than half of all older people are almost totally reliant on New Zealand Superannuation for their income**

**Our public provision is very good, but we can improve our system of supplementary payments**

reform the system of supplementary payments to ensure better alignment with the needs of older people. Given the ageing of the population and the associated financial implications for New Zealand, any concerns about public provision should be addressed through targeted support, rather than increasing NZS base rates.

While not a cause for immediate concern (as research indicates most of the current generation of older people are faring well), there are concerns for the future. Declining levels of home ownership and, until recently, declining coverage of private superannuation schemes create the risk that the average incomes of older people will fall further behind the rest of the population.

Encouraging savings among younger generations is critical. We need to improve investment in financial literacy, increase levels of trust in the financial services sector, and provide support for people to develop good savings habits.

As well as savings, there is also a need for appropriate mechanisms to help older people convert savings to income. The emergence of the home equity release scheme provides one such vehicle. However, these new schemes need to be properly regulated. The lack of a well-developed annuity market also presents an issue for older people who have made some private provision. Annuities provide a means for individuals to convert a lump sum into a fixed annual income until they die. For people who live longer than expected, this provides a useful form of insurance against exhausting their savings.

*Opportunities for action to improve provision for retirement*

- We need to review supplementary payments in relation to the needs of older people
- Initiatives that increase financial literacy, together with strengthened regulation of private superannuation schemes would create higher levels of trust and participation in such schemes and better private provision
- Increasing targeted support for private savings and home ownership would better prepare people for retirement

- Annuity and home equity release schemes are useful mechanisms for enabling older people to utilise their savings and assets. We need to review the regulation of these schemes in New Zealand.

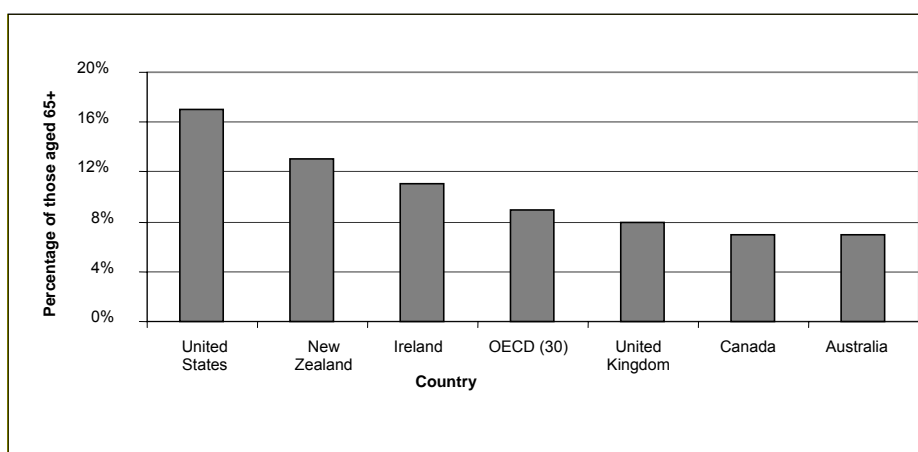
### Increase employment opportunities for mature workers and older people

Expanding employment among older people will contribute to offsetting the fiscal costs of population ageing, while meeting skill and labour shortages. As life expectancy increases and health outcomes improve, employment will become increasingly possible and necessary for older people. But at present, older people face barriers to employment. Work with employers will help increase employment opportunities for mature workers and older people. We also need to provide employment services to older clients.

New Zealand has high rates of employment of older people compared to other OECD countries. Employment rates for this group have been increasing steadily over the last decade. Increases in the employment of people 65 years and above have been a result of a strong labour demand, the decline in incomes during the mid-1980s, and changes in social norms.

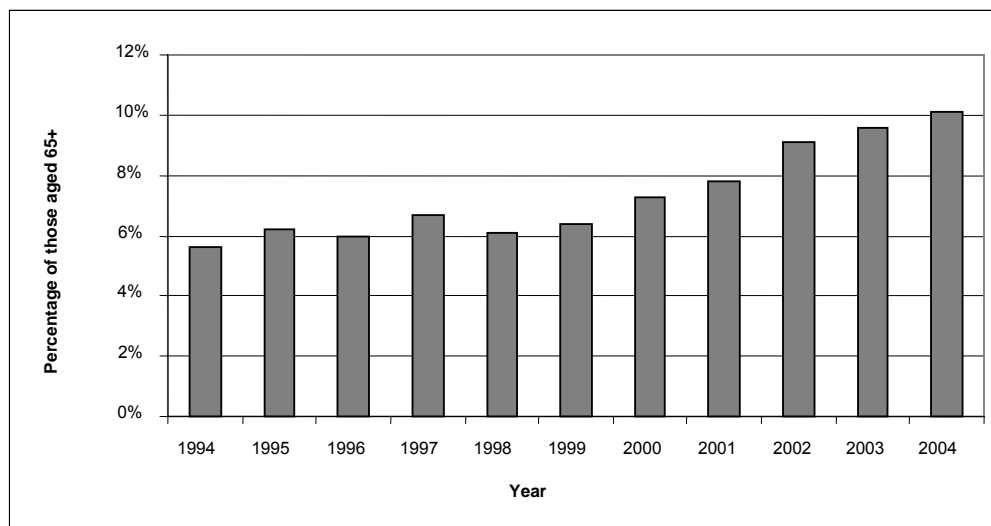
Employment rates for older people have increased steadily over the past decade, but many face barriers to employment

**Figure 4.4 Labour force participation rates for 65+, international comparisons**



Source: Burniaux et al (2004)<sup>41</sup>

**Figure 4.5 Employment rates 65+, 1994–2004**



Source: Statistics New Zealand, Household Labour Force Survey

There has also been pronounced increases in labour force participation rates among men and women aged 50–65 years of age. As well as the same factors driving employment as for the 65 years and above group, the increase in the age of eligibility for NZS, over the period 1991–2001, has also been a factor.<sup>42</sup>

While employment and labour force participation rates have increased markedly, mature and older people continue to face barriers to employment:

- Research suggests mature workers and older people face discrimination in the labour market.<sup>43</sup> They may have less opportunity to gain access to employment or training than younger people.<sup>44</sup> Negative attitudes from co-workers can also push older workers out of the labour force.
- Anecdotal evidence suggests many mature workers and older people might extend their working lives if more flexible or part-time work options were offered.
- Anecdotal evidence also suggests there is a group of mature workers on benefit who have become discouraged from seeking work.<sup>45</sup>
- Many mature workers and older people may be making decisions about retirement because it is regarded as normal for people to retire around

**Discrimination, lack of workplace flexibility, and lack of up-to-date skills are among the barriers to be addressed**

the age of 65 years,<sup>46</sup> and may not be fully aware of the financial costs of retirement.<sup>47</sup>

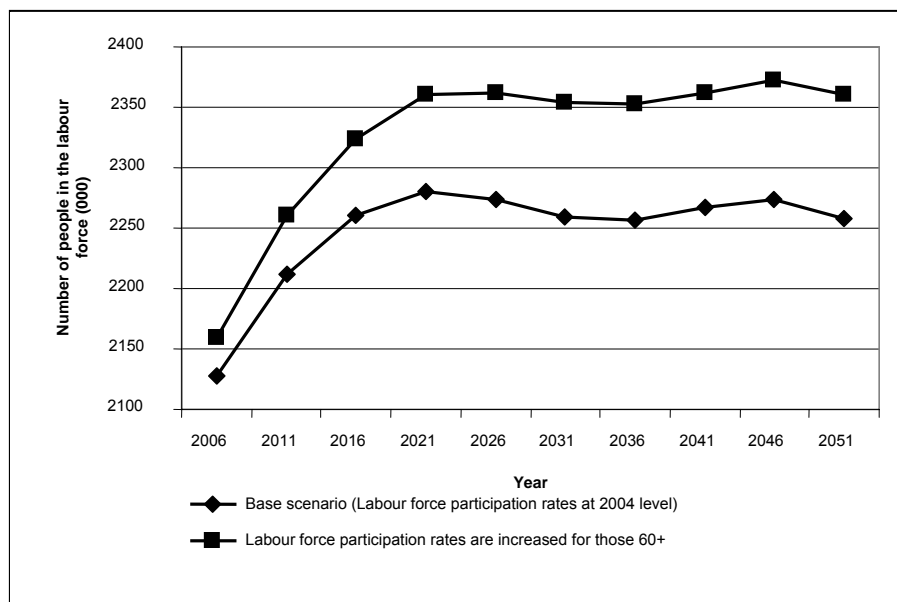
Maintaining relevant skills and supporting the return of women to the labour force can also help extend peoples' ability to provide for their retirement. There are opportunities in the short term for older workers with more experience to remain in or re-gain entry to the workforce, and to add to New Zealand's economic growth.

Increased employment rates for mature workers and older people will benefit the individual (through increases in income and social contact), the government (in the form of tax revenue) and the economy (through an increase in the supply of labour and skills). Working with employers will help shift perceptions and ensure the know-how, skills, knowledge, experience and stability of older people wanting to work add value to our labour force.

Increased employment rates for mature and older people are one means of meeting the challenge of future skill shortages. To illustrate the impact of increasing employment rates of mature workers and older people on possible future labour shortages, consider the scenario illustrated in Figure 4.6. The lower line shows the projected labour force, based on current rates of participation. The upper line assumes the labour force participation rates for those aged 60–65 years will increase from the current 55.5% to 70%<sup>48</sup> and from 10.1% to 15% for those aged 65 years and over. By 2021, changes in participation rates will expand the labour force by 80,000.

**Increasing employment among mature and older workers will help us address skills shortages and increase tax revenue**

**Figure 4.6 Projected labour force**



Source: Statistics New Zealand, Household Labour Force Survey 2004

As well as expanding economic output, increases in the employment of mature and older workers will also provide additional taxation revenue. Increased employment opportunities will be consistent with the future needs of older people, who may experience improved health and wish to remain more active and continue to participate in work. Longer lives after age 65 will require many older people to continue working to accumulate sufficient assets for retirement.

To provide increased opportunities for mature and older people, we need to work with employers and training providers to shift perceptions and to ensure the know-how, skills, knowledge, experience and stability of older people wanting to work add value to our labour force.

*Opportunities for action to increase employment opportunities for mature workers and older people*

- Providing more and better information to mature-age workers would allow informed decisions about retirement
- Higher levels of case management and access to employment assistance for mature workers and older people on benefits or NZS would increase their employment opportunities

- Employers attitudes towards hiring or training mature workers and older people limits their job chances. We need to work with employers to shift their perceptions.

### **Increase support for older people to remain living independently in the community**

Most older people with moderate health and personal care needs would like to remain in their own homes and live independently, rather than move into long-term residential care. In most cases, this is a less expensive option for government. While the length of stay in long-term residential care has been declining, the level of dependency and the frailty levels of older people in these facilities are increasing, with the consequent growth in costs to the health system. There needs to be increased support for older people to remain living independently in the community.

Research indicates there are a number of factors that make it hard for frail older people to remain living independently. These include:

- transport
- housing
- additional health and personal care needs
- lack of home and community care services
- lack of family and other carer options
- safety and security
- loneliness.

A significant expansion of home and community care options will reduce pressure on residential care, will allow older people to age in place, and will reduce the growth rate of government outlays on more costly residential care services. In this context, greater investment in care co-ordination and case management services, and respite care and other support for carers, are all likely to be cost-effective investments.

There are currently some threats to the long-term supply of residential care (with a number of charitable and religious providers leaving the sector), as well as pressures on nursing and carer wages.

**Most older people want to stay living in their own homes, but many factors affect their ability to do so**

**A significant expansion of home and community care options will strongly support ageing in place**

The recent changes to the income and assets test for the Residential Care Subsidy have directed increased government funding within the health vote to support long-term residential care. This has resulted in increased funding for providers as well as an increased subsidy for individuals with a moderate level of assets.

#### *Opportunities for action to remain living independently in the community*

- In order to allow more older people to remain in their own homes, or return to their homes sooner after hospitalisation, we need to expand the range of home and community care services
- Providing increased support for family and other carers, including through expanded respite care options and a national network of carer resource services, would help more older people to live in the community
- Expanding the range of home-visitor programmes would help overcome the social isolation of older people in their homes.

#### **Improve the delivery of services to older people**

A significant proportion of the services provided by government is to older people. Local government and the community and voluntary sector are also important providers. The current provision of services to older people in need is fragmented, and sometimes these services are of poor quality. There is considerable scope to improve the quality, responsiveness and range of these services for older people. It is important to improve the co-ordination of services, and to provide better information about what services are available, while developing an increased range of more proactive programmes and services.

For older people with high needs, there is a complex and confusing array of services from government agencies, DHBs, Housing New Zealand and a range of other organisations.

The Ministry of Social Development has recently started a review of its service delivery arrangements for older people. Our work will lead to the development of an outcomes framework for older people that will contribute to the design of the future delivery of services, including how our services can be better co-ordinated with services provided by others.

**Provision of services to older people is fragmented and of inconsistent quality**

**We have started a review of our service delivery to older people, both of what we deliver and how we deliver it**

To support older people to age in place and to participate in employment and the community, it is important to provide adequate income support, housing, health care and transport, and more co-ordinated and integrated services across the government sector. This includes improving the availability of information about current services across government departments and non-government organisations.

A key issue is the extent of information provision. There is also a gap in the provision of low-level preventive services that support older people to remain active and independent. These might include programmes designed to tackle social isolation and loneliness, support for carers, or more flexible housing options for low-income older people. Many of these services could have a pay-off for government through increasing tax revenue or reducing the demand for health services.

As well as the range of services, there is also considerable scope to improve how services are delivered. The experience of Australia, the UK and Canada indicates there is considerable merit in creating an older people's internet portal to provide a one-stop-shop for information and services. Currently, 34% of people aged 65 years and above have access to the internet (and the 65 years and over group has the highest rate of uptake of any age group). Through the use of the internet, there is the capacity not only to improve information for older people, but also to make some forms of service delivery easier for older people and cheaper for government.

New call-centre technology provides many opportunities to improve service delivery options. There is also scope for using print media to provide a national guide to services for older people and their families across the spectrum of government services.

In New Zealand, we can build on existing regional working groups and bring together representatives from central government, local government, iwi providers and other non-government organisations involved in providing services for older people. These working groups should develop coherent plans for services for older people at a regional level. Regional co-ordination of services for older people should aim to ensure that, regardless of how an older person accesses a particular service, they will be provided with information on other relevant services and how to access them.

**We can build on regional partnerships, particularly with the community and voluntary sector, to improve services**

The voluntary and community sector is a major provider of services to older people. Recent declines in Lotteries funding are putting pressure on the ability of non-government organisations to function effectively. There is some scope to provide more strategic funding to non-government organisations providing services to older people.

Through the payment of NZS and other benefits, the Ministry of Social Development has ongoing contact with almost 95% of all people aged 65 years and above. Through working more effectively with other agencies at the regional level, providing more outreach services, reducing complexity and compliance costs for older people, and harnessing new technology, there is considerable scope to transform the delivery of our services to meet the differing needs of older people.

#### *Opportunities for action to improve services for older people*

- We need to review the range of services to older people across the country as a step towards addressing service gaps and inconsistent quality. This should include ensuring that regional service delivery agencies work together to improve services to older people
- The provision of long-term funding to community and voluntary organisations that provides services to older people would improve their viability
- A one-stop-shop approach involving a single, local point of co-ordinated information on government and community services for older people, in all regions would help older people locate and access services
- A national information programme involving more effective and co-ordinated use of government service-delivery channels could deliver information on lifestyle, nutrition and other low-level preventative services to support active ageing.

#### **Protecting older people in our society**

Like all New Zealanders, older people have the right to feel safe and secure, to live with dignity and to age in a positive way, free from discrimination. Mental and physical frailty may make some older people more vulnerable and in need of particular supports and protections. We need to develop

strategies and put appropriate mechanisms in place to protect the interests of older people and to prevent elder abuse and neglect.

New Zealand is at the forefront in the provision of a legislative framework that protects older people from discrimination. However, research by the Human Rights Commission reveals that many people think age discrimination continues to exist. There is a need to promote positive attitudes about older people to combat age discrimination.

International research indicates that between 2% and 5%<sup>49</sup> of older people face abuse of a physical, psychological, sexual, financial or material nature, or experience neglect. This has long-term effects on physical and mental health, finances, living arrangements and other aspects of their lives. It reduces their ability to participate fully in society and has wider costs for families, communities and government.

Twenty-two Elder Abuse and Neglect Prevention services around New Zealand are currently part-funded by the Ministry of Social Development. These services investigate and assess complaints of abuse, co-ordinate intervention services, provide education and raise awareness in communities.

There are many regions of the country that do not have Elder Abuse and Neglect Prevention services. Current part-funding arrangements make it difficult for services to undertake long-term planning, to provide staff with access to adequate professional development, or to ensure services reach all older people who need them.

A current lack of comprehensive data and research around elder abuse and neglect in New Zealand makes it difficult to accurately assess the full extent of the problem, what is working best to address it, and where the gaps are. There is a need to develop a cohesive national strategy that incorporates the wider sector (such as health providers, Police, legal services and community organisations) and that improves research and understanding of the issue. In particular, this strategy should focus on effective methods for preventing abuse and neglect from occurring.

Another issue of importance is protecting older people from financial abuse. Provisions relating to enduring powers of attorney, contained in the Protection of Personal and Property Rights Act 1988, aim to allow mentally

**2–5% of older people experience physical, psychological, sexual, financial, or material abuse or neglect**

**We face issues concerning the coverage and service quality of Elder Abuse and Neglect Prevention services; we need a strategy for getting good data and research**

capable adults to make private arrangements for their personal care and welfare and their property management in the event they lose personal capacity to look after those matters themselves. However, concern has been raised that the current enduring power of attorney provisions provide insufficient protection of older people's rights and interests.

The Office for Senior Citizens has been reviewing the legislation and has proposed amendments to tighten requirements around the creation of an enduring power of attorney, to clarify the process relating to its activation, and to provide easier access to review by the Courts if abuse is alleged to have occurred. Supporting these amendments would help protect older people from financial abuse.

*Opportunities for action to protect older people in our society*

- Promoting a positive attitude towards older people would combat age discrimination
- We need to review funding arrangements and coverage of Elder Abuse and Neglect Prevention services and work with communities, non-government organisations and government agencies to develop a comprehensive strategy for addressing elder abuse and neglect
- Strengthening legislation governing enduring powers of attorney would ensure it offers adequate protection of older people's rights and interests.

## Conclusion

In Part two of this briefing, we have outlined a range of opportunities to build on recent gains, and highlighted areas we need to improve, to achieve better outcomes for all New Zealanders, our families and our communities:

- All children and young people can be provided with opportunities to do well. Proactively supporting parents and families will help children get the best start in life and help families deal with difficulties as they arise. For those experiencing disadvantage, acting early, before problems escalate, can improve long-term outcomes and break cycles of disadvantage in the future.
- There is a real opportunity to build the skills of New Zealanders and to increase the contribution they make to the economy and society. The barriers to participation in work that remain, and hinder economic growth, can be addressed through a range of options that include developing employment programmes that meet industry demands, making work pay, and supporting childcare that meets the needs of working parents and helps them enter or stay in work and build an adequate standard of living.
- Improved service provision can help older New Zealanders enjoy an active and independent life in the community. Planning for the ageing population will help to achieve good outcomes for older New Zealanders in the future.

Part three of this briefing outlines further opportunities to improve outcomes by strengthening the delivery partnership with community-based social service providers.



# part three

Delivering better social outcomes through  
community-based social services



# Part three : Delivering better social outcomes through community-based social services

## Chapter 5: A viable and sustainable community sector

### Introduction

Previous chapters have identified opportunities for action to: support children and their families; provide better opportunities for our young people; help working-age people secure decent jobs and incomes; and provide better assistance to older New Zealanders now and in the future. Taking these actions to achieve better outcomes will strengthen our families and communities. But some of these outcomes will only be achieved by building our partnerships with community groups, industry and employers, and by ensuring the sustainability of our community-based social services.

With many of the actions proposed in this briefing, the key to success is providing the right service, in the right location, at the right time.

Increasingly, the delivery of services to individuals, families and communities has relied on a mix of government and community-based service provision, with community-based non-government organisations playing an increasingly significant role in the delivery of a broad range of government-funded social services.<sup>50</sup>

The community-based social services sector in New Zealand is well established and extremely diverse. It ranges from national organisations with multi-million dollar budgets, such as the Salvation Army, IHC or Barnardos, through to very small, single-site, local community-based organisations.

Non-government providers operate in and across the entire social sector, and relate to government through a range of funding and reporting arrangements, from fully-funded outcome-based contracts for employment placements to small grants for discretionary community activities.

**Many services rely on a mix of government and community-based provision**

**We have wide community networks, and work directly with service providers across the social sector**

The Ministry of Social Development forms partnerships with a wide range of providers, centrally, to align services at the national level. We also form partnerships regionally through Family and Community Services and Work and Income networks. This locates services where people live and improves their access to services. It helps gain support and buy-in from communities, and tailors services to meet local needs.

We work directly with service providers across the social sector, including:

- child and family services – including providers of Family Start and Social Workers in Schools
- disability services
- youth workers and youth transitions services
- employment programmes
- childcare and after-school care services
- aged-care services.

Non-government provision of social services has found favour in recent decades, as these services are seen as less stigmatising for clients in need, and better positioned to engage hard-to-reach clients, particularly members of marginalised groups. Population-specific services have developed, including those targeting minority ethnic groups or specific conditions, such as mental health services. In many cases, these organisations act as both service providers and public advocates for their particular population group or issue.

Community-based social services have also been seen as better able to identify and respond to community needs than government agencies, due to their smaller scale, ability to innovate, strong links to the community and relative freedom from government or bureaucratic constraints.

The ability to innovate, and to garner non-government funding to do so, has allowed providers to develop and pilot new services and programmes in response to particular needs. This has enabled new approaches to be tried and tested, with some of the most successful being expanded into nationwide, government-funded programmes.

**The non-government sector is accessible, innovative, and flexible – but also faces challenges**

However, while community-based services have many strengths, they also face a number of challenges that put their sustainability over time at risk.

The small scale of many service providers increases their flexibility but can also lead to vulnerability, due to high overheads, limited funding, limited capacity to support training and career development of staff, limited strategic or long-term planning and, in some cases, poor governance and management.

Even the larger service providers may struggle to fund staff training and development, or long-term planning and management, in an environment where funding is presently limited and frontline service demands are high.

A report on the health of the community social service sector in the late 1990s described it as “viable, yet vulnerable”; this description is probably equally true today, despite recent progress.<sup>51</sup>

### **Opportunities for action to ensure the sustainability of community-based social services**

The following section of this briefing identifies opportunities for action to strengthen community-based social services under two broad themes:

- organisational infrastructure – building the capability and capacity of community providers
- funding and contracting – ensuring the funding model is sound and effective.

### **Building the organisational capability and capacity of community-based social service providers**

Community-based non-government providers play an increasingly important role in the delivery of a broad range of government-funded social services. However, many of the providers are small and lack a strong organisational infrastructure. To ensure the sustainability of the delivery partnership with community-based providers, we need to provide leadership across government to build organisational capability and capacity.

**We need to provide leadership across government to help the sector build its capacity and capability**

The increasing reliance on local non-government providers to deliver vital social services has both strengths and weaknesses.

Many New Zealand communities are small and isolated and cannot facilitate the establishment and maintenance of the full spectrum of strong local providers. This is compounded by a lack of formal structures and mechanisms at a regional level to co-ordinate and support social service provision.

Low unemployment has also impacted on community providers, by diminishing the pool of volunteers and increasing the demands on those who remain. Community members with core governance and management expertise may face increasing and competing demands for their time, from school boards and a range of other activities.

Expectations on providers are also changing. There are increasing demands for professional services and qualified, highly-skilled staff to deliver them. This leads community providers into direct competition with government social services in the recruitment and retention of professionally trained staff, such as nurses and social workers.

Effective implementation of a range of programmes depends on the ability of non-government organisations to deliver high-quality and effective social services.

Two universal issues for any workforce are the quantity and quality of its workers. New Zealand's social services, in particular, struggle to employ and retain qualified staff.

Key workforce issues requiring immediate attention include:

- a shortage of qualified social workers (estimated in 2005 at 400–500)
- concerns about the lack of training and career structure
- a lack of information about the non-government workforce<sup>52</sup>
- the sector as a whole being characterised by a lot of diverse, small providers, many of whom are new and have a weak infrastructure.

It is important to address the above problems and trends to ensure social services have the quality and capacity to deliver the services New Zealand families and communities need. The Ministry of Social Development is taking a leadership role across the wider sector to ensure a consistent and comprehensive approach to addressing workforce issues. Our programme targets issues that include:

- recruitment
- retention
- training and development
- organisational development
- information on the non-government workforce.

We also need to build organisational and management capability. This does not necessarily imply that only large or professional organisations should be the target of capacity-building efforts. Efforts should be tailored to the size, shape, services and goals of the provider.

New Zealand Trade and Enterprise (NZTE) provides business advice to small-to-medium-sized enterprises through its Business Information Zone online publications, yet an equivalent service is not available to community social service providers. This is a possible area for development in the next stage of the capacity-building project, potentially at little cost, as much of the NZTE material could be adapted for use by the not-for-profit sector.

Effective co-ordination and collaboration is also an essential component of well-functioning social services. This includes collaboration at the organisation and policy level, and between non-government organisations for the purpose of delivering more co-ordinated services. Existing case co-ordination processes such as Strengthening Families could be expanded to co-ordinate a broader range of services to a wider group of people.

Some investment has been made to build capacity and capability in the sector in recent years, but this has been thinly spread and not clearly targeted at improving effectiveness. To achieve greater improvements, we need to develop a plan that includes establishing a coherent structure to provide co-ordination, to identify significant gaps and to propose a way

**We have current projects to develop stronger partnerships and collaboration and to improve information sharing**

forward to sustain the sector and improve the quality and effectiveness of service delivery.

The Ministry of Social Development is working on a range of policy and operational projects to strengthen the sector. The projects include work on social services capacity and capability, work to strengthen employment partnerships with industry groups and employers, and work with local authorities and leaders on the co-ordination of community-based services.

We are also working on a range of initiatives to help address information sharing at the service level. The initiatives include the Family and Community Services national directory and the Family Helpline. Future developments include expanding the social services infrastructure through web-hosting and online resources.

To meet community needs, we need to work across the whole of government and with non-government organisations and the community-based social services sector, to build capacity and capability and to improve infrastructure.

#### *Opportunities for action to strengthen community-based social services*

- We need to take a whole-of-social-sector strategic approach to workforce recruitment, retention, training and development
- Improving access to good practice information and resources, in areas such as governance, strategic planning, and human resource management would support small to medium sized community organisations
- Strong relationships across government and non-government social services sectors are required if we are to improve collaboration and co-ordination across services

#### **Improving the funding and contracting model for community-based social services**

Government supports, and relies on, the delivery of community-based social services through a variety of funding and contracting models. To strengthen the delivery partnership with community-based providers, we need to ensure funding and contracting models support good client outcomes and

the development of a robust social services sector, enhancing accountability while minimising unnecessary compliance costs.

Over time, social services funding has developed in an organic and ad hoc manner, with multiple-funding approaches being taken both across and within government departments. The main models encompass the following:

- Grant funding is where a small contribution is provided to support a particular activity or worthy organisation. Generally, these arrangements are accompanied by minimal reporting requirements and low compliance costs.
- Contributory funding is where a significant portion of the costs of an activity or service is funded, with an expectation that the remaining costs will be met by soliciting non-government funding. Generally, these arrangements cover basic service costs, with organisations seeking to raise overhead and organisational development funds. Reporting and compliance costs vary with the level of funding.
- Programme purchase is where a programme or service is fully costed and funded. Here the unit cost includes service costs and organisational overheads. Reporting and compliance activities are higher but accommodated in the contract. Generally, however, such arrangements encourage performance to contract standards, limiting the ability to innovate and move resources to respond to emerging needs.

Expanding funding demands within a limited resource pool have seen the funding process become increasingly competitive, encouraging purchasers to seek services at a price rather than to build a relationship with a provider. At the same time, major funding sources such as Lotteries have experienced a reduction in income, further increasing competition for funding.

In an environment where funding security is low and competition for resources high, providers may be less willing to co-operate and collaborate, reducing the effectiveness of services for clients. Those providing the dollars may have specific output requirements associated with funding that do not necessarily align with clients' needs, thereby limiting the service provider's ability to respond effectively to complex cases or clients with multiple needs.

**Social services funding has developed in an ad hoc manner ...**

**... has fostered increasing competitiveness among providers ...**

**... and thus reduces opportunities for collaboration**

**We need to reduce funding compliance and transaction costs for providers**

Reliance on private or philanthropic sources of funding may present particular problems for social service providers working with marginalised groups or with clients who garner little public sympathy. Where government funding is secured, few contracts offer medium- or long-term security to providers, or accommodate price or wage fluctuations.

Through the adoption of new approaches to government contracting, we need to reduce the compliance burden and the cost of transacting with government for many small service providers. The Funding for Outcomes initiative currently being piloted by the Ministry of Social Development is one possible approach to reduce the compliance burden on service providers, through establishing integrated purchase and reporting contracts.

Sustaining the quality of community-based social services will require increasing the capability and capacity of the community-based and voluntary workforce, which relies on putting in place funding arrangements that recognise the need for investment in capability and financial viability over time.

We should also seek to link funding levels to service complexity, staff qualifications and known effectiveness. Such a model could be introduced progressively, starting with more intensive services delivered directly to families and their children, such as early intervention or care and protection.

In some areas, there may be a stronger role for private (for profit) providers of services, such as childcare or a range of health or aged-care services, where growing demands and client expectations require a significant capital investment.

#### *Opportunities for action to improve funding and contracting arrangements*

- Funding and contracting arrangements need to be developed to better support the delivery of high quality social services. Improvements which would contribute to this end include:
  - ensuring that professional development for the social services workforce is included in funding arrangements
  - reducing compliance costs, while maintaining accountability
  - ensuring that services can negotiate service variations to respond to emerging needs

**Ultimately, funding and contracting practice must support quality services and good outcomes**

- ensuring that more funding decisions are made at the regional or local level
- ensuring better co-ordination across funding providers
- We need to provide greater funding security to providers who demonstrate effective service delivery.

## **Conclusion**

Community based social services play a vital role in the delivery of a broad range of social services right around New Zealand. Achieving better outcomes for all New Zealanders therefore relies, to a significant extent, on the capacity and capability of this sector to provide high quality services that meet people's needs.

In Part three of this briefing, we have identified opportunities to strengthen the community-based social service sector, improve coordination and build stronger organisations that can attract and retain the skilled staff they need.

We have also identified opportunities to improve funding and contracting arrangements between government and the sector, ensuring we retain a healthy, vibrant and responsive community sector in years to come.

## Working together

A strong economy and job-rich growth has improved the social and economic position of many New Zealanders. Continued growth provides ongoing opportunities to take advantage of recent gains and to position New Zealand to compete with the world and deliver the best social environment for New Zealanders today and generations of New Zealanders to come.

To make wise investments that generate the greatest returns, it is important to identify what works and what does not. Our approach needs to emphasise prevention and to advance programmes and services that target social priorities now, invest in the future, and underpin continued economic growth for New Zealand.

Access to quality information and services helps families care for each other and sort out their own problems. We need to ensure good outcomes for families by providing sound development opportunities for children and accessible support for parents. To assist families and children at risk of poor outcomes, greater investment is needed in strategies and services that intervene early, and work to reduce disadvantage and to avoid long-term harm.

Our young people should have an abundance of opportunities to succeed. It is critical they make a good transition from school into further education, training or employment. We need to provide support to help them steer clear of poor long-term consequences that can result from the wrong short-term actions.

We need to work with employers to tailor employment services to meet industry demands, increase participation and expand the potential of our workforce. Employment opportunities should be available to all who can work, and should result in a better standard of living that does not mean sacrificing the quality of family life. Work environments need to support families with children. Working parents need to be provided with access to affordable, quality child care and education services.

It is important to ensure a fair go for New Zealanders who cannot work by providing an adequate safety net that protects them from hardship.

**To build on our gains, we need to ensure families can get quality information and services**

**We need to provide abundant opportunities for young people ...**

**... and work closely with employers**

Older New Zealanders should be supported to age in place, to enjoy their independence and the dividends of the lives they have built, and to continue to actively engage in their communities and the economy.

One of the most pressing issues for New Zealand is the ageing population. We need to factor this into the decisions we make today and our plans for tomorrow. Encouraging early provision for retirement, and increasing the participation and acceptance of older people in employment, will become increasingly important.

Achieving good outcomes for New Zealanders of all ages depends on the supply of quality social services. Demand is rapidly outpacing the capacity of the community and voluntary sector to provide these services. It is critical that the community-based social sector be sustainable. We need to prioritise capability building and investment in the sector if we are to ensure these providers can continue to support core government services and meet the needs of New Zealanders.

New Zealand should aim to be a world leader in the social outcomes we achieve for our children, young people and families, and working-age and older people. Opportunities for action to improve the wellbeing of New Zealanders, by targeting priority social issues now and achieving better social outcomes in the future, are outlined in this briefing.

It is vital we make the most of our opportunities and take actions that invest in New Zealand's greatest asset – our people. The outcomes that result from government decisions on social issues are key factors in developing an internationally competitive edge for New Zealand, and in making our country one of the best places to live, work and raise a family.

We look forward to working with you.

**We need to prepare for today's and tomorrow's older population ...**

**... and build the capacity and sustainability of our community sector**

**We can be a world leader in the social outcomes families, children, and young people achieve**



## Endnotes

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<sup>1</sup> Note that while the term families in this section has been used broadly to include family members who are not part of the household, this reference is to household families as defined by Statistics New Zealand.

<sup>2</sup> From Arunachalam Dharmalingam et al (2004) *Patterns of Family Formation and Change in New Zealand* Ministry of Social Development, Wellington.

<sup>3</sup> Statistics New Zealand (2005).

<sup>4</sup> Organisation for Economic Co-operation and Development (2005) *Extending Opportunities* OECD, Paris.

<sup>5</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.

<sup>6</sup> [www.moe.govt.nz](http://www.moe.govt.nz), August 2005.

<sup>7</sup> Fergusson et al 2003, conference presentation.

<sup>8</sup> Krueger (2002) *Inequality, Too Much of a Good Thing* Princeton University, New Jersey; Masse, Leonard and W Steven Barnett (2002) *A Benefit Cost Analysis of the Abecedarian Early Childhood Intervention* National Institute for Early Education Research, New Brunswick.

<sup>9</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.

<sup>10</sup> *Opportunity For All New Zealanders* Ministry of Social Development (2004), Wellington, pp 76–79.

<sup>11</sup> Fanslow J (2004), “Violence against Women in New Zealand” *New Zealand Medical Journal* Vol. 117.

<sup>12</sup> *Opportunity For All New Zealanders* Ministry of Social Development (2004), Wellington, pp 76–80.

<sup>13</sup> Shonkoff J and D Phillips (2000) *From Neurons to Neighbourhoods: The Science of Early Childhood Development* National Academy Press, Washington.

<sup>14</sup> Statistics New Zealand, *Household Labour Force Survey*, customised data.

<sup>15</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.

<sup>16</sup> Yeabsley J, I Duncan and T Mears (1995) *An Estimate of the Costs of Crime in New Zealand*, unpublished paper for the Ministry of Justice, New Zealand.

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<sup>17</sup> Maxwell G, J Robertson, V Kingi, A Morris and C Cunningham (2004) *Achieving Effective Outcomes in Youth Justice Final Report* Ministry of Social Development, Wellington, p 191.

<sup>18</sup> OECD Economic Survey of New Zealand, 2005.

<sup>19</sup> There are numerous sub-categories within each main working-age benefit, and there are a number of child-related benefits (which, alongside New Zealand Superannuation and Veterans Pension, are not addressed in this chapter).

<sup>20</sup> Some earlier categories, such as Miner's Benefit, were removed, while others, such as sole-parent benefits, were developed in response to employment and social change.

<sup>21</sup> 47% of sole parents were employed in the year ending March 2005 (26% full-time, 21% part-time).

<sup>22</sup> WRK4U seminars, which are tailored for full-time work-tested clients, give information on: the local labour market, how to find work, what sort of paperwork is required when applying for a benefit and obligations that flow from receiving a benefit.

<sup>23</sup> Organisation for Economic Co-operation and Development (2004) *Babies and Bosses* (volume 3) OECD, Paris.

<sup>24</sup> *ibid.*

<sup>25</sup> Unpublished analysis of the 2004 *Living Standards Survey*.

<sup>26</sup> OECD (2005) *Economic Surveys: New Zealand, 2005*.

<sup>27</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.

<sup>28</sup> Homeowners currently make up 16% of recipients (Ministry of Social Development data).

<sup>29</sup> Stroombergen A (2004) *The Effects of the Accommodation Supplement on Market Rents* (Working Paper 02/04) Ministry of Social Development, Wellington.

<sup>30</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.

<sup>31</sup> *The New Zealand Income Survey*, Statistics New Zealand.

<sup>32</sup> *Household Economic Survey 2001*, Statistics New Zealand.

<sup>33</sup> HEDY: Housing-adjusted Equivalised Disposable Income.

<sup>34</sup> Derived from Statistics New Zealand's *Household Economic Survey* by the Ministry of Social Development.

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- <sup>35</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.
- <sup>36</sup> Davey J, V de Joux, G Nana and M Arcus (2004) *Accommodation Options for Older People in Aotearoa/New Zealand* Centre for Housing Research, Aotearoa New Zealand, Wellington.
- <sup>37</sup> *Demographic Trends 2004* Statistics New Zealand.
- <sup>38</sup> *Disability Counts 2001* Statistics New Zealand.
- <sup>39</sup> *Quality of Life Survey 2004*, Ministry of Social Development and the Quality of Cities Project in New Zealand's Biggest Cities.
- <sup>40</sup> Ministry of Social Development (2005) *The Social Report 2005* Ministry of Social Development, Wellington.
- <sup>41</sup> Burniaux J M, R Duval and F Jaumotte (2004) *Coping with ageing: A dynamic approach to quantify the impact of alternative policy options on future labour supply in OECD countries* OECD, Paris.
- <sup>42</sup> Hurnard R (2005), unpublished paper, Treasury, Wellington.
- <sup>43</sup> McGregor J and L Gray (2002) "Stereotypes and older workers: The New Zealand experience" in *Social Policy Journal of New Zealand*, 18:163–177.
- <sup>44</sup> Lahey J (2005) *Do older workers face discrimination? An issue in Brief* Center for Retirement Research at Boston College, # 33.
- <sup>45</sup> The Australian Bureau of Statistics found that, of male discouraged job seekers under 65, 41% were aged 55–64 years. Source: Persons not in the labour force, Australia, September 2002.
- <sup>46</sup> Burtless G (2004) *Social Norms, Rules of Thumb and Retirement: Evidence for rationality in retirement planning*, CSED Working Paper No. 37, The Brookings Institution, Washington.
- <sup>47</sup> Barnes M, P Costigan, K Pickering and N Stratford (2003) *Factors affecting labour market participation of older workers*, (Research Report No 200, Department for Work & Pension, United Kingdom.
- <sup>48</sup> In 1966, the full-time labour force participation rate was 71% for those aged 60–64. Source: Treasury (2003) *The effect of NZS age of eligibility on labour force participation rates of older people* Treasury, Wellington, p 6.
- <sup>49</sup> Fanslow J and K Glasgow (2001) *Core Elements of Health Care Provider Response to Victims of Family Violence* Injury Prevention Research Unit and Ministry of Health, Auckland, p 44. See also Faccinetti, Jorge Daniel (2002) "Making Strategic Communications Work to Prevent Elder Abuse" in *Journal of Elder Abuse and Neglect*, 14(4):11–20.

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<sup>50</sup> In this chapter, 'community-based non-government organisations or services' is used to refer to any non-Crown agency or body with which government has a funding relationship, and includes not-for-profit voluntary organisations, charities, incorporated societies, Māori and Pacific groups, and commercial organisations who are funded to deliver social services.

<sup>51</sup> Ernst and Young (1996) *NZCFA – Study on the Viability of the Not-for-Profit Sector in New Zealand* Community Funding Agency, Department of Social Welfare, Wellington.

<sup>52</sup> Wilson C (2001) *The Changing Face of Social Services Volunteering: A Literature Review* Ministry of Social Development, Wellington.