Those who cannot remember the past are condemned to repeat it. This quote, from American philosopher George Santayana, captures the value of this very readable account of the largest and most politically contested of public service agencies. Since unemployment rose dramatically in the 1970s, almost every doctrine about the what, how and who of organisation has been tested on the Ministry of Social Development and its predecessors. From centralised bureaucracy to decentralised divisions, then stand-alone agencies imitating private sector sales methods, this always controversial government function is now a unified agency focused on achieving outcomes. This book is a whodunnit of political and managerial fads and fashions and should be a compulsory read for would-be reformers, whether politicians, central agency analysts, lobby groups, community organisations or managers. ‘New’ solutions can be tested against the myriad structural solutions captured here.

*Dr Richard Norman, School of Management, Victoria University of Wellington*

This history of MSD provides a window of the relationship between citizens and their state. It presents many examples of the difficult balances faced in public administration, why it is hard to ever get it all right, and how even over long periods the accumulation of many initiatives can take you back to the beginning. Behind the many great stories is a sense of an enduring incompatibility between the worlds of the citizen, the administrator, the social worker and the politician. This history will be a great resource for anyone interested in public administration.

*Len Cook, Chair, Institute of Public Administration*

Tim Garlick has made a fine job of explaining how one government agency has experienced some of the major public service shifts over the last couple of decades. We need more studies that cover these vital years.

*Dr Bronwyn Dalley, historian, Wellington*

This authoritative history describes the journey of the Ministry of Social Development and its predecessors over 150 years. Its role has changed dramatically from a narrow focus on child welfare and paying benefits, and later employment assistance, to leading a network of agencies in delivering government priorities to reduce long-term welfare dependency and improve outcomes for vulnerable children. This book places changes to the structure and operations of our largest government agency in the context of its changing role and current theories of public management. It will be an invaluable resource for agencies experiencing transformative change and for students of public management.

*Iain Rennie, State Services Commissioner*
SOCIAL DEVELOPMENTS

An organisational history of the Ministry of Social Development and its predecessors, 1860–2011

Tim Garlick
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### Conclusion: MSD at the crossroads? 2011 and beyond

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Preface

This history was begun to help clarify the organisational changes in the Ministry of Social Development and its predecessors, particularly since the 1970s. The project’s wider potential was recognised by senior management, who saw a practical need for staff to have a better understanding of the history of the Ministry — to know where things had been tried before, to understand the origins of current and past approaches, and to recognise recurring issues. As the history documented a number of important developments that are not very well understood, it was recognised that such an account would also be useful for people outside the Ministry, particularly those with an interest in social policy and public management.

I completed the manuscript for this history while employed by the Ministry of Social Development. The writing process was overseen by a steering group of senior managers, experienced current and former staff, and members of the History Group of the Ministry for Culture and Heritage. The steering group’s role was to ensure accuracy, balance and integrity. At no point was I directed by either MSD or the steering group to come to particular judgements or conclusions.

Welfare has always been a contentious and divisive topic — even more so in recent decades. I am acutely aware that many of the developments I describe have not been universally supported. Where possible, I have tried to resist providing my own evaluative assessments: my underlying approach has not been to judge, but to understand and to explain. Where judgement or editorial comment has intruded, my primary intention has been to explain attitudes or concerns which had an immediate impact on an agency or influenced later developments. If this account prompts further discussion and informed debate, then so much the better.
Introduction

Over the last 25 years, the New Zealand public sector has experienced rapid and fundamental change. Welfare agencies in particular have been in a state of near-constant transition, as successive governments have reconfigured the basic structure of the system. Such has been the frequency of organisational change that keeping track of new agency names and reporting lines has at times been challenging even for those working within the system. Small wonder, then, that even after the recent period of relative stability, outside observers still ask, 'What is CYFS called now?,' 'Social Development — what do they do?,' or, 'Whatever happened to WINZ?'

To illustrate the type and pace of change that has been endemic to the sector, consider the recent history of the service dedicated to the welfare of children and their families. Between 1986 and 1991, the Department of Social Welfare’s Social Work Division was restructured no fewer than four times before being separated out as a ‘business unit’ of DSW in another restructuring in 1992. The greater operational autonomy of the New Zealand Children and Young Persons Service did not herald a new era of stability: NZCYPS was restructured in 1994, and again in 1996, when it was renamed the Children Young Persons and their Families Service. Just a few years later, in January 1999, the Service merged with the Community Funding Agency to become the Children Young Persons and their Families Agency. In October of that year, it was given independent status as the Department of Child, Youth and Family Services. That department was restructured in 2000, 2002 and 2004 before its merger with the Ministry of Social Development (accompanied by another restructuring) in 2006.

Moving to a sweeping view of the welfare sector as a whole, the slew of rearrangements over the past two-and-a-half decades can usefully be broken down into three broad shifts. Until the early 1990s, the Department of Social Welfare operated as a single organisation, delivering benefits, social work services and community funding from a common district office structure. The first change came in 1992, when DSW was broken up into five autonomous business units. These business units were then grouped into three stand-alone agencies in 1998–9, before being put back together again as a single organisation, the Ministry of Social Development, through a series of mergers and transfers in 2001, 2004 and 2006. On the surface, then, it might appear that the outcome of two decades of restructuring is that the welfare sector ended up where it started.

There are, however, a couple of obvious problems with compressed ‘grand overview’ narratives of this kind. Firstly, they can too readily lend rhetorical weight to negative accounts of organisational change. By listing restructurings without reflecting on what drove the decision-makers who advocated them, it is easy to give an impression that the changes were capricious or unnecessary.

Secondly, narratives of this kind — in which the only protagonists are government agencies — gloss over the human experiences that lie behind, say, mergers or new acronyms. Across the sector, the financial cost of relocations and rebranding, redundancies and recruitment
Social Developments

drives has been matched by a heavy toll on the patience and goodwill of individuals. As one commentator has observed, ‘revolutions are exciting for the generals but not much fun for the foot-soldiers and peasants’. While the arguments in favour of each ‘revolution’ may have been persuasive for ministers and/or senior managers, those working within the agencies themselves have not always supported — or even completely understood — the official rationale. At times this has resulted in a degree of fatigue, cynicism, or even open resentment towards ‘yet another restructuring’. In a 1994 survey of the impact of organisational change on staff, one long-serving manager in NZCYPs wrote on the bottom of their questionnaire: ‘Filling this in makes me want to cry and tells me why I feel so tired and battered’.

While not wanting to play down the challenges repeated restructurings have imposed on those working in the welfare sector, this history aims to outline the motivations and arguments that lay behind the changes, and balance (or at least qualify) any impression that they were circular or arbitrary. Most were made in response to a unique set of pressures and demands and were intended to resolve immediate or long-standing problems. In particular, much of the restructuring can be understood as an attempt by the government and agencies to grapple with the legacy of the state sector reforms and the new era of public management ushered in by the State Sector Act 1988 and the Public Finance Act 1989. Beyond formal structures, these reforms have had a pervasive impact on the public service, changing its culture and performance and redefining the relationship between politicians, officials and the public.

My intention is to provide an organisational history of the Ministry of Social Development and its predecessors. Social Developments examines the evolution of welfare primarily through the lens of its administration, and aims to contribute to an understanding of a particular area in the history of public management in New Zealand. Rather than an extended assessment of the merits (or otherwise) of government policy, the book gives an account of changes to organisational strategies, structures and cultures, the broad principles which have underpinned the design of programmes and services, and the external pressures and tensions that agencies have had to navigate around. Any account of policy development is largely at a general and strategic level, and is provided as a means of describing its influence on the evolution of welfare agencies.

As the largest government agency in New Zealand, MSD is responsible for a broad range of functions. As well as assisting government with research, policy and co-ordination of the social sector, its services to the public include the care and protection of children and young people, the co-ordination of youth justice, the funding of community services, and the provision of superannuation, income support, and assistance to students. This history outlines the long and complex genealogy of this family of functions and services, and as such is the story not of one agency but of many. As the government’s approach to welfare has evolved over the past 150 years, organisations have been created, restructured, merged, and discontinued.

While this history provides an overview of developments in welfare administration since the mid-nineteenth century, I dedicate most of the space to the past 40 years, and focus in particular on the impact of the state sector reforms on the management and delivery of welfare. In recent years, a comprehensive body of literature has contributed to a more refined understanding of nineteenth- and twentieth-century welfare in New Zealand; these texts are the basis for the account of developments prior to the early 1970s. The survey of the first hundred years is primarily provided as background, and to show both the continuities and the contrasts with more recent administrative arrangements.
Introduction

The six periods of welfare administration

Each chapter of the book follows the fortunes of one of the Ministry’s organisational predecessors. The chapters are grouped into six parts, each representing a distinct period in the administration of welfare, and roughly corresponding to different organisational arrangements across the welfare sector. In each period, readers may trace evolving attitudes to the scope and role of welfare, changes in administrative dynamics and technological systems, and shifts in the economic, social and political environment within which agencies operate.

Part I: Colonial welfare and reform: Industrial schools, charitable aid and pensions, 1860–1930

Between the mid-nineteenth century and the early twentieth, limited voluntary and private arrangements slowly gave way to a modest system of public welfare based around the discretion of local magistrates, boards, and industrial school managers. Largely decentralised and heavily dependent on the courts, this system was conceived and delivered in terms of moral worth, and supervised reluctantly by a central government that was just as concerned with controlling ‘undesirable elements’ as it was with helping the needy. These welfare activities were based on a system of values that has been outlined by the historian WH Oliver: ‘the sanctity of benevolence’, a ‘classification into deserving and undeserving’, and ‘external discipline where self-discipline was lacking’.

Reluctant to replicate the British Poor Law system in New Zealand, early settlers were significantly influenced by nineteenth-century values of self-reliance, prudence and thrift, and the belief in charity as a Christian virtue. The fledgling colonial government attempted to make the immediate family group responsible for financial support for the destitute and deflected responsibility for those for whom this was not a viable option onto provincial governments. The provinces discharged it by funding or subsidising voluntary institutions, and only reluctantly went further when private and charitable provision proved inadequate. These steps included relieving officers to distribute rations (food, blankets, clothing) and industrial schools for ‘neglected’, ‘indigent’ and ‘criminal’ children. Welfare arrangements differed considerably between provinces.

When the provinces were abolished in 1876, central government regained responsibility for the needy, though it initially maintained the system it inherited, subsidising local arrangements. When these arrangements were challenged by the economic downturn of the ‘black eighties’, the government passed the 1885 Hospitals and Charitable Institutions Act, which set up a national system of hospital and charitable aid boards overseen by a small central bureaucracy, the Department of Hospitals and Charitable Institutions. This Department initially comprised a single clerk and a General Inspector, Duncan MacGregor, who attempted to guard the system against the ‘undeserving’, discipline the ‘work-shy’, and ensure that state assistance did not supplant private charity. MacGregor dominated the charitable aid system in a way that often placed him at odds with local officials and has made him the arch-villain of New Zealand’s welfare history.

By the late 1890s, New Zealand had survived a period of economic uncertainty, and had both a much larger and more visible elderly population and a Liberal government more receptive to the demands of the working class. In 1898 the Old-age Pensions Act established pensions for those aged over 65 with limited income who had lived a ‘sober and reputable’ life. The system was supervised by a Registrar of Pensions in the Old-age Pensions Department.
Claims were assessed in open court by local magistrates, the more sympathetic of whom often clashed with the moral agenda of the Registrars. James Eman Smith (1902–08), in particular, was zealous in his efforts to restrict state support to those he saw as undeserving, ‘introducing regulations, withholding information, writing endless letters, issuing circulars, visiting pension districts and invoking higher authorities’.8

The industrial schools system experienced a brief period of neglect under the Justice Department before the Education Department took over responsibility for the institutions, which were gazetted as ‘government schools’ in 1880, and introduced the practice of ‘boarding out’ residents in private homes.9 In general, these schools continued to operate as autonomous units. Their managers became the legal guardians of children committed to an institution by a magistrate, deciding if they would be detained or boarded out and controlling the ‘Lady Official Correspondents’ and ‘Lady Visitors’ who visited homes. The institutions soon became dangerous and overcrowded, and attracted public and political criticism. At the turn of the century the Education Department’s Inspector-General, George Hogben, introduced regulations, subjected industrial school managers to more intense scrutiny, and introduced a greater emphasis on classification and treatment. A disciplinary and punitive element continued to pervade the system of receiving homes, industrial schools and reformatories, which remained relatively unchanged until 1916.

While many elements of the system were set down in legislation, considerable room for individual discretion remained: the personalities and beliefs of a few public officials had considerable influence over the nature of delivery, and there was frequently tension between central and local administration.

In the early twentieth century, there was a gradual shift towards impersonality and standardisation. The 1912 Public Service Act transferred responsibility for the personnel management of the civil service from Cabinet ministers to the Public Service Commissioner. The Commissioner increasingly defined bureaucratic routines and oversaw the maintenance of more extensive records and statistics.10 The Public Service Act initiated the ‘unified, non-political, permanent career service’ which was to characterise public management in New Zealand for the next 75 years.11

The outbreak of the First World War prompted a number of important policy changes in health and welfare. Against a backdrop of concern about the nation’s ‘racial health’, John Beck closed down the industrial schools between 1916 and 1925, established a child welfare system independent of residential institutions and the criminal courts, and initiated a new era in the state’s role in family lives. As the government progressively extended pensions to new categories of citizens deemed ‘deserving’ (none were considered more so than returning soldiers), the Pensions Department expanded rapidly and its administration became more formal, impersonal and routine.12 As Pensions and Child Welfare expanded their autonomy and influence, charitable aid was increasingly sidelined; by 1920, this was just one of the responsibilities of one of the seven divisions of the Department of Health.13

Part II: Command and control: Social Security and Child Welfare, 1925–72

During the second period of welfare administration, between the mid-1920s and the early 1970s, two agencies steadily took control of local processes in the pursuit of common standards, and expanded a system that most saw as having a positive role in family life. In the decades after 1945, the state was to act not just as a guarantor of security against unexpected misfortune, but also to promote the welfare of all citizens.14
The Child Welfare Act 1925 set the basic contours of the state’s approach to the welfare of children and young people for most of the rest of the century, consolidating a range of earlier developments into a broad system. This encompassed Children’s Courts to dispense justice, Child Welfare Officers to investigate and assess family situations, and an expanded supervisory role through the extension of probation and greater use of ‘boarding out’. These disparate services were co-ordinated by the Child Welfare Branch of the Department of Education, ‘the first semi-autonomous section of a government department devoted exclusively to welfare matters’.15

If the Depression is credited with unsettling popular distinctions between deserving and non-deserving, and further loosening the connection between poverty and moral worth, it was the first Labour government which introduced the terms that would dominate welfare discourse for the next 50 years. The 1938 Social Security Act revamped the existing pensions system into a scheme that would protect all citizens ‘from the cradle to the grave’, and replaced the Pensions Department with the Social Security Department, which administered a more generous system of benefits to a greater number of recipients. In contrast to pensions and charitable aid, the new system was conceived in terms of entitlement. Decision-making authority was raised to the highest level of the organisation, vested in a three-person Social Security Commission. Assessment was made as impersonal as possible; the Social Security Department was primarily a bureaucratic mechanism for assessing and delivering monetary payments.

To those growing up after the Second World War, the welfare state seemed unquestionable and inevitable. As the historian Margaret Tennant writes, ‘[i]t represented security and full employment, the past spectre of the “Great Depression” being its antithesis and its mandate.’16 During the decades in which there was political consensus about the positive role of the welfare state, the basic policy parameters of Social Security and Child Welfare remained relatively stable. Head office concentrated on operational matters such as record-keeping, clerical work, supervision and inspection, and played a significant role in the oversight of decision-making on particular cases, guiding procedure through processes set down in manuals. The Public Service Commissioner/Commission (State Services Commission from 1962) and Treasury had particular influence, controlling staff and other resources, and contributing to a distinctive culture in which even senior bureaucrats took care to follow the multitude of rules.17 The structure of public agencies in many ways mirrored that of the military hierarchies with which the Second World War generation were familiar.18

Confident that basic material needs were being met, public agencies began to expand welfare services to address social ‘problems’. From the 1950s, the Social Security Department offered more discretionary services, with a small section dedicated to counselling and ‘social work’. With the welfare state now ‘an accepted fact,’ one academic observed in 1955, welfare was not just ‘passing from the field of policy to the field of administration,’ it was ‘overflowing from the economic field to the psychological’. ‘Welfare was originally a misnomer for the abolition of poverty, and social security was a misnomer for economic security. But these words have had a magic of their own, and their use has helped to impel us towards the realization of welfare and security in wider senses.’19

John Beck had understood this wider sense of welfare and security as early as the 1920s. Both he and his successor as Superintendent of Child Welfare, Jim McClune, continued to seek a greater role in assisting families. While such ‘preventive work’ was central to the policy
Social Developments

and practice of the Child Welfare Branch from its creation, its role was boosted significantly during the Second World War; by the time the Branch was renamed the ‘Child Welfare Division’ in 1948, preventive supervision made up a quarter of all child welfare cases. By this time, the service had also taken on responsibility for a range of other supportive duties, including advice, grants and assistance to large or needy families, and checking on the welfare of children following marital breakdown. From its somewhat amateurish origins in the 1930s and 1940s, ‘field work’ became an increasingly professional and specialised field in the post-war period; ‘field officers’ became ‘social workers’ and increasingly adopted a psychological approach in their casework.

With a range of other government agencies also impelled towards providing services which promoted ‘welfare’, concerns about the co-ordination of such services emerged. The government established District Welfare Councils to co-ordinate statutory and voluntary welfare work, an interdepartmental committee to explore ways to improve the co-ordination of policy and administration in welfare activities, and a Social Welfare Advisory Board to oversee social welfare activities and report on the desirability of a dedicated Social Welfare Department. The latter issue remained unresolved until 1969, when the co-ordination of

Sid Scales’ 1959 cartoon depicts the significant growth of the social security system in the mid-20th century, and its centrality in New Zealand politics. The first panel shows Walter Nash, Minister of Finance in 1939, holding the social security baby. In the second panel the image is reversed, with a grown-up social security cradling the now-elderly Prime Minister Nash.

ATL, OTAGO DAILY TIMES, COLLECTION OF CARTOON CLIPPINGS, OF WORKS BY ERIC HEATH, NEVILE LODGE, GORDON MINHINNICK, NEVILLE COLVIN, LES GIBBARD 1950–1980S, A-311-4-006
social services was again raised at the National Development Conference, and both National and Labour’s election manifestos subsequently promised to create a Department of Social Welfare.

The Child Welfare Division’s workload exploded in the 1950s and 1960s, as anxieties about juvenile delinquency and youth offending rose along with Children’s Court appearances and follow-up work. To cope with the influx, the Child Welfare Division boosted its staff and expanded residential institutions. This did not relieve heavy workloads, and staff surveyed the social landscape with a growing sense of despair. Social workers began to question what casework could achieve and sought a greater role for the state in ensuring social well-being. When the establishment of a Department of Social Welfare was proposed, the New Zealand Association of Social Workers rejected the concept of ‘a narrowly based social work agency which would do no more than unify social work services’, and argued for a ‘social development’ approach based on ‘promoting well-being in society and preventing social breakdown and distress rather than merely curing symptoms’.


The government dismissed the idea of a greater role for the state in ensuring social well-being; even a department unifying social work services failed to eventuate. Established in 1972 to manage a broad range of intersecting welfare services, the Department of Social Welfare soon found itself at the centre of two decades of turbulent economic, social and political change which disrupted the long-standing consensus about the role of the state in welfare activity. In the third period of administration, the centrifugal forces which had built up in the mid-twentieth century were reversed as a Labour government responded to a perceived cultural bias in the delivery of social services by devolving control and accountability to community and Māori representatives. At the same time, it also reformed the state sector to give agencies greater ‘freedom to manage’. Two decades later, the Department of Social Welfare re-emerged in the guise of a holding company for three largely autonomous organisations, administering a safety net of essential services targeted only at those most in need.

Initially intended to assume responsibility for the welfare services of a range of government agencies, the Department of Social Welfare ended up with the functions of only two: the Social Security Department and the Child Welfare Division. Not only did the two sides of the organisation operate largely independently, DSW was established at roughly the same time as two significant review processes largely confirmed the principles of the systems it inherited. On the social work side, the 1974 Children and Young Persons Act reaffirmed the underlying approach of previous decades, driving social work practice further along the path towards professionalism and the expansion of residential care facilities. On the benefits and pensions side, a Royal Commission affirmed the continued relevance of the existing social security system, with the bonus of an increase in benefit levels and the introduction of a statutory domestic purposes benefit. The purpose of the system, the Commission argued, was that everyone should be ‘able to feel a sense of participation in and belonging to the community’.

The social security system was expanded even further with the introduction of a generous universal superannuation scheme in 1977. This was a high-water mark, as a deteriorating economic situation made many apprehensive about the system’s continued affordability. Operating within an increasingly tight fiscal environment, both divisions of the Department of Social Welfare encountered new problems in the late 1970s and early 1980s. A sudden
rise in unemployment created a huge increase in the workload of the Benefits and Pensions Division, which had to double its staff numbers, with a detrimental impact on the quality of both staff and accommodation. The increased complexity of administration required staff to focus more on internal processes than on the needs of clients.

With management attention directed towards dealing with the benefits and pensions workload, the Department’s social work practice was starved of resources. It also came under increasing external scrutiny, particularly over the appropriateness of residential care and its ‘centralised, bureaucratised social service provision’. A number of staff advocated a ‘community development’ approach that would strengthen formal and informal support systems within communities; many community groups, particularly Māori, demanded the right to control their own affairs. The Department increasingly saw community and voluntary groups as the way around funding constraints, and provided an increasing number of grants for services in disability support, family support, and women’s refuge.23

By the mid-1980s, the Department was clearly in trouble; critics called it unresponsive and excessively bureaucratic, and even accused it of ‘institutional racism’. After staff took industrial action on a large scale in protest at poor working conditions, Director-General John Grant attempted to implement a more responsive model of management, restructuring the Department around the ‘three Ds’: devolution, decentralisation and delegation. If anything, this brought even greater confusion, as several restructuring exercises blurred into a protracted change process during which the accountability and control relationships needed to manage such a large organisation atrophied. By the late 1980s, the Department was seen as ‘literally unmanageable’.24

In the late 1970s and early 1980s, bureaucrats and commentators expressed a range of concerns over the operation of the public sector, particularly the accountability of officials, the effectiveness and efficiency of services, and the organisational culture within government agencies.25 In its advice to the fourth Labour government following both the 1984 and 1987 elections, Treasury argued for systems that could ‘perform broadly the same role for the public service as the price system does in the private sector’; by setting clearer objectives, providing better incentives for performance, and enabling the delegation of authority to the most appropriate level.26 In response, the government implemented reforms that were designed to give public sector agencies ‘freedom to manage’, decentralising decisions about service delivery and centralising responsibility for results. According to Prime Minister David Lange, the government restructured the public sector because it ‘wanted control’: ‘We wanted to be free from the trivia of administration so we could make the big decisions’.27


The fourth period of administration saw the full realisation of the state sector reforms and the implementation of what has been termed ‘managerialism’, as public agencies emulated private-sector precepts and practices in the pursuit of greater accountability and efficiency. Such ‘bureaucracy-busting’ was not without controversy, and the agencies involved met with varying degrees of success. In general, those which provided transactional services made greater gains than those which dealt in the more messy business of social problems, which did not always fit neatly into output categories or the functional areas of individual agencies. The new state-sector environment was less collegial, as agencies developed independent
competitive cultures, becoming the ‘mean in pursuit of the lean’. As one commentator has noted, the reforms ‘killed off some organizational dinosaurs, but created a cluster of velociraptors, some of whose appetite for private sector-style independence ran ahead of the willingness of a new generation of politicians to accept’.

The period also began with a significant reformulation of the principles and structure of the welfare system. The National government elected in 1990 cut benefits, targeted social support, and departed from the principles of ‘participation and belonging’ which had previously underpinned the delivery of social assistance. With the Department of Social Welfare now to administer a ‘modest safety net’ of targeted services, its new Director-General, Andy Kirkland, restructured the organisation in 1992 into separate business units in the pursuit of greater transparency and accountability. The New Zealand Income Support Service responded with vigour, spurred on by a new General Manager who oversaw a transformation of efficiency and service standards. The New Zealand Children and Young Persons Service (NZCYPS) faced diminished funding, rising demand, and staff problems, was forced to ration its services, and had problems managing within its budget. The New Zealand Community Funding Agency (NZCFA) emphasised contracting, accountability, and service standards at the expense of its relationship with the community and voluntary sector.

A few years later, a new Chief Executive, Margaret Bazley, attempted to develop a more co-ordinated and strategic focus for the Department as a whole. She moved to reassert control of corporate functions and exerted greater influence over the policy agenda. The Department of Social Welfare adopted a ‘Welfare to Well-being’ strategy that was to act as an ‘umbrella’ for lower-level strategies within the business units, and raise public awareness of the social impact of ‘dependency’ on the state. In response, Income Support implemented a more active service model which focused more on the individual circumstances of clients and emphasised that receipt of a benefit involved reciprocal obligations. The Department’s strategy for social services encouraged a more preventative approach which focused on the family environment. This approach was driven by concerns that NZCYPS had become little more than an emergency service for the investigation of child abuse. When the new strategy was found to have had only limited impact on either the renamed Children Young Persons and their Families Service (NZCYFS) or the CFA, DSW implemented a high-profile ‘Strengthening Families’ strategy intended to improve the co-ordination of policy for and services to ‘at-risk’ families.

Ironically, the attempt to foster a department-wide strategic direction led to the eventual break-up of DSW into three independent agencies. As the emerging ‘workfare’ approach of Income Support aligned neatly with the 1996 agreement between the National and New Zealand First parties, the new coalition government decided to merge Income Support and the Department of Labour’s Employment Service in a stand-alone department. It then reorganised the residual units of DSW into two further agencies. In line with ‘Strengthening Families’, NZCYFS and CFA were combined as the Department of Child, Youth and Family Services. The Social Policy Agency was re-established as the Ministry of Social Policy (MSP), which would provide independent advice on the purchase of social services from the delivery departments and take a more strategic approach to policy issues.

Like Income Support, the New Zealand Employment Service (NZES) had been established as a separate organisation, in a restructuring intended to resolve a confusion of purpose within the Department of Labour. Like Income Support, NZES also substantially improved its performance, as staff rallied around the organisation’s new focus on meeting the needs of employers and
assisting its more readily employable clients. As the economy began to improve, NZES shifted its attention to those disadvantaged in the labour market, reconfiguring its operations and implementing ‘individualised employment assistance’ and a range of new employment programmes. This difficult readjustment period was only just concluding when the merger was announced, to the dismay of NZES staff who worried that its new orientation would be lost.

**Part V: Turning the corner: The separate agencies, 1999–2001**

The fifth phase of administration was very brief: the few years at the turn of the century when three different factors converged. As the transition to a new structural arrangement of welfare agencies was concluding, New Zealand elected a new government determined to set a new direction for social policy and services. At the same time, concerns about the state sector environment were coming to a head. Prior to the 1999 general election, the Department of Work and Income executive team’s handling of the integration process — and particularly the management style of its Chief Executive, Christine Rankin — was subject to sustained scrutiny from the media and political parties. While the media focused on chartered planes and dangly earrings, there were also concerns that these symbolised something more fundamental — that, in the words of one opposition politician, a ‘sickness’ had ‘crept into state sector management’.

The new Labour–Alliance coalition government’s demand for immediate changes in policy and services from each of the three agencies was reinforced by reviews of each major functional area that confirmed many of the misgivings about the operation of the welfare sector. A Ministerial Review of the Department of Work and Income associated many of its reputational problems with its ‘corporate’ approach; DWI was ‘focused strongly on its output targets, exerting its independence from other parts of the public sector’.

A Ministerial Review of Child Youth and Family argued that the service had become underfunded and isolated, and had been forced to focus on short-term activities at the expense of long-term outcomes for children and young people. A working party established to examine the government’s relationship with the community and voluntary sector found that the state sector reforms had ‘distanced policy advisors and government decision-makers from community organisations, while also subjecting these groups to increasing operational scrutiny’.

The response from these groups was an ‘overwhelming message of anger, burnout, profound mistrust and cynicism’.

Building on a State Services Commission review which argued that policy advice had concentrated on the immediate demands of ministers at the expense of long-term strategy and research, the Ministry of Social Policy worked to boost its capacity to undertake ‘strategic social policy’. In 2001 the government decided to reconnect policy and operations by merging the Department of Work and Income with MSP, which would be refocused to become the government’s ‘primary adviser on strategic and cross-sectoral social policy’. The new Ministry’s first purchase agreement set out a ‘challenge’: to move from ‘social welfare to social development’ — to go beyond short-term actions that addressed immediate problems to activities with a longer-term impact on social outcomes.

The Department of Child, Youth and Family Services (CYF) also aimed to reorient its services towards outcomes, but faced significant challenges in doing so. From 2001 CYF embarked on a large-scale change programme, ‘New Directions’, which attempted to implement a ‘strengths-based, outcomes-focused’ approach to social work. But by 2003, stakeholders reported only marginal improvements in performance, and CYF was still seeking...
more government funding. Following a Baseline Review in 2003, functions related to family support and community development were transferred to MSD, and CYF was instructed to focus on its ‘priority outcomes’ in the areas of care and protection and youth justice.

**Part VI: Managing for outcomes: The Ministry of Social Development, 2001–11**

The final period of this history is the last decade, a comparatively settled era of welfare administration notable for the relative absence of controversy. The new Ministry of Social Development (MSD) was established as Christine Rankin’s case in the Employment Court generated significant media controversy. Unsurprisingly, Chief Executive Peter Hughes emphasised the management of risk, reputation and public image. Having regained public and political confidence, the Ministry began to experiment with ways of engaging with government priorities, including its Minister’s ‘social development approach’ and the state sector’s new planning expectations, ‘managing for outcomes’.

The new Ministry made a range of attempts to engage with the social development approach. It significantly boosted its capacity for strategic social policy, released high-level strategies which cut across agency boundaries, boosted the co-ordination of services in the regions, and attempted to implement a more holistic and individualised approach to the delivery of services by Work and Income. The precise meaning of ‘social development’ was not always clear to the public or even some staff. As both the government and the Ministry became wary of ‘strategy fatigue’, ‘social development’ increasingly denoted the integration and co-ordination of services to achieve long-term outcomes.

Between 2004 and 2008, MSD reoriented each of its service delivery lines towards a focus on outcomes. Family and Community Services was set up to improve support services to

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**Overview of organisational changes for welfare.**

![Organisational Changes for Welfare](image-url)
families, further develop expertise in contracting, and expand the role of the state in early intervention. Work and Income developed and implemented a new service model based on the specific circumstances of clients rather than their benefit category, and an ‘Integrated Service Response’ model which embodied a more holistic view of a family’s needs and circumstances. It also began to convert its Work and Income sites into ‘Community Links’ that were a physical expression of Integrated Service Response. Specialist Services, which had previously concentrated on transactional efficiency, was refocused on outcomes, initiating new approaches to debt and fraud, and reconfiguring its services to students and seniors.

Encouraged by its Chief Executive, MSD adopted the strategy of ‘managing for outcomes while being held accountable for outputs’; outcomes would only be addressed once ‘core business’ was under control. This strategy can be seen in MSD’s approach towards addressing the long-standing problems of Child Youth and Family, which was still facing significant organisational issues when its Chief Executive, Paula Tyler, resigned in late 2005. The government merged CYF with the Ministry of Social Development in 2006 in the hope that this would help CYF gain control over its core responsibilities. CYF now placed greater emphasis on managing public perception and addressing its negative reputation, and also on meeting its output targets — its ‘bottom-line performance’. It then began to experiment with measures of the quality of social work practice and the permanency of the living arrangements of the children and young people under its control — in other words, measures of outcomes.

Separating rhetoric from reality with respect to outcomes remains difficult. In 2006 the majority of state sector budget specialists thought that outcomes were still ‘very much in their infancy’, taking ‘an inordinately long time to reach maturity’, and ‘as yet more of an overlay to the outputs systems, rather than a fundamental change’. There is general acknowledgement that the ‘managing for outcomes’ process is often little more than window-dressing and that, while some agencies have made progress in this area, most have not. In 2008 the Auditor-General described the reporting of non-financial performance by public agencies as ‘poor and disappointing’: ‘In fact, many of you will have heard me be blunter in the past, calling it “crap”’.

If the public sector and welfare agencies have indeed entered the ‘outcomes’ phase of the public management system, there remains a long way to go. Focusing on outcomes is an even greater challenge in the tight fiscal environment that has followed the recession and change of government in 2008. There is an understandable tendency for agencies to retreat to a focus on bottom-line accountability and the efficient delivery of outputs. What is apparent is that the Ministry is in better shape to respond to this challenge, having enjoyed a level of organisational stability not seen for decades.

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The Ministry of Social Development is only the latest incarnation in a long line of welfare agencies. Over the past century and a half, successive governments have changed the organisation of social services to match their particular ideology and sense of social need. These changes have all been social developments, in the sense that they were all inextricably linked to the evolving societal context within which government operates. If this might seem somewhat deterministic, it is also important to recognise that all these changes to the ‘machinery of government’ were social developments in another sense: they resulted from decisions made by people responding to a specific set of circumstances in a unique way, and in doing so fundamentally shaping the story of welfare in New Zealand.
PART I

Colonial welfare and reform: Industrial schools, charitable aid and pensions 1860–1930
New Zealand is commonly framed as a pioneer in the provision of state welfare, the ‘social laboratory’ of the South Pacific. Those who promote this view point to the fact that New Zealand’s old-age pension was the first state pension in the English-speaking world, and suggest this is indicative of a wider generosity, of the egalitarian spirit that existed in the colony. With the Old-age Pensions Act 1898, historian JB Condliffe declared in 1959, New Zealand laid ‘the foundation-stone of the Welfare State’ and ‘ushered in the humanitarian trend which subsequently proved to be the most characteristic expression of New Zealand public opinion’.

As more recent historians have pointed out, a closer examination of state action in the nineteenth century suggests a more qualified view. Prior to 1898, provisions for public support for the needy in New Zealand were notably less generous than those in Britain, and the colonial government attempted to place responsibility for welfare on extended family and voluntary assistance.

As with other dimensions of early New Zealand society, settler attitudes to the provision of welfare were shaped by migrant experience, by a continual tension between ‘rejection and replication’ of the ways of the mother country. While the Old-age Pensions Act may have been something of a departure from a British approach, the early developments of welfare in nineteenth century New Zealand were nonetheless connected to its colonial inheritance. New Zealand did not fail to implement a model of welfare inherited from the British for lack of trying.

The earliest forms of state intervention in the social landscape were part of the British colonial enterprise. WH Oliver argues that the starting point for social policy in New Zealand was not support for the indigent but rather land settlement; that in the nineteenth century, ‘settlement policy and social policy’ were ‘almost co-terminous’. Oliver sees land settlement policies as policies of ‘enablement’ for European settlers; in his account, Pākehā settlement on land from which Māori were dispossessed was ‘an alternative to welfare’.

Oliver’s definition of social policy is broadly conceived, but even confined to issues of income maintenance the origins of social welfare in New Zealand are closely linked with the colonial project. New Zealand’s first pensions were introduced in 1866 for soldiers in the colonial forces who had been wounded or disabled in the New Zealand Wars, the periods of sustained conflict between 1845 and 1847 and 1860 and 1872. In the same year, a pension was also established for officials in the colonial government; until its repeal five years later, the 1866 Civil Service Act granted retiring officials a pension based on their length of service.

With these exceptions, the colonial state provided little direct support for the poor or needy. While the 1846 Destitute Persons Ordinance suggested that individuals had an entitlement to basic income, it placed the responsibility for its provision on the family rather than the state.
The Ordinance provided a means for individuals to pursue other family members for financial support, and primarily targeted ‘wife-deserters’ and the fathers of ‘illegitimate children’.

Not only were New Zealand settlers British subjects, many carried with them the British belief in charity and voluntary work as the proper source of support for the needy. In response to greater social need, charitable activity had flourished in nineteenth-century Britain, primarily driven by religious evangelism and notions of Christian duty. A number of voluntary societies had been established to assist disadvantaged social groups. In 1601 British Poor Law had made individual parishes responsible for the provision of ‘relief’ to the poor, and over the following two centuries a relatively limited system of social support through the church had been consolidated. In the early nineteenth century, Britain experienced a reaction against more regulated public forms of support, and 1834 legislation made publicly funded assistance to the needy less attractive by requiring that able-bodied applicants live in a workhouse.

The early settlers brought with them a ‘loathing’ of the institutions of the New Poor Law, and were also anxious that New Zealand remain free of such conditions, a ‘brighter Britain’ or ‘The Fortunate Isles’ with no need for workhouses. But what was the alternative? The historian Margaret Tennant observes that ‘the lack of charitable endeavour in colonial New Zealand [was] consistently lamented in parliamentary debates, newspaper comment and reports of benevolent societies’.

As the century advanced, pressure grew on the government to act. The 1852 (Imperial) New Zealand Constitution Act provided the colony with a settler parliament and six provincial councils, and placed responsibility for the indigent on the provinces, which established or subsidised voluntary institutions and provided them with a modest level of funding. Reluctantly, provincial governments began to drawn on British models, including by appointing ‘relieving officers’ to distribute relief and setting up ‘industrial schools’ for problematic children. Moves to place more responsibility on the colonial government were resisted, and the tension between central and local bodies in relation to the provision of welfare only intensified with the abolition of the provinces in 1876.

Towards the end of the nineteenth century, a sudden worsening in economic fortunes meant that the calls for a more established form of support for the indigent grew louder. A combination of gold discoveries in the 1860s and borrowing for investment in the 1870s had brought continued growth and relative prosperity. In the 1880s, however, rapidly expanding government debt combined with a downturn in the market for wool to generate significant problems for the fledgling New Zealand economy, and British investment fell significantly. Wages dropped, unemployment rose, and poverty spread.

Between 1875 and 1895, New Zealand experienced what became known as the ‘long depression’ or ‘long stagnation’. Social distress became increasingly evident; the number of indigent elderly men grew, and more wives were deserted as men travelled in search of work.

In 1877 the colonial government’s Destitute Persons Act underlined the responsibility of relatives for impoverished family members by extending the coverage of the 1846 ordinance to more distant relations. As well as placing a burden on already disadvantaged groups, the law has been seen as inappropriate because of the geographical mobility of the settlers and their consequent lack of family ties.

Further central government intervention did occur in 1885, when the Hospitals and Charitable Institutions Act systematised the disparate local arrangements for poor relief into a...
national framework. The Act created a national system of hospital and charitable aid boards; a funding system that combined local body rates, voluntary donations, and central government subsidies; and a means by which approved voluntary organisations could be incorporated and provided with public funding. These boards were intended to be less a channel for central government funding than a means of ‘localising’ charitable aid. Describing it as ‘a mean and limited form of public assistance, reluctantly implemented’, Tennant argues that the Act was not a substantial welfare system but rather ‘a colonial version of the Poor Law, minus the right to relief … brought in to place a buffer between the ever-expanding demands of local institutions (voluntary and public) and central government’.

As historians have pointed out, New Zealand lacked an ‘older social structure to fall back on’. With charity not reaching British levels, no system of parishes, unions, or craft guilds, and weak family structures, the colony had to ‘create a means of community support outside the family or the locality’. With a primarily agricultural labour market and limited infrastructure, there was little scope for redistributing income other than through general taxation.

It was becoming obvious to even those legislators steeped in the tradition of the poor law and devoted to perpetuation of a landed class system that poverty could not be dealt with from the resources of voluntary charitable organisations, that destitution was, in most cases, beyond the control of the individual sufferer, and that public funds must be used to alleviate distress. The problem was too big and hardship too severe for anything but State action.

The government resisted this conclusion, citing concerns about dependency and the need for fiscal restraint. The passage of the Old-age Pensions Act in 1898 came some years after the economy had begun to recover from the downturn; the government now felt more confident about its ability to pay. While it did alleviate hardship, and its significance as a precedent for more extensive government intervention should be recognised, the Old-age Pensions Act was partially driven by pragmatism, in response to a social demand that could not be met by conventional British means.

The state attempted to act as ‘guardian of public morality’ in a way that was ‘based upon a value-system quite as much directed to discipline and control as to justice and compassion’. An examination of the operations of the welfare departments that had emerged by the end of the nineteenth century shows that the provision of welfare was closely linked to an uneasy attempt to distinguish between the ‘deserving’ and the ‘undeserving’ poor. Across each, one can trace ‘a strenuous resolve to identify and penalise the undeserving, lest the deserving be discouraged and the degenerate increase’.
If the early forms of welfare in New Zealand can be characterised by rejection and replication of British approaches, the origins of child welfare in New Zealand are no exception. In the nineteenth century, governments in Europe and the United States created asylums, prisons, workhouses and reformatories to house and control various kinds of social deviants. Early New Zealand child welfare followed this precedent; its first Act, almost a direct copy of British legislation, enabled the creation of ‘industrial schools’ by provincial governments and charitable organisations.

The eventual development of an industrial schools system supported primarily by the state was a slight departure from the British example. By 1880, more than 90 percent of all industrial school children were maintained in government schools. As with other forms of colonial welfare, the state was compelled to fill the gap created by the lack of large-scale charitable enterprise in New Zealand. When worsening economic conditions made playing this role increasingly expensive, it opted for a ‘boarding out’ system that was a further shift away from the British set-up.

By the turn of the century there was mounting dissatisfaction with the industrial schools system. In response, a succession of influential officials in the Education Department had a substantial role in shaping the government’s policy towards children. George Hogben reclassified institutions, intensified the inspection regime and centralised control. From 1916 John Beck systematically closed down the industrial school system. Whereas for much of the nineteenth century institutions were synonymous with child welfare, by 1925 they were a last resort.

Much of this change can be attributed to changing assumptions about the place of the government in children’s lives. For much of the nineteenth century the government saw its role as punishment, containment and control; over time, this shifted towards reformation and prevention. This change in approach entailed an expansion of responsibility for child welfare; as the Education Department moved outside the institution, officials gained new duties and increased their involvement in family life.

Provincial and Justice administration (1867–80)

In the first half of the nineteenth century, a range of social problems emerged in Britain as a result of industrialisation and significant population movement from rural communities to urban environments. As we have noted, early Pākehā settlers hoped to avoid the pitfalls of progress, but soon many began to worry about the appearance of the very social problems they had left behind. Following the discovery of gold in 1861, Otago’s population grew five-fold in just four years, and Dunedin suddenly became the country’s largest urban centre, with a population of almost 16,000. Editorials and police reports complained of the lack of charitable effort in the community, and raised concerns about wife and child desertion,
destitution and child crime. The Otago Daily Times reported that children were ‘running
about the streets of Dunedin’; a magistrate warned that unless the provincial government
acted, they would ‘become trained as members of the criminal class’.6

In response to such public pressure, Otago passed a Neglected and Criminal Children’s
Ordinance in 1867 to authorise public institutional care for children.7 Modelled on British
legislation, this was declared ultra vires by the colonial government but replaced the same
year by virtually identical national legislation.8 The Neglected and Criminal Children Act
empowered provincial superintendents to establish ‘industrial schools’ to which ‘neglected,
indigent or delinquent’ children could be committed by the courts.9 A child could be
committed — and held until the age of 21 — for a relatively minor offence, or for ‘begging or
receiving alms’, ‘wandering about or frequenting any street or public place’, being homeless,
‘residing in a detrimental environment’, or ‘associating with persons of low repute or with
convicted vagrants’. Industrial schools established by private contributions could be subsidised
by provincial funds. With this legislation in place, in 1869 Otago established the Caversham
Industrial School, a two-storied brick building on the coast 5 kilometres south of Dunedin.10

Other provincial governments set up similar institutions in response to desertion, neglect,
and juvenile crime. A Canterbury magistrate expressed concern about the emergence of a
‘distinct criminal class’ and advocated the establishment of a reformatory on a reserve at
Burnham which was 30 kilometres from town and could be reasonably self-supporting if the
boys were put to work farming and gardening. In February 1874, the Canterbury provincial
government opened the Burnham Industrial School.11 Initially resistant to financing an
industrial school,12 the Auckland provincial government devised a strategy whereby it could
simultaneously solve the problem of neglected and criminal children and develop a new
generation of New Zealand-born sailors, training ‘youth of the Arab class to the service of
the sea’.13 Under the 1874 Naval Training Schools Act, the Marine Department established
the Kohimarama Naval Training School in Waitemata Harbour and supplied a schooner, the
Southern Cross, for use as a training ship.14

There was no standard response by provincial governments to the problem of such
children. Nelson provided the best treatment, placing children privately at the provincial
government’s expense.15 Rather than adopt a local solution, Wellington ‘exported’ its neglected
and orphan children to institutions in the South Island. There is little evidence that Taranaki,
Hawke’s Bay, Marlborough, or Westland provided any government support. Overall, there
was a ‘mixed economy of welfare’; the few public institutions such as Burnham, Caversham
and Kohimarama coexisted with private and denominational homes that were subsidised by
the provincial governments.16

In general, the main concern of the provincial governments appears to have been
less the well-being of the child than that of society: the industrial schools controlled and
contained children, removing them from public view. Industrial schools were overcrowded
and conditions were harsh — nowhere more so than at Kohimarama. After a spate of
absconding in 1875, the New Zealand Herald attributed the repeated attempts to escape to a
daily routine that alternated between ‘work and punishment’. The punishments listed in
the school’s regulations included ‘Black List’; ‘Mast-head’; ‘Cells, with or without bread and
water’; ‘Placard, showing the nature of the offence to be worn on the boy’s back’; ‘Caning’;
and ‘Whipping’. An 1880 inquiry into the school attributed the repeated attempts to escape
to its ‘very frequent’ use of punishment. Sampling a single month, it found that only one
boy had not been punished over this time, while several had been dealt with on more than half the mornings. Its manager, Lieutenant Breton, had trouble with staff unwilling to administer the brutal punishment regime. When the school was examined in 1880, there had been 66 resignations or dismissals in less than six years, most commonly for ‘incompetency, impertinence, dirty habits, insubordination, and teaching the boys to deceive’.17

By the time the provincial governments were abolished in 1876, there were ten institutions providing for orphaned, criminal or neglected children.18 From that year, Kohimarama was administered by the Marine Department,19 while private or church establishments continued under local management and were subsidised from the Charitable Aid vote.20 Caversham and Burnham were transferred to the control of the Justice Department.

In its four years of administration the Justice Department failed to address serious issues of overcrowding and poor management; it had ‘no constructive policy’ and took ‘no positive administrative action’.21 While demand for placements grew, little extra infrastructure was provided. The number of inmates at Burnham rose from 17 in 1875 to 80 in 1876 and 109 in 1877. Overcrowding caused outbreaks of disease. Repeated requests for further buildings fell on deaf ears and a wave of absconding began. Caversham was suffering similar problems; in spite of its policy of refusing any further admissions, between 1876 and 1877 the roll rose from 166 to 222. Of particular concern was the number of very young children who were being admitted. Of the 227 children Caversham housed in 1879, 100 were under eight years of age and seventeen were infants. By the end of the decade the school was ‘in a dreadful state …. Seventeen infants, four to a bed, were kept in a “nursery” sixteen feet square …. Babies were dying, nurses were resigning’.22

The Education Department (1880–99)
The 1880 transfer of responsibility for industrial schools from the Justice Department to the Education Department epitomised their gradual shift from a punitive to a reformative role.23 Led by its Inspector-General, William J Habens, the Education Department set about addressing the problems that had built up over recent years. Departmental officers were immediately sent to inspect the schools and orphanages, and the managers were instructed to report more comprehensively on both management and children.24 When considerable difficulties were revealed with the Auckland residences, both Howe Street and Kohimarama were made government-run industrial schools.25 The Department's increased authority was entrenched by the Industrial Schools Act 1882, which enabled it to make staff appointments, control the admission and discharge of residents, and carry out inspections.26 The Act divided schools into three categories: ‘Government schools’, entirely financed from public funds (Howe Street, Auckland, Burnham and Caversham); ‘Local Schools’, financed by local bodies; and ‘Private Schools’, approved by the Minister of Education, but privately financed and controlled.27

Most significantly, the Industrial Schools Act enabled inmates to be ‘boarded out’ in a family environment or placed ‘at service’. The guardian could either be paid at a weekly rate or employ the services of the inmate. Alternatively, the inmate could be ‘licensed-out’ to an employer, with wages — less the cost of maintenance — paid to the manager of the school.28

By 1887, more than a third of the 1523 children under the Department’s care were boarded out,29 an arrangement seen as especially appropriate for children under the age of seven. This
was a significant shift away from British institutionalism towards a more family-centred approach.

While this development was couched in terms of children's welfare, its drivers were also economic: at a time of economic downturn, the government was forced to explore cheaper alternatives. Staffing and infrastructure costs made residential care considerably more expensive than boarding out, which required only a relatively small maintenance payment. As the depression worsened, the department undertook further cost-cutting measures. In 1883 a police officer was placed at the disposal of the Education Department to recover the cost of children's maintenance from their parents. In 1884 the amount paid to foster parents was reduced and the Department encouraged school managers to place children out at service, or seek out families willing to receive a child either without payment or at a reduced rate.

Examining the administration over the period of the depression, historian Jan Beagle suggests that the government was 'too preoccupied with economic measures to pay much attention to education'. The system continued to operate in a decentralised way. Children were brought to court by police and magistrates committed them to an institution. The manager became the child's legal guardian and had almost complete responsibility for decisions relating to its fate: whether they were detained or boarded out, and when they were released. Managers were also responsible for inspecting placements in homes or at service; while the Department appointed 'Lady Official Correspondents' to select suitable homes for boarding out, and 'Lady Visitors' to report on the condition of such homes, both officials reported to the school manager. For the next two decades, the Education Department had little influence; it made little change to the system overall, and the schools largely operated as autonomous units.

Criticism of the industrial school system increased towards the end of the century. Between 1880 and 1900, the number of admissions more than doubled, far outweighing the increase in the number of children over the same period. Both Burnham and Caversham became notorious for the severity of their punishment regimes, and for poor management. At Burnham in 1898, 92 inmates committed 106 acts of absconding. There were also criticisms of policy: for having both sexes in the same institution, and for housing neglected and destitute children alongside young offenders. Growing suggestions of 'possible evil' in the existing system drew on more widespread unease about a rise in juvenile delinquency and petty crime at the end of the nineteenth century. Anxieties about changing social and economic conditions were manifested in public concern about the morals of the 'street class', the rising tide of 'larrikinism' amongst young boys and 'immorality' amongst girls.

Reform (1899–1916)
Consideration of the government's role in counteracting the supposed crisis led to scrutiny of the industrial school model. Between 1899 and 1902, a new Inspector-General, George Hogben, overhauled the industrial school system. Hogben argued that the keys to dealing with juvenile delinquency were prevention and effective classification. Children should be placed into one of two categories: those who were 'simply destitute', for whom 'boarding out' was the best option; and those who displayed 'various degrees of juvenile delinquency'. Dedicated institutions were required to counteract these tendencies: a mix of truant schools, industrial schools and reformatories would be needed to respond to the level of delinquent behaviour inherent in each child.
Industrial schools
With a government open to reform and a buoyant economy making significant change more feasible, Hogben's proposals were approved. New institutions were established and existing schools were reformed. After a scandal at Stoke in 1900, the Private Industrial Schools Regulation Act increased departmental control over private institutions, setting out regulations for their treatment of residents and the 'licensing out' of children. In 1902 the Department issued the first set of general regulations to all industrial schools. These included standards for food, bathing, clothing and bedding, and precautions in case of fire. They also specified what types of punishments could be carried out:

A cane or leather strap is to be the instrument for punishing boys, and a strap for girls; twelve strokes to be the maximum. Under careful restrictions, and for grave offences, male inmates may be birched on the bare breech, but the birch must be approved by the medical officer; the maximum of strokes is twelve. Both males and females may be put in cells for a maximum of ten hours in industrial schools and a week in reformatories. Under proper restrictions, dietary discipline may be used. Badges of degradation may be used only with the approval of the Minister.

Regulations were also issued in relation to boarding out, along with guidelines to foster parents on the appropriate care of such children, including requirements for school attendance, the regulation of punishments, and restrictions on the type and amount of work they could be given. Stronger regulations were reinforced by an enhanced level of inspection. In 1901 Roland Pope was appointed Assistant Inspector of Industrial Schools; he was joined the following year by Thomas Walker and Jessie Stewart.

Pope later became Officer-in-Charge of Industrial and Special Schools, a role in which he was often critical of deficiencies in the management of private schools, over which the Department's influence and control expanded. Pope resisted change in a system he had
considerable influence in shaping, and the institutions and regulations established between 1899 and 1902 were the basis of the industrial school system until 1916.  

Over this period, boarding out became increasingly favoured over institutionalisation, and the Department's role in inspection expanded its reach beyond institutional boundaries. The distinctive features of other aspects of the twentieth-century child welfare system also surfaced, including a role in the administration of adoptions and ‘infant life protection’, a move towards a children’s court system, and the development of probation and preventive supervision. As the size and authority of the department expanded, it began to adopt other responsibilities in line with its new roles.

In 1907 the Education Department was given responsibility for administering the Infant Life Protection Act, extending its reach beyond those committed to the care of the state. Previously administered by the Police, this Act regulated private foster homes in which infants were maintained away from their birth families, usually as a result of a child being born outside of marriage. As the Education Department increasingly inspected those ‘children of the state’ who had been boarded out, its officials were seen as better suited to assessing a family situation. Managers of industrial schools and receiving homes were appointed as district agents, assisted by visiting officers who were either nurses or women experienced in childcare. The Act also established a role for the Department in the monitoring of adoptions, investigating the homes of prospective applicants.

The role of magistrates in the child welfare system was also changing. From 1905 some expressed concerns about the privacy of the existing process, in which cases of neglect, destitution and juvenile crime were heard in open court, and began to either clear the court or use their chambers. The Juvenile Offenders Act 1906 enabled magistrates to schedule a dedicated time for cases relating to children and young people, and clear the court of all groups other than interested parties. This shifted the focus from punishment to reformation and treatment, and from the specific offence or complaint to the family background and the underlying reasons for a child’s actions. The Department took this holistic approach further by trialling a juvenile probation scheme in 1913. Magistrates could place a child under the supervision of an agent of the Department, rather than commit it to the care of the state and remove it from its family. The officer would intervene in the family environment to support parental responsibility.

John Beck (1916–25)

While the basic features of later child welfare were in existence by 1916, it was in the post-war period that the main emphasis of the Department shifted away from institutional care and towards preventative work. The outbreak of the First World War refocused attention on the situation of families and children in New Zealand, with anxieties about manpower requirements, a declining birth rate and fears of ‘Asian expansion’. The war also exacerbated a number of social problems that led to an increasing number of children being committed to the Department’s care; in the first three years of the war, the number of young people in care increased by 300. The Minister of Education described the increase as of ‘grave concern, not only on account of the darkened and unhappy condition of so many handicapped lives, but on account of the national loss resulting from this threatened wastage of human resources.’

The war provided the impetus for radical change: institutions were closed, a large number of children were boarded out, and the fledgling probation system was significantly extended.
In child welfare policy, preventative work came to the fore and institutional care was relegated to a last resort. While the war is important to understanding the context for the reorganisation of the department, the nature and extent of the changes can be attributed to the drive and initiative of one man: John Beck.

Beck rose from a lowly position in the Department to become in Officer-in-Charge of Special Schools section in 1916, and then Superintendent of Child Welfare from 1926 to 1938. His early visits to industrial schools as an assistant to Roland Pope convinced him that they were 'long outmoded', and that 'drastic changes in the system were a necessity'. His 'mounting ambition' to 'undertake this humanitarian reform' became a realistic possibility in late 1916, when he assumed control of Special Schools.52

Beck immediately extolled the virtues of preventative and family-based approaches as a means to achieve 'national efficiency'. Giving children 'a fair chance in decent surroundings' would ensure they became 'future assets, instead of permanent burdens on the community in the form of paupers and criminals'.53 Beck travelled the country, and re-examined individual cases with a considerably more liberal attitude as to whether institutional care was required. Within two years he halved the numbers in industrial schools, with those removed from institutions boarded out or placed at service.54 To help the uptake of such children, in 1917 and again in 1919 the Department raised the rates of payment for families and appointed additional women as boarding-out officers. In just a few years, Beck placed out more than 800 children.55

Beck moved to effectively close the industrial school system. Most were either closed or reconfigured as ‘receiving homes’ providing short-term accommodation until a child could be boarded out. By 1920, there were receiving homes in Auckland, Hamilton, Napier, Wellington, Nelson and Christchurch. The only remaining longer-term schools were

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In the image: Boys from the Weraroa Boys’ Training Farm, near Levin, thresh hay in 1912. Weraroa, opened in 1905 as a government institution for ‘delinquent’ boys, emphasised educational and vocational training. ATL, PC WILLIAMS COLLECTION, 1/2-065668-F HOROWHENUA HISTORICAL SOCIETY INC.
Caversham, for girls, and Weraroa, for boys, along with three for the ‘feeble-minded’ at Stoke, Richmond, and Otekaike. This considerable reduction in the number of industrial schools occurred in tandem with an extension of the probation system. From 1917 the Statute Law Amendment Act enabled the appointment of probation officers — with similar powers and protection to police constables — who were able to investigate cases, visit homes, and supervise young people and their families. It also enabled the establishment of ‘probation homes’, small institutions for those requiring short-term care and supervision. To extend the system beyond the main centres, Beck appointed field officers in Whangarei, Hamilton, Gisborne, Napier, Whanganui, Palmerston North, Masterton, Blenheim, Greymouth, Timaru and Invercargill.

As child welfare work became increasingly dispersed, Beck attempted to centralise its administration. Much of the clerical work was centralised, including payments for boarded-out children, the recovery of maintenance money, the collection of wages of inmates at service; a Central Store for clothing and supplies was established. In his annual report to Parliament in 1920, Beck lamented the absence of a single ‘controlling authority’ for child welfare activities and the ‘utter lack of co-operation and co-ordination even between Government Departments, without including the work carried out by Charitable Aid Boards and the social service agencies of the various churches’. He proposed legislation to establish a central government authority with the mandate to co-ordinate all child welfare responsibilities. In the face of considerable political opposition, Beck continued his attempts to establish a legislative basis for a new child welfare system, recommending the creation of a separate branch of the Education Department to co-ordinate state and private welfare activities, and a children’s court system that would be ‘the concrete expression of the State’s obligation to the child’.

In 1925 the Child Welfare Act was passed, and a year later the Child Welfare Branch was established. This was the culmination of a dramatic reconfiguration of the Department of Education’s role in child welfare that had seen the sudden demise of the industrial school system. Rather than removing children from society, the Department ‘now entered homes in greater numbers and with more frequency than before, seeking to influence domestic arrangements as a means of reforming both children and parents’.

The main agents of this change were not politicians but a succession of influential officials in the Education Department: Habens, Hogben, Pope and Beck. While external factors often provided the impetus for change, their reforms were also motivated by first-hand experience of industrial schools — of what Beck described as ‘the vital human problem lying behind the routine office work’. The actions of these officials increased departmental oversight, diminished the level of authority of the institutions, and contributed to the creation of a centrally controlled and influential child welfare system.
CHARITABLE AID (1885–1930)

The 1885 Hospitals and Charitable Institutions Act announced the arrival of a central welfare bureaucracy in New Zealand, albeit a small one. Initially, the Department of Hospitals and Charitable Institutions consisted of only its General Inspector, Duncan MacGregor, and a single clerk. MacGregor had an especially reluctant approach to welfare: concerned about its recipients becoming dependent on it, he firmly opposed increases in state expenditure. In 1895 MacGregor requested the transfer from the Department of Labour of Grace Neill, who shared much of his philosophy. The two were to have a significant role in shaping both the charitable aid system and government attitudes to welfare.

The nature of his beliefs, and the fervour with which he expressed them, have won MacGregor notoriety among historians of welfare. He believed that lack of wealth was connected to a lack of integrity, and viewed the purpose of state welfare as restricted to reining in ‘hopeless drunkards, hopeless criminals and hopeless paupers’. Openly critical of welfare, MacGregor travelled the country as the ‘voice of rectitude’:

[H]e enlisted the services of a former police inspector, and descended in person upon the homes of the indigent. Triumphantly he exposed cases of deception and fraud: here a single layabout, there a veritable hotbed of shiftless and immoral women. … Charitable aid boards were driven to indignant refutation of his claims, while their secretaries fell unaccountably ill, unable to face the Inspector-General during his vengeful visits.

MacGregor believed that his primary role was to analyse the social significance of the tendencies he observed in society, and was vocal in his disdain for the ‘unorganisable residuum’ whom he compared to swarms of parasites. In 1876 the New Zealand Magazine suggested that his article ‘The Problem of Poverty in New Zealand’ could be more appropriately titled ‘the Wail of the MacGregor on the Degeneracy of the Human Race’.

While central administration was relatively simple, local administration was complex and confusing. The 1885 Act established a miscellany of hospital boards, hospital and charitable boards, united charitable aid boards, and separate institutions. Boards controlled hospitals and charitable institutions in each district, and co-ordinated their funding. The main form of charitable aid was ‘outdoor relief’, which usually consisted of payment in kind through the distribution of rations, and was preferred to institutional care (‘indoor relief’). Initially, the homes of charitable aid applicants were visited by the secretaries and clerks of the boards, or by the managers of charitable institutions. Later, ‘relieving

Duncan MacGregor (1843–1906) was Inspector-General of Hospitals and Charitable Institutions from 1886 until the year of his death.

ATL, NEW ZEALAND FREE LANCE, 21 JULY 1906
officers’ dealt directly with the public, and investigated and determined specific cases; their role was not to facilitate access to relief, but rather to ‘prevent abuse of the system and reduce expenditure’. Tennant argues that these officers often had negative attitudes to applicants, being ‘suspicious of their clients’ morals, continually affronted by their lack of gratitude, and disgusted by their lack of hygiene’.

Over time the Pensions Department replaced Charitable Aid as the leading agency in matters of social assistance. In 1906 MacGregor died and Neill retired; their successors spent more time on responsibilities related to hospital administration. Charitable aid assumed an even lower priority from 1909, when the Department of Hospitals and Charitable Institutions was amalgamated with the Department of Public Health. By 1920, charitable aid was the responsibility of one of seven divisions within the Health Department. The Depression saw a temporary resurgence in demand for charitable aid, but this fell following the implementation of the 1938 Social Security Act. Only small remnants of the system remained with the Health Department into the 1940s and 1950s.

While it may seem an inglorious beginning, the Department of Hospitals and Charitable Institutions was the first government body dedicated to the administration of social welfare in New Zealand, and despite their lack of empathy the relieving officers can be seen as the earliest social and caseworkers. The discretionary nature of charitable aid meant that its provision was inconsistent, mean-spirited, and often tied to an assessment of moral worth, features which were carried over into pensions administration.
The establishment of old-age pensions in 1898 has a symbolic importance in New Zealand history that is well recognised. For many, the passage of the legislation was a watershed moment: the first recognition by government that hardship was not always the fault of the individual, as well as the first piece of regular financial support provided directly to its recipients. The Act established a system that was to provide the basis for a more comprehensive mix of entitlements and state support several decades later. It was this quality as symbol and precedent that the historian Keith Sinclair had in mind when he declared the Liberal government to be ‘amongst the first to step on the political road along which millions have walked since towards the Welfare State’.

While this Act can be viewed in the context of what came many years after, it is also important to look at what the legislation actually effected. Not only were its payments relatively small, the way in which it was delivered and administered meant a continuation of many aspects of nineteenth-century welfare arrangements. The economic historian William Sutch described the introduction of old-age pensions as ‘new grafts on old stock’; the Old-age Pensions Department operated within a societal context in which an ambivalent, and at times resistant, attitude to state support continued to prevail. As a result, many facets of the charitable aid system were replicated by the new Department. The distinction between the ‘deserving’ and ‘undeserving’ poor was a significant preoccupation of the new agency, which had a suspicious and inquisitorial approach towards applicants. Its administration also reflected racial attitudes held by many people in early twentieth-century New Zealand, including a fear and suspicion of Chinese and others of Asian descent, and an uneasy attitude towards Māori.

While the pensions system has often been given only a passing mention in histories of the welfare system, it has a significant place in the history of welfare administration. The first 30 years saw the Pensions Department expand from a handful of officials coordinating a system primarily administered by other agencies to a sizeable organisation with a staff of almost 200. Over this period, there was also a shift in style, from a small and personalised administration to a more formal, systematic and centralised bureaucracy — an agency with the potential to take a considerably more modern approach.

The Old-age Pensions Department (1898–1909)

The Old-age Pensions Act provided a small pension (£18 a year, equivalent to about $3000 in 2011) funded from general taxation to those aged 65 and over who met strict means and residence criteria. The Act maintained the nineteenth-century distinction between the ‘deserving’ and ‘undeserving’ poor. It included measures to prevent pensions being paid to those who had been imprisoned, deserted their families, or ‘had not led a sober and reputable life’. It also excluded recent immigrants, as well as all ‘Chinese or other Asiatics, whether
naturalised or not’. As Gaynor Whyte has shown, these criteria meant that it remained ‘marginal to the majority of elderly during its first 40 years’. Between 1901 and 1936 the pension was received by between a quarter and three-eighths of those who were eligible by age. It was worth less than a quarter of an average labourer’s salary.

After beginning as an office in the Treasury with one Registrar, an independent Old-age Pensions Department under James Eman Smith was established in 1904. It was merged with the Post and Telegraph Department in 1909 but recreated as a stand-alone Pensions Department three years later. This Department existed until 1938, led by Commissioners George Fache (1912–28) and John Boyes (1929–36). Its administration of pensions was marked by concerns about government expenditure, ‘morality’ and ‘race’ that were embodied in the legislation establishing the new department.

The creation of the Old-age Pensions bureaucracy shows that the government was concerned to minimise spending. Initially, the Old-age Pensions Office within the Colonial Treasurer’s Department consisted of a single Registrar, Edmund Mason. His role was limited to recording claims and compiling statistics for reports to Parliament; the authority for approving applications rested with magistrates. Each of the 72 pensions districts had a Deputy Registrar who in many cases already performed several roles — Clerk of Court, policeman — and received no extra pay for the additional work.

The ‘judicial flavour’ established by the appointment of magistrates and police officers was reinforced by the application process. Claim forms had to be obtained from post offices, preliminary work was carried out by the Deputy Registrars, and applicants appeared in open court before a magistrate, who approved or declined the claim on the basis of the evidence.
before him. As Whyte has shown, the process was ‘lengthy and formidable’, particularly the ‘truly inquisitorial’ requirement to appear in open court. The register which documented all claims was open to the public for inspection. It is likely that the social stigma associated with being the recipient of charity, as well as the indignity of the requirement to appear in open court on a yearly basis to renew a claim, deterred many potential applicants.

James Eman Smith, who replaced Mason as Registrar of Pensions in 1902, soon initiated changes that made the application process even more difficult. Applicants now had to appear before a Deputy Registrar, verify their statements through a set of inquiry forms, and then appear before the magistrate before the claim was decided. Suspicious of misrepresentation by applicants, Smith celebrated the subsequent decrease in the number of pensions, marvelling at ‘the extent of the imposition practised and the amounts obtained by unscrupulous persons’. Describing the tightening up as amply justified, he saw the new more rigorous process as necessary to ‘prevent the darker side of human nature having play’. Whyte argues that the fear of fraud was ‘disproportionate to the amount actually detected’. There may have been another motivation for this more rigorous approach. In his 1903 annual report, Smith reminded readers that there was ‘a large sum of public money to be had’ and ‘the greatest care must be given to all claims’: ‘If due attention were not paid to this searching examination, the amount payable under the Act would quickly assume large proportions’. A government anxious about the expense of pensions is likely to have responded favourably to a significant reduction in the numbers being paid.

The more extensive process had a further by-product; the additional staff required led to the creation of Old-age Pensions as an independent department headed by Smith in 1904.
Social Developments

In ‘Beyond the Statute’, Gaynor Whyte refutes claims that the 1898 Act marked a complete shift away from the discretionary assessment of charitable aid, arguing that the system was marked by a tension between the discretion exercised by magistrates at the local level and bureaucratic measures taken by the central department to try to restrict pension numbers. Smith attempted to overcome his lack of statutory authority by influencing the decisions of local magistrates, through regular visits and correspondence, and through appeals to Parliament when magistrates resisted his influence. He also investigated already approved applications and cancelled a significant number of existing pensions. Smith often clashed with magistrates who showed more sympathy than the Act intended and demonstrated more flexibility in response to individual cases.\textsuperscript{16}

Like MacGregor before him, Smith was driven by supposedly moral concerns and relentlessly pursued opportunities to cancel pensions that arose from the requirement to live a ‘sober and reputable life’. From its inception, the Department liaised with local police to ensure that it was notified immediately of convictions for drunkenness. Not content with this, Smith repeatedly prompted police to actively investigate rumours of alcohol consumption by pensioners, and wrote to Deputy Registrars citing unnamed sources who had informed him that pensioners in their region were ‘in the habit of misspending their pension money in drink’.\textsuperscript{17} In most cases, the police found nothing untoward, and on one occasion the Deputy Registrar in Thames politely recommended that Smith be a little more discerning in his choice of sources.\textsuperscript{18} Smith’s ‘meticulous and concerted effort’ to investigate pensioners in this regard caused tensions with local magistrates. Smith complained to the Colonial Treasurer that magistrates were ‘too lenient with pensioners who misspend their pensions in drink’, and in correspondence he lectured them on the importance of upholding such standards, worrying that the ‘thousands of most respectable people’ receiving a pension would ‘justly feel hurt by being classed with persons who do not live sober lives’.\textsuperscript{19}

Gradually, the Department’s concern with moral hazard was redirected towards Māori and Asian applicants.\textsuperscript{20} Discrimination against Chinese and other people of Asian descent was a permanent feature of pensions policy and administration until 1936. The Old-age Pensions Act explicitly ruled out ‘Chinese or other Asiatics, whether naturalised or not’. In practice this was difficult to apply, and departmental files suggest that problems arose in attempting to implement a law that relied on a slippery conception of race. In 1902 Smith clashed with an Invercargill magistrate who had granted a ‘Cingalese’ (Sri Lankan) man a pension on the basis that the law excluded only ‘those of Mongolian origin — including perhaps the Japanese, or at most, all Asiatics who are not British subjects’.\textsuperscript{21} After a Christchurch magistrate challenged Smith’s authority to refuse a pension certificate to a Malay-born British subject, he was forced to take the issue to the Premier. The Old-age Pensions Amendment Act 1908 tightened eligibility by excluding Chinese and ‘other Asiatics, ‘whether British subjects by birth or not’.\textsuperscript{22} One magistrate wrote that ‘some curious results’ followed from the amended law: ‘an African Negro’ received the pension but a British subject from India did not. He suggested that amending the law to exclude all ‘coloured races’ would reflect ‘the real as distinguished from the expressed intention of the Legislature’.\textsuperscript{23}

Unlike those of Asian descent, Māori had the same eligibility as Pākehā under the 1898 Act, at least officially, a fact that caused consternation amongst politicians and officials alike. Premier Richard Seddon wrote to London High Commissioner William Pember Reeves in 1901 about his ‘grave doubts as to the wisdom of this course’; ‘some modification will have to
be made in connection with the assistance afforded to the Maoris. This ‘modification’ was carried out at the administrative level. Mason instructed Deputy Registrars to verify claims with both the Native Land Court and the local Land Purchase Officer. His successor, Smith, stated that pension claims by Māori required ‘the most careful attention of investigating Magistrates’, whom he encouraged to divert Māori claims through Native Affairs, and to use age and property criteria to disqualify applicants. In particular, communal land ownership was seen to indicate a reduced need that could be met by paying a reduced pension. In districts where there were a high number of claims by Māori, Commissioner George Fache instructed the local registrar to ‘refuse to issue claim forms’ without ‘absolutely convincing evidence … of the required age’. While it is impossible to get an exact picture of the impact of such regulations, Whyte and historian Margaret McClure both mount convincing arguments that these efforts significantly diminished the number of applications received, the number approved, and the amount provided in specific cases.

Retrenchment: The Post and Telegraph Department (1909–13)

The Old-age Pensions Department expanded during a time of relative prosperity that was driven by a rise in prices for New Zealand exports, the expansion of the agricultural sector, and the increasingly widespread use of refrigeration technologies. However in 1907, there was another downturn; a depression spread from New York to England and prices fell. In an attempt to maintain expenditure in the face of more limited revenue, the Liberal government undertook a ‘campaign of retrenchment’ that reduced the number of government departments from 37 to 16 and dispensed with 1041 civil servants. On 1 May 1909 the Old-age Pensions Department was merged into the Post and Telegraph Department, becoming a section of the Accountant’s Branch of the General Post Office. The number of head office staff was cut from fourteen to seven, and postal officers took on the duties previously performed by Deputy Registrars.

The initial public reception of these changes was largely positive. Prime Minister Joseph Ward announced that significant savings could be obtained with little impact on services, as departments had become overstaffed. However this admission was used by his political opponents as evidence of the inefficiency of government services. The main opposition party, Reform, argued that long-term economic mismanagement by the Liberals had led to unnecessary expenditure and caused high levels of public debt. The Liberal Party was losing momentum and direction; its political base had weakened.

The Liberals had not expanded the old-age pensions scheme, beyond providing pensions to veterans of the Boer (South African) War in 1909. The widow’s pension introduced by the Liberal government in 1911 provided a small means-tested payment for widows with children. Some saw this as an attempt to relive former glories and draw on its humane reputation to increase its support in the 1911 general election. With the pensions system also expanded through a broadening of entitlements for veterans of the New Zealand Wars, the Pensions Department was recreated as an independent body. In spite of these efforts, the Liberals were defeated on the floor of the House in 1912 by Reform, a party that combined farming, urban professional and business interests.
The Pensions Department

The Reform government oversaw an incremental extension of the boundaries of income support, as other groups were brought in ‘category by category, according to a political calculus that seemed to depend largely on moral worth’.

Rather than an attempt to set minimum income levels, the pensions introduced were conceived as compensation for deserving groups who had experienced loss of income due to an unexpected calamity, or in recognition of a sacrifice. Reform had supported the widow’s pension bill; as men were the breadwinners of the family, women were perceived as victims of circumstance, and thus deserving of state support (provided they were of ‘good character’ and were not aliens). Other such ‘deserving’ victims were also provided with pensions, including miners who were incapacitated by ‘miner’s phthisis’ in 1915, dependants of victims of the influenza epidemic in 1918, the blind who had no relatives to support them in 1924, and large families on low incomes in 1926. Changes to these benefits over the following two decades were minor, and widow’s, miner’s, epidemic and blind pensions collectively comprised only about a tenth of the Pensions Department’s workload in 1925.

Far more influential was the extension of pensions to veterans of the First World War, a social group perceived at the time to be the most deserving of all. The War Pensions Act 1915 provided a pension to a serviceman or his dependants if he had been disabled or died as a result of wartime service. When its administration was placed under the control of the Pensions Department, the association of wounded veterans with other pension recipients
sparked a minor controversy. There was a widespread view that war pensioners had a different status to other beneficiaries.⁴⁰ The Evening Post worried that the ‘character’ of war pensions was ‘altered’ by their association with the Pensions Department; others feared veterans might be reluctant to apply to an old-age pension office.⁴¹ Accordingly, the process for administering a military pension differed from that for civil pensions. Claims were lodged with the local Registrar of Pensions and forwarded to head office in Wellington for consideration. Rather than with a Stipendiary Magistrate, authority to grant a pension lay with the Commissioner of Pensions, who headed a board of three members. The board was assisted by the Defence Department in its investigations, with files often supplemented by personal interviews.⁴² The board was given considerable discretionary powers: it decided whether the application was approved and the amount of the pension, which it could cancel or reduce if the veteran was found to be guilty of ‘misconduct’ (crime, drunkenness or ‘immorality’).⁴³ While it was more respectful of the claims of applicants, McClure argues that the Department was nevertheless concerned about the high numbers of pensions granted, the possibility of ‘malingering’ and long-term dependency, and the difficulty of ascertaining who was ‘deserving’.⁴⁴

In contrast to old-age and widows’ pensions, decision-making processes over war pensions continued to attract considerable public attention. The establishment of the New Zealand Returned Soldiers’ Association (NZRSA) in 1916 created a means by which public pressure could be directed at the Department and former soldiers’ interests could be represented. The NZRSA successfully lobbied the government to have a nominee on the War Pensions Board and in 1920 the creation of an independent War Pensions Medical Appeal Board provided a further level of accountability. In 1922 a Royal Commission established to examine the system reported positively on both pensions administration and the activities of the War Pensions Boards, but found the legislation lacking: too much emphasis had been placed on compensation and not enough on income maintenance for those in need. It recommended supplementary ‘economic’ pensions to ensure that veterans’ incomes were maintained.⁴⁵ This did little to assuage the government’s worries about the increasing cost of pensions.

The introduction of war pensions caused an explosion in the volume of work for the Department. By 1920, nearly 35,000 war pensions were in force and expenditure on them was twice that on old-age pensions; former soldiers had been granted as many pensions in five years as had the elderly since 1898.⁴⁶ The First World War, along with the influenza epidemic, had also contributed to a significant increase in the number of widow’s benefits.⁴⁷ Overall, just over 18,000 pensions had been in force in 1913; by 1920 there were almost 60,000.⁴⁸ As might be expected, this also caused a dramatic increase in the size of the Department, from 29 staff in 1915 to 175 in 1919.⁴⁹

Consolidation and evolution

While war pensions increased the Pensions Department’s workload significantly, the First World War also improved the government’s finances. Britain’s purchase of New Zealand produce at guaranteed prices had underpinned an economic upturn. After imperial requisitions ceased in the early 1920s, government revenue began to fall. In response to calls for the retrenchment of government services, an ‘Economies Committee’ was established to find ways to curtail expenditure. Pensions administered elsewhere were consolidated in the Pensions Department: 1000 epidemic pensions were transferred from the Health
Department in 1920; 2000 imperial pensions came from Treasury in 1921; and a number of functions from Defence in 1922, including the rehabilitation and medical treatment of former members of the New Zealand Expeditionary Force, and responsibility for an artificial limb factory. In early 1923, Boer War and Civil Service Act pensions and a number of other pensions and annuities were added to the workload of the Department, which also assumed responsibility for the pensions for the blind that were introduced in 1924. Efforts to reduce government spending thus meant an increase, rather than a reduction, in the work of the Pensions Department.

In spite of the increase in workload and the expansion and consolidation of its responsibilities, the Pensions Department remained dependent on the justice system in the administration of applications at the local level. The investigation of claims in open court had been abolished in 1913, and the increasing number of pensions meant that magistrates’ ability to have any real discretionary involvement had diminished significantly. They began to complain of the burden on their time; as most preliminary work was carried out by a Registrar, was their routine involvement necessary? The Department helped draft an amending Bill to give the Commissioner the delegated authority to determine all applications. This was changed in the House, however, and the Pensions Amendment Act 1925 transferred only the renewal process to the Department; decisions on initial applications remained with magistrates. As there were many more renewals than new applications, this compromise decreased the role of magistrates significantly.

This administrative change contributed to the further centralisation of an increasingly systematised Department. Head office was split into two Divisions: one was responsible for claims and renewals, the medical treatment of ex-soldiers, correspondence, and recordkeeping; the other handled pay and accounts. The twelve District Registrars’ Offices around the country received and co-ordinated applications, organised applicants’ appearance before a magistrate and notified head office of the outcome. They also facilitated the processing of renewal requests by head office. Since 1898, the Department had changed from a small office to a highly personalised department dominated by Smith, and now to an increasingly formalised, impersonal bureaucratic agency.

**Commissioner Fache and family allowances**

The Pensions Department was more than just a machine for processing applications and arranging payments, however. Commissioner George Fache played a sizeable role in government policy, proposing legislative amendments, exploring options, and even openly advocating certain approaches. Over his sixteen years in charge of the Department, Fache pointed to what he perceived to be inequalities and inconsistencies created by pensions. In the 1920s he was heavily involved in investigating alternative roles for the state in relation to income maintenance. A system of compulsory social insurance was approved by Cabinet in 1927, but eventually dropped, probably because of reluctance to place additional burdens on employers as the economy deteriorated.

Along with FW Rowley, the Secretary of Labour, Fache also investigated the possibility of funding a family allowance from wages. On their recommendation, Reform’s 1925 election manifesto proposed a scheme whereby each man without children would have 7s 6d a week deducted from his wages to fund an allowance for each child of the same amount. The Labour Party seized on this as evidence that Reform intended to cut all men’s wages by 7s 6d a week.
New Reform leader JG Coates then announced that a much reduced allowance would be paid from general revenue. Rather than 7s 6d for every child, this allowance provided 2s for the third and each subsequent child aged under 15 — but only to families whose weekly income did not exceed £4. The allowance amounted to just 2 percent of the average wage. As well as excluding women with fewer than three children, it was not paid to immigrant ‘aliens’, unmarried mothers, or women who had been deserted or were legally separated. As the historian Ann Beaglehole puts it, the Family Allowances Act ‘gave limited help to a relatively small number of people’.35

The Depression

The pensions introduced in the 1920s were a nascent form of the more comprehensive welfare entitlements introduced in the late 1930s — invalid’s benefits, emergency benefits and child allowances. Neither Liberal nor Reform governments accepted responsibility for maintaining incomes, instead conceiving payments as a form of compensation or reward. Although the Pensions Department expanded significantly in the first quarter of the twentieth century, pensions remained small, targeted at specific social groups, and difficult to obtain.

The onset of economic depression in the late 1920s imposed considerable pressure on this framework. Between 1928 and 1931, export prices fell by 40 percent and government revenue halved.56 At the same time, requests for assistance from the state increased; in 1932 the Pensions Department reported that applications had skyrocketed in every category. The government reacted to falling revenue by cutting spending significantly, exacerbating the social and economic effects of the crisis. In 1932 the National Expenditure Adjustment Act tightened eligibility for and reduced the rates of old-age, widow’s and miner’s pensions, as well as the economic pensions paid to ex-soldiers.57

Key groups affected badly by the Depression — particularly the unemployed and their families — had no entitlements under this system. Suspected of being ’loafers’, the unemployed had traditionally been viewed as the least deserving of financial support. The government’s role was typically restricted to directing men to areas where workers were needed or employing them on short-term public works schemes. Such panaceas were overwhelmed as the number of unemployed rose from around 500 in the mid-1920s to nearly 80,000 by 1933.58

The government responded by establishing an Unemployment Board and setting up an Unemployment Fund maintained by state contributions and a levy on all men aged over twenty. Unemployed men reported to ‘registration centres’ to be registered, allocated funds, and placed on relief work.59 Adopting a policy of ‘no work, no relief’, in its first three years the Board made no payments except in exchange for work. From 1934 ‘sustenance without work’ was available to men aged over 50 or unfit for manual labour.60 The Board grew rapidly in size as well as influence, from 36 staff in 1931/2 to 465 officers and 450 bureau relief workers in 1936/7.61

The unemployed also turned to the charitable aid provided by hospital boards. Applications attributed to involuntary unemployment rose from 4718 cases in 1928 to 28,733 in 1931/2.62 While the larger city-based boards had small ‘social welfare’ departments or ‘relief committees’, they were ‘financially, administratively, and ideologically unprepared’ for such pressures and protested that they could not handle the volume of cases with which they were faced. In 1932 the government transferred responsibility for relief for those ‘fit for any work’ to the Unemployment Board; in 1933, those ‘fit for light camp work’ followed. From
this time, the responsibility of hospital boards was restricted to those who were sick, disabled, or otherwise incapable of work.\textsuperscript{63}

While unemployment was primarily handled by other agencies, the Pensions Department did play a role for one key group: war veterans. The Disabled Soldiers’ Civil Re-establishment Act 1930 established local advisory committees and employment officers in Auckland, Wellington, Christchurch and Dunedin, with sub-committees in smaller centres. These committees classified disabled ex-soldiers, provided them with vocational training, and helped them find suitable employment. The scheme had little initial success. Not only was it hampered by a lack of finance, disabled veterans had little chance of being employed in preference to the vast numbers of able-bodied men who were out of work. It was forced to establish its own work schemes: dedicated factories were established in Christchurch and Dunedin, and in Wellington and Dunedin it encouraged the manufacture and sale of various leather, wood, and metal products.\textsuperscript{64} The War Veterans’ Allowances Act passed in October 1935 made financial provision for men who had become unfit for permanent employment as a result of military service.

In November 1935, the Labour Party was elected to office for the first time. Labour promised an expanded government that would play a greater role in guaranteeing individual security. The Employment Promotion Act 1936 shifted the response to unemployment from the provision of temporary relief to the promotion of permanent employment. It abolished the Unemployment Board and made the Employment Division of the Labour Department responsible for placing unemployed men in work.\textsuperscript{65} In 1936 a Pensions Amendment Act was enacted as a ‘stop-gap measure’ while options for a more comprehensive social security system were being explored.\textsuperscript{66} The Act increased all pensions, loosened eligibility criteria, and introduced pensions for invalids and deserted wives. It also removed the legal discrimination against ‘Asiatics’ and the provision for reducing Māori entitlements on the basis of customary land ownership.\textsuperscript{67}

As many historians have argued, public support for a more active government resulted from changes in attitudes during the Depression. Awareness of gaps in the framework of ‘deserving groups’ led to the immediate introduction of pensions for invalids and deserted wives in 1936, but also unsettled the ‘deserving/undeserving’ dichotomy on which the system was based. With poverty in the forefront of public attention, it was clear that unemployment was not always the fault of the individual. This perception led in 1938 to the passage of the Social Security Act, which disestablished the Pensions Department and created the Social Security Department the following year.

**Conclusion**

There is a tendency for historians of welfare to link the period following 1898 with the period following the Social Security Act 1938, and to treat the Old-age Pensions Act as the symbolic beginning of the welfare state in New Zealand. However, the post-1898 period has much more in common with the reluctant welfare provision of the nineteenth century than with the more comprehensive welfare arrangements ushered in by the first Labour government. In the late nineteenth and early twentieth centuries, a continuity of concern with morality and the control of social deviancy was blended with a concern with racial health and national resources, particularly following the First World War.
As the government organisations in the welfare field evolved, civil servants played a considerable role in the formulation as well as the execution of social policy. High-ranking officials shaped the approach of their respective departments: for Charitable Aid, Duncan MacGregor; for Pensions, James Eman Smith and George Fache; for Industrial Schools, George Hogben and John Beck. Each personified the agencies they headed, and their strong wills often led them into clashes with local bodies.

Tensions between central and local administration were encouraged by the structure of all three agencies; decision-making and management was devolved to magistrates, charitable aid boards, and industrial school managers. Rather than direct authority over the activities of local entities, head offices had a supervisory and reporting function which they looked to expand by issuing regulations and applying pressure.

Following the First World War, the central agencies moved to take control. As they expanded, their processes became more formalised, with less scope for individual discretion. As related functions were consolidated in single departments, these established many of the systems and processes which were to be carried over into the agencies that succeeded them.
PART II

Command and control: Social Security and Child Welfare
1925–72
In the first half of the twentieth century, the Pensions Department and the Industrial and Special Schools Branch of the Department of Education steadily increased their autonomy from the courts system. While the welfare system continued to be dependent on decisions made by local magistrates, their influence over the process declined as the two agencies built small central offices that dictated policy and reduced local authority.

Standardisation and increasing impersonality in administration was furthered by changes to the legislative framework within which these agencies operated. The Reform government’s Public Service Act 1912 established the position of Public Service Commissioner, responsible for the general efficiency of the public service and for all matters relating to personnel and industrial relations, including appointments, dismissals, pay and conditions. The Commissioner acted independently of Cabinet and laid the foundations for ‘a unified, career-oriented service’ whose working conditions were largely determined not by politicians but by senior and independent public servants. The public service developed a ‘distinctive culture’:

It was heavily rule-governed, ‘bureaucratic’ in the technical sense of the term, and a complex plethora of rules, variously sourced from determinations, manuals, circulars, and Treasury instructions, closely constrained the behaviour of public servants in almost every conceivable situation. There was of course more discretion at upper levels, but even senior officials, having served their time at lower levels, did not readily shed the caution imbued in them by that experience.¹

In the decades after the Second World War, the Social Security Department and the Child Welfare Division of the Department of Education were significantly expanded and systematised. Both became centralised and hierarchical organisations based around a formalised and systematic division of labour. While written correspondence and paper files were the ‘bricks and mortar’ of these new bureaucracies, transport and communications technologies also assisted national standardisation and co-ordination.² With the reach of head office extended, both organisations steadily built centralised ‘pyramid bureaucracies’ which ‘mirrored the command and control wartime experiences of the generation that had fought in World War Two’.³

The post-war period was also characterised by economic prosperity, full employment, and a degree of political consensus in favour of the ‘Welfare State’, which came to be viewed with pride and contrasted with the insecurity experienced during the Depression.⁴ The role of the state expanded further, from ‘Social Security’ towards ‘Social Welfare’, the provision of discretionary and increasingly personalised services to meet the problems of individual people and families. Supplementary assistance required benefit administration to attend more to individual circumstances, and the Social Security Department began to provide a small range of services designed to assist with personal problems. The Child Welfare Division expanded its role in ‘field work’ and complemented its increasingly specialised casework
with the steady expansion of a ‘regimented’ residential service that was staffed primarily by ‘benevolent custodians and controllers’. Child Welfare Officer Robin Wilson remembered the Division’s approach as ‘paternal’: ‘We worked on the basis that you were right, parents’ rights were negligible — what we said went’.

The Child Welfare Branch (1925–48)

One of the more significant legislative landmarks in New Zealand welfare history, the Child Welfare Act 1925 formally marked the conclusion of a transition that had taken almost 50 years. The transfer of responsibility from the Justice Department to the Department of Education in 1880 had presaged a gradual shift in policy from an emphasis on punishment to reform and rehabilitation, culminating in John Beck's overhaul of the industrial schools system between 1916 and 1925. The Act formalised and embedded processes and institutions introduced over the past decade, and created a Child Welfare Branch within the Education Department, led by Beck as Superintendent.

The Act also established the system that was to be the foundation for child welfare work for the next half-century. All three Superintendents who guided Child Welfare after Beck's retirement committed themselves to the philosophy that underpinned the Act. Jim McClune (1938–46) had helped Beck draw up the legislation and saw his development of the Branch as a realisation of the Act's initial intentions. Charlie Peek (1946–64) described Beck as a 'genius' who was 'ahead of his time', and as late as 1971, Lewis Anderson (1964–72) saw the Act as 'a progressive and humanitarian piece of legislation', the 'basic principles' of which still applied, nearly 50 years after its passage.1

While the judicial system continued to play a central role in decision-making in specific cases, the 1925 legislation brought the welfare of the child to the forefront of the process. The centrepiece of the Act was the new Children's Court in which magistrates decided children's fates. Whereas previously a magistrate could only commit a child to the custody of an industrial school manager, from 1925 they had a range of options. They could admonish children, place them under supervision or in the temporary or permanent care of the Superintendent, or (in the case of older offenders) send them to youth prison. To assist this process, child welfare officers were appointed within the Child Welfare Branch to act as agents of the courts. They were to investigate cases brought before the court from a 'social welfare standpoint', providing background information about family history and domestic conditions.2 This consideration of the child's wider circumstances lessened the emphasis on the specific act that had caused the court appearance, redirecting attention towards the causes of the child's behaviour. The courts were to have a more 'curative' function; they were to become 'sites of welfare'.3

It is important not to overstate the case: there continued to be a punitive element in the child welfare system over this period, particularly from less-enlightened magistrates. Many continued to adhere to the long-standing belief that the 'terror of the rod' was the most effective solution for misbehaviour; until 1936 whipping remained available as a punishment. Historian Bronwyn Dalley traces a persistent theme of tension in the early dynamic between magistrates and the Child Welfare Branch. While child welfare officers and magistrates often
co-operated, magistrates sometimes viewed the recommendations of child welfare officers as challenges to their authority. Conversely, the fact that magistrates continued to have the final say caused child welfare officers frustration when they did not see the decision as in the child’s best interests. The more hard-line magistrates often reflected wider social attitudes; criticism of the new system as a soft option reflected ‘a tension between the issues of (children’s) welfare and justice (for the community)’.  

The juvenile probation scheme which had been trialled and extended over the previous decade was given legal authority and renamed ‘court-ordered supervision’. It was used for relatively minor offences or where a young person’s conduct was becoming troublesome. Fitting with the more preventive approach of directing attention to the family environment, supervision was soon ordered in close to one-third of all cases. It generally involved a child welfare officer making personal contact with a home through visits and correspondence, the nature and frequency of such contact depending on both the discretion and the workload of individual officers. Encouraging involvement in hobbies and physical activity, supervision relied heavily on services provided by voluntary organisations such as the YMCA Big Brothers that enabled the Branch to focus its resources on other duties.  

Though their role was diminished after 1925, residential facilities still had a significant place in the child welfare system. Wary of ‘institutionalising’ their charges, the Branch introduced new categories of homes that were intended as temporary options until a more permanent solution was found. Along with a Wellington hostel operating as a ‘half-way house’ for young women in employment, receiving homes were established to house those placed under the care of the Superintendent until they could be moved to either a foster home or a long-term residence. Probation homes were also set up to provide a brief period of care before a stint of court-ordered supervision.
In a reflection of the Branch’s new priorities of ‘instruction, re-education, and adjustment’, the few remaining long-term institutions became ‘training schools’. Rehabilitation was to be achieved primarily through vocational training along gendered lines; older boys at Weraroa — now operating as a ‘Boys’ Training Centre’ — received instruction on the farm and in workshops, while a smaller residence at nearby Hokio Beach took boys of school age. The Branch closed Caversham and, in its place, reopened the Te Oranga facilities in 1928 as ‘Burwood’, where ‘delinquent’ girls were trained in homemaking and domestic duties. Along with the residential institutions at Otekaike and Richmond for the ‘feeble-minded’ (those with special needs), these were the only long-term institutions in existence until the Second World War; they took only a small number of the most problematic children.

The Branch continued to see itself as having a preventive role beyond that set down in legislation. In both its reports to Parliament and its instructions to staff, the Branch emphasised the importance of ‘preventive work’. Its role was not only to ‘prevent wastage in child life’, but also to ‘provide for social readjustment wherever necessary in the interests of children’. While the well-being of a child was accepted as the Branch’s focus, this was interpreted as a mandate for more general intervention in family life. In his report to Parliament in 1928, Beck described the role of the Branch as:
to endeavour to check, in the early stages, the development of conditions in the social field that lead or are more likely to lead to child wastage and, where this is not possible, to provide social readjustment for the child or young person who by reason of his environment or physical or mental condition is handicapped in the race of life and likely to become a burden on the community.\textsuperscript{10}

Rather than the child itself, the preferred target was the ‘social field’. Though this was not mentioned in the Child Welfare Act, the Branch undertook a ‘preventive’ role in response to minor offences, neglect, and poor living conditions, supervising families without going through the court system.\textsuperscript{11}

Overall, the scope for field work was expanded considerably. Alongside the introduction of court-ordered and preventive supervision, the Child Welfare Act also stipulated that the Branch inquire into the living situations of all illegitimate children and their mothers. It also continued to monitor foster care and adoption under the 1907 Infant Life Protection Act. The Branch met these responsibilities through a network of child welfare offices. As the industrial schools system had been closed, various ‘outside offices’ had been created to provide clerical support to the emerging field workers. In 1926 this network was systematised; the country was divided into fourteen districts, each with a ‘child welfare office’ in which the field officers were based.\textsuperscript{12} Rather than providing oversight and instruction on field work, the district office structure was primarily a means to co-ordinate reporting, accounting, and the management of supplies, enabling field officers to dedicate more time to casework.

On matters of casework and policy, field officers corresponded with head office but were given a great deal of discretion to dealing with matters in their districts.\textsuperscript{13} Officers received little or no training, and were generally recruited on the basis of either loosely relevant experience or ‘maturity’. So that they could draw upon the supposedly innate qualities of their gender, men were titled ‘boys’ welfare officers’ and became responsible for male adolescents, while women kept the generic title of ‘child welfare officer’ and worked with girls, infants, and boys under ten. Women undertook more general tasks related to the monitoring of ‘domestic’ situations; they implemented adoptions, carried out infant life protection work, and supervised young women, girls and younger boys in their homes. While head office monitored work through regular returns and reporting, casework technique and practice was mainly learnt on the job through a process of trial and error.

For the first decade, field work was also limited to the more populated areas. Homes were visited by foot, tram, or bicycle; court-ordered and preventive supervision was an ‘essentially urban system’ that was ‘found wanting in … scattered rural districts’.\textsuperscript{14} In the latter areas there was often only one permanent officer, whose work was supported by unpaid ‘honorary’ officers, respected community members who investigated court cases on the Branch’s behalf, and provided reports to both head and local offices.\textsuperscript{15} The Branch saw little difference between the work of honorary and permanent staff; neither group had specialised qualifications or training. In response to a local officer who had questioned the qualities of honorary officers, Deputy Superintendent Jim McClune insisted that the Branch’s policy was that ‘as far as possible each community should look after its own affairs’; ‘there was no necessity for … permanent officials making distant trips to deal with matters that could be dealt with by the local people’.\textsuperscript{16} Additional honorary officers were recruited during the Depression as the Child Welfare Branch attempted to reduce the number of paid staff and save on travelling expenses. Staff were reduced by 10 percent; wages, salaries and other expenditure were
reduced by 25 percent; and the Department had little choice but to close the Home at Timaru and the receiving homes at Whanganui and Napier. As child welfare work shrank to its core functions, the scope for preventive work was significantly diminished, further confining supervision and field work to the most populous districts and limiting the Branch’s role in ‘social readjustment’.

The Second World War and preventive work

From the late 1930s however, the Branch began to extend its reach. In 1938 John Beck retired and was replaced by his long-standing deputy, Jim McClune. Like Beck before him, McClune was dissatisfied with the centrality of the court system in both ‘judicial and remedial measures’:

To my mind any constructive child welfare programme should be built away from the Courts — in other words the ‘preventive’ side generally (which should include a positive side in the way of improvement of social conditions) is the proper line of approach. With this end in view I have always strived by recommending increased field staff and by co-ordinating our work with that of various other agencies to concentrate on the early approach of the problem and not wait [until] the child’s appearance in Court before taking action for its readjustment.

McClune’s efforts to build a network more independent of the judicial system found a receptive audience in a Labour government committed to an expansion of the state’s role in society and emboldened by a steadily recovering economy. To address the understaffing of the first half of the decade, the Branch expanded its head office to 30 in 1938, and increased the number of child welfare officers to 48 in 1937 and 55 in 1938.

This active preventive role was most expanded during the significant social disruption of the Second World War, as fears about the vulnerability of families and a rise in juvenile delinquency saw an expansion in the size and scope of Child Welfare. Intent on preserving the family unit, the government increased the number of permanent child welfare officers to almost 100 by 1945, and approved the opening of new district offices in Taumarunui, Rotorua, Blenheim and Ashburton. The Branch reorganised its services to co-ordinate these additional staff and build the organisational capacity for further preventive work. Whereas previously field officers and clerical staff had worked autonomously and were separately responsible to head office, the Branch decentralised authority in 1941, appointing a senior male officer in each district as ‘District Child Welfare Officer’ responsible for the activities of his office. As well as improving the oversight of casework, this structure enabled the Branch to build a network separate from the court system and improve co-ordination with other agencies and welfare services.

The expansion of offices into rural districts had another, indirect effect on the work of the Branch. As child welfare officers increased their operations in less populous districts such as Northland, the East Coast, and the central North Island, it increased its exposure to Māori communities. In the 1940s, the expansion of the child welfare network meant that the Branch ‘discovered’ delinquency and other welfare concerns pertaining to Māori children. At the same time, Māori were increasingly moving into urban areas. In his 1941 annual report, Superintendent Jim McClune announced the sudden appearance of significant numbers of Māori children in children’s courts. Whether as a result of increased attention or as a response to real social problems, Māori soon became over-represented in the child welfare system; between 1940 and 1970 they were about three times as likely as Pākehā to appear...
before the children’s courts. In general, the Division attempted to keep children within Māori communities; as well as concerns about cultural dislocation, this policy was also based on ‘less salutary motives’, such as the belief that Māori had a detrimental influence on Pākehā.26

The increase in Māori court appearances contributed to a more general apprehension about juvenile delinquency during the war. As both government and voluntary agencies worried about ‘absent fathers and working mothers’, rising court appearances gave a particular impetus to child welfare work.27 Of particular concern was the ‘morality’ of and ‘sexual delinquency’ amongst young women, particularly from 1942, when thousands of American soldiers were stationed in New Zealand. According to Anne Tocker, girls ‘flocked to Wellington from all parts of the country’. As the Branch’s liaison officer to the Police’s ‘anti-vice squad’, Tocker ‘had the job of picking them up and getting them back home again before they got into trouble’.28 In response to anxieties that young Māori women were corrupting their Pākehā counterparts, the Branch opened Fareham House near Featherston in 1944 as a residential institution for Māori girls.29

As well as allaying concerns about ‘delinquency’, the government also sought to assist the increasing number of families struggling with social conditions resulting from the war. With many large families unable to find affordable housing, it introduced a new form of financial assistance, the Needy Families Scheme. Agencies would refer cases of ‘apparent hardship’ to Child Welfare, which would investigate the family’s financial situation and compile a report with recommendations that could include a rent subsidy.30 From 1942 the scheme was extended to include small grants for the purchase of basic supplies such as food, clothing and bedding, expanding the Branch’s range of assistance to economic support and extending the range of families with which it dealt.31

These developments imposed further expectations on child welfare officers; the investigations, inquiries and subsequent monitoring central to the Needy Families Scheme placed new demands on the judgement of individual officers, contributing to the advancement of casework methods that had been occurring through the increased emphasis on preventive work.32 Not only had the overall presence of Child Welfare in New Zealand increased considerably, the role of its officers had become more complex, requiring increasingly specialised skills.

The Child Welfare Division (1948–72)

From the establishment of the Child Welfare Branch in 1926, the lack of staff training was seen as a particular obstacle to its operations.33 In his 1925 report which preceded the Child Welfare Act, John Beck had recommended that New Zealand emulate North America by providing professional training for child welfare workers. In subsequent reports he reiterated the need for formal training and ‘standardization of methods’.34 ‘This demand went unheeded for two decades. ‘A certain amount of individualism was rife’, one child welfare officer recalled.35 Staff had little preparation for what was an often difficult role; Kathleen Stewart remembers her ‘ignorance’ as a neophyte child welfare officer in Auckland in 1930, ‘floundering as I tried to cope with work I knew nothing about’.36 From the late 1930s, the Department required new officers to study child welfare legislation and literature, and attempted to provide practical training by attaching recruits to larger offices with longer-serving staff.37 Lorna Hodder, who would later become an Inspector in the head office of the Child Welfare Division, remembers beginning her role in 1940 with ‘few qualifications for the job of social worker’: 
'Here is your Bible', said the Deputy Superintendent, Mr. T.P. Cox, as he handed me a copy of the Child Welfare Act 1925…. Most of us were new to the job and extremely vague as to how the Child Welfare Act applied to all manner of cases, and in the matter of court work we were babes-in-arms ….38

In 1946 Charles Peek replaced McClune as Superintendent of Child Welfare and, in the words of one colleague, 'lifted social work out of the 19th century'.39 According to Peek, in the 1940s the Branch was the ‘Cinderella’ of the Education Department:

What status did it offer in the public eye? What kind of career did it offer its officers? I can make two comments. One: officers were often located in back and side streets and this, I believe, on purpose so that clients could visit unobserved. Two: its officers were the lowest paid of all public servants, having what I am convinced were comparable responsibilities …. [F]ield officers had no special preparation for their work. They had no hallmark of quality. No trained social worker certificate was available. There had been no way in which they could establish an identity as a specialist group deserving better status and higher salaries.40

In 1948 a legislative amendment renamed the Branch the Child Welfare Division. This was a turning point in the character of the agency, less in terms of statutory responsibilities than in how these were carried out. The agency embarked on a steady process of organisational change, with an emphasis on professional development and training which changed both the nature and the reputation of child welfare work in New Zealand.

The elevation of ‘field work’ to a profession was partly achieved through the introduction of tertiary-level training. Until the early 1950s, child welfare officers saw themselves not as ‘social workers’ but as field staff carrying out the responsibilities of a particular government department. From the early 1950s, Victoria University College’s School of Social Science offered a two-year diploma in social work principles and practice which included a part-time placement in a social service agency. The Child Welfare Division offered financial assistance and extended leave to encourage staff to undertake the course, but only about ten trained social workers graduated each year.41 By the 1970s, there were two full-time and three part-time courses in social work at university level, but the overall proportion of Child Welfare social workers with qualifications remained relatively low: only 10 percent had a university-level qualification in social work, and two-thirds had no tertiary qualification at all.42

While extended training was limited to a relatively small proportion of field officers, it nonetheless facilitated the development of ‘social work’ as a profession with a distinct identity. In the late 1950s, regional associations of social workers in both government and voluntary organisations began to emerge, and in 1964 these combined into a national body, the New Zealand Association of Social Workers.43 This provided a forum for dialogue and discussion on policy and practice, circulated newsletters and other publications, promoted training and the development of standards, and raised the profile of social work in general.44

With tertiary-level training limited to a handful of staff, the Division still faced the problem of how to train the majority of its field workers. In 1951 it introduced week-long in-house training courses for all child welfare officers to stimulate thinking on the basic purposes and function of their role.45 With training largely performed at the local level, the Division created positions of ‘cadet’, ‘trainee’ and ‘assistant’ to enable a gradual shift from recruit to full responsibility, and appointed a training officer in head office in 1966 to co-ordinate training activities.46 In 1963 the State Services Commission established the Tiromoana Social Work Training Centre in a disused villa at Porirua Hospital. This provided three-month theoretical
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courses intended to supplement the Division’s on-the-job training. These courses brought their own difficulties: district offices struggling with understaffing were reluctant to release staff for long periods of time.

Most field staff continued to learn on the job, through internal instruction and supervision. Field workers were guided by superiors who were more experienced and more likely to possess a tertiary qualification in social work. In each office, Senior Boys’ Welfare Officers and Senior Child Welfare Officers had significant influence over decision-making in particular cases, with all major casework decisions requiring the approval of the supervisory officer. Head office issued instructions through memoranda which detailed methods, policy and procedure. These were consolidated into a manual for district offices in the early 1950s, followed by a Field Officers Manual in 1957. Combining policy, procedures, recordkeeping requirements and casework considerations, these manuals represented a significant advance in staff training and guidance.

Supervision and oversight was also facilitated by extensive recordkeeping procedures which were clearly set out in the two manuals. Files were created for all families coming under notice, with further personal files for children placed under legal supervision or committed to care. Personal history cards (‘Kardex’) recorded basic case details for reference purposes, and notification slips informed head office of any changes to any child’s circumstances. This highly centralised and hierarchical recording system tracked a child’s history, facilitating personalised casework. The Kardex system ensured that supervisory visits were regularly carried out and cases regularly reviewed. Staff in head office regularly scrutinised casework reports, application and other documents. Difficult decisions were referred to head office, and even routine progress reports could be queried in Wellington. A small group of inspection staff routinely travelled to offices and institutions; as well as dispensing advice, they assessed adherence to procedure, the performance of individual staff, and the operations of the district in general.

The volume of paperwork both assisted and frustrated busy officers. Much time that could have been spent in the field was taken up filling out the various cards and forms that accompanied any major event or decision. One officer reported that two days of court proceedings for twelve children on minor charges had created ‘approximately 180 pages for filing and distribution’, with his signature required 120 times. For Dugald McDonald, the hierarchical structure of the Child Welfare Division ‘imposed a milieu of classical bureaucracy tempered by the occasional personality cult’. Lewis Anderson, Superintendent from 1964, is remembered by a number of staff for his ‘relentless persona and vitriolic pen’ and his ability to ‘write a page on the correct spelling of Nae Nae, or the use of the word Hospitalisation, as an (unacceptable) heading for a memo.’ In 1971 Anderson reflected on the evolution of the Division:

From the earliest times, the attempt has been made to provide help with the tools that were available, however inadequate (or, if the tools were human beings, however untrained and unskilled) they might be. The service has learned through its mistakes; by trial and error, standards of efficiency have evolved. Dedicated people, some of them perhaps good-hearted muddlers, laid the foundations on which the edifice of the social service has been built.

Anderson understood that child welfare work had developed through a process of incremental change. The hierarchical and bureaucratic system of the Division can be seen as a response to the need to monitor and standardise practice within an organisation that had only limited professional training available to it. As well as via external and internal training, casework technique was steadily developed through written procedures and instructions, and
supervision at both central and local levels. Thanks to a combination of these methods, a gradual but significant development in practice contributed to the slow elevation of social work into a more specialised and respected profession.

**Delinquency and public scandal**

As well as through internal organisation and professional development, the profile of the Child Welfare Division was also altered by broader societal changes. In particular, a sudden anxiety about ‘juvenile delinquency’ in the early 1950s brought the behaviour of the young to public attention. Rather than resulting from an actual increase in misbehaviour, Dalley argues, this ‘moral panic’ was the product of adult anxieties about social changes, particularly the emergent lifestyles of post-war adolescents.\(^{55}\) This issue came to a head in mid-1954 when police investigations into the activities of adolescents in the Hutt Valley sparked a moral panic over the supposed deterioration in youth behaviour. In response to mounting public pressure, the government appointed a special committee to examine ‘moral delinquency’ in children and adolescents.\(^{56}\) Prioritising the views of religious and social groups over those of experts and professionals, the conclusions of the ‘Mazengarb’ report have been criticised in subsequent decades as part of a ‘knee-jerk, moralistic and exaggerated reaction to the activities of the young in 1950s’ New Zealand’.\(^{57}\)

While the Division had a relatively minor involvement in the inquiry itself, the Mazengarb inquiry had significant indirect implications for the Department by giving a sense of urgency to welfare measures. As public attention continued to be captured by the behaviour of ‘bodgies and widgies, Teddy boys and milk-bar cowboys’, the government approved the opening of six new district offices (Kaitaia, Takapuna, Paeroa, Whakatane, Hastings, Blenheim) and the employment of 43 more staff.\(^{58}\) The continued public interest in juvenile delinquency stimulated research into the psychological causes of youth problems and the environmental situation of children and young people. After concerns about juvenile gangs in 1958, the government established an interdepartmental committee on youth offending which set up a research unit in Child Welfare’s head office. The establishment within a few years of a second research unit extended the Division’s research capability.\(^{59}\)
As the overall profile of child welfare work was raised, so too were public expectations of the ability of the Division to safeguard the welfare of children. In 1958 a case of neglect in a day-care facility led to public outcry, and the Division was empowered to produce regulations on the registration, licensing, and control of childcare centres ('day nurseries'), and appoint a specialist officer to supervise these centres. As attitudes to children and families began to change, there was a resurgence of interest in child abuse and investigating complaints of 'cruelty' and 'ill-treatment' became more time-consuming. By the late 1950s, Peek observed, the public 'was rapidly overcoming its shyness of the Child Welfare Division and began to make increasing demands on it'.

Child Welfare in the 1960s

While public interest in juvenile delinquency 'waxed and waned' through the 1950s and 1960s, the Division continued to go about its business. Child Welfare usually intervened because of misbehaviour and offending ('delinquency') or poverty and material neglect ('indigence'). Its work continued to be guided by the Child Welfare Act; it was a mix of preventive supervision, usually with a family's co-operation, and court-ordered compulsory intervention. As before, such an intervention resulted in either supervision within the family or placement in a foster home or departmental residence.

While the basic system underpinning child welfare work remained the same, the landscape in which it was done changed dramatically. The post-war 'baby boom' saw the number of young people double between the late 1940s and early 1970s, while court appearances and child welfare cases rose even more rapidly. The number of Children's Court appearances increased from 'fewer than 2000 in 1948/9 to 5000 in 1960/1 and more than 12,000 in 1971/2'. Over the same period, the total number of children under the Division's supervision or care more than doubled from 7267 to 16,356. In an attempt to maintain its existing services, the Department grew rapidly. While the population increased by 49 percent between 1946 and 1969, the staff of the Child Welfare Division increased by 160 percent. Between 1961 and 1971, the number of staff increased from 659 to 1111, with the vast majority of additional staff appointed to district offices and institutions.

The rising rate of court appearances was of significant concern to the Division, which was at a loss to explain it. To further its preventive efforts and keep children away from court, the Child Welfare Division and the Police trialled a diversion programme in Christchurch in 1957. Judged a relative success, the scheme was later expanded. Special police officers from the new Juvenile Crime Prevention Service (renamed 'Youth Aid' in 1969) investigated offences and complaints which would previously have been handled by normal police operations, and Senior Boys' Welfare Officers chaired weekly conferences at which cases of offending were examined. Children dealt with in this way could be let off with a warning, prosecuted, or referred to Child Welfare for a follow-up inquiry.

The Division continued its official policy of attempting to keep children committed to the care of the state within a family environment through foster care. There was an increasing shortage of available homes, particularly for children with special needs or emotional problems. The Division began to explore its options, and in 1954 trialled a 'Family Home' in Whangarei. A married couple was contracted (and paid) to act as foster parents to up to twelve children in a purpose-built house owned by the Department. The model was deemed relatively successful and, with the number of children and young persons committed to
state care rising, became popular within the Division. By the early 1970s, there were 78 such homes, and close to 7 percent of all children brought under the care of the state were in a Family Home. In 1962 the Division trialled special hostel-type Family Homes for adolescents; there were sixteen of these by 1969.\(^7^1\)

The increase in the number of state wards also had a significant impact on the residential institutions. Between 1960 and 1972, the residential population increased from 360 to 718 and existing institutions were extended to meet the demand. In the 1950s Kohitere housed 55 residents in a single villa. In the 1960s, six cottages and a second villa were added, and by the early 1970s Kohitere had more than 100 residents. The capacity of Hokio was increased from nearly 40 to nearly 60 in the mid-1960s, and with the opening of Holdsworth in Whanganui in 1971 another 60 boys could be accommodated. Fareham continued to house between 20 and 30 girls; its policy of admitting only Māori ended in 1963. In that year an additional unit was added to the Girls’ Training Centre in Christchurch (known as ‘Kingslea’ from 1965), increasing its residential capacity by 18 to almost 100.\(^7^2\)

The increase in demand for residential services had the greatest impact on the short-term facilities which took an increasing proportion of all residents. The boys’ homes in Auckland, Wellington, Christchurch and Dunedin each held between 20 and 40 residents in the mid-1950s. In 1959 a fifth home opened in Hamilton and the Wellington home was replaced by one in Lower Hutt.\(^7^3\) The short-stay institutions for girls in Palmerston North, Wellington, Christchurch and Dunedin\(^7^4\) were supplemented by new homes at Allendale in Auckland (1961) and Hamilton (1970).\(^7^5\) These short-term institutions gradually evolved away from their initial purpose as temporary ‘holding’ residences prior to placement, increasingly becoming a care option in their own right. The Division believed that ‘smaller units located near to a wider range of pre-release and after-care services’ were more effective than large institutions in rural areas.\(^7^6\) The smaller residences approached the role initially devised for the long-term facilities, providing a structured environment which encouraged behavioural change. From the 1960s, residential institutions were increasingly used as remand facilities that kept young people in custody while they waited to appear in court. As both short- and long-term institutions were open facilities, the Division installed ‘close custody’ or ‘secure unit’ facilities in residences.\(^7^7\) As the character of these institutions changed, ‘reception centres’ for younger children were set up in Auckland (Cornwall Park) and Hamilton (Tower Hill).

In the late 1940s and early 1950s institutions had been viewed by some in the Division as a ‘useful training ground for potential field staff’, but the roles of residential staff now became more specialised. In the 1960s the Division introduced short training courses for them, and in 1971 a Residential Staff Training School was opened in Levin. One staff member remembers that many in the Division came to see residential care as a ‘distinct and valued resource’ that ‘could make a distinctive contribution within the range of parental care facilities available’.\(^7^8\) Others, however, questioned its rehabilitative potential as juvenile delinquency increased and many former residents showed a proclivity for reoffending that threatened to turn incarceration into a ‘revolving door’.\(^7^9\)

The Division’s ability to influence other areas of children’s welfare was also debated. Public pressure mounted for the Division to act on the rising rate of ex-nuptial (‘illegitimate’) births, which nearly doubled as a percentage of total births between 1962 and 1972.\(^8^0\) The Department attributed this to a liberalisation of attitudes towards sex and generally limited its investigations to offering advice and occasionally financial assistance. In response to a
suggestion in the media that the Division should address the problem of ex-nuptial births more directly, Anderson reportedly responded that the writer in question ‘should be nominated for the Nobel prize or for this week’s buttered biscuit’ if he had any answers.  

Anderson’s response typifies the somewhat exasperated mood within the Division at this time. It claimed it was being expected to resolve complex social problems in spite of considerable understaffing. On one estimate, the number of cases and inquiries increased by 91 percent between 1957 and 1967, while staff numbers increased by just 46 percent.  

Anderson denied that the rise in child welfare cases reflected the quality of the work of the Department; there were limits to what casework alone could achieve, and it would ‘be asking the impossible to require social workers alone to remedy all the tensions and temptations leading people to become delinquent or immoral or disturbed’.  

Social welfare?  

From the days of the Child Welfare Act, the Branch looked to outgrow its parent department, to expand beyond ‘education’ and even ‘child welfare’ into more of a general ‘social welfare’ agency that targeted families in need of assistance as a means of influencing the home environment. Expansion into preventive work by other agencies by the early 1950s led to repeated calls for social work and welfare services to be consolidated in a single agency. Many in the Division lamented its inability to address the root causes of the social problems of the 1960s. As they struggled to deal with a rising workload, many child welfare officers felt they
This graph shows the dramatic increase in the number of cases brought to the Children’s Court during the 1960s. This rise was in part due to a disproportionate growth in the numbers of young people as a result of the high post-war birth rate. However, the number of court appearances increased faster than the juvenile population.

This graph shows the number of children under the care and control of the Department and in residential institutions (national institutions for ‘training’ or ‘extended care’ and regional ‘short-stay’ or ‘receiving’ homes). Both the number of children in care and the number of children in residential institutions rose in the 1960s and 1970s, before declining significantly in the late 1980s.

were approaching the limits of casework. Social worker Aussie Malcolm thought that the Division had little influence on social outcomes:

We did not have the power to effect change but only to record, for posterity, the history of social breakdown. The positive changes that did occur usually came from communities or families with whom our charges lived, or within the resources of our charges themselves. We were, at best, facilitators, but seldom reformers.55
Brian Manchester, who worked as an Inspector for the Child Welfare Division in the mid-late 1960s, accepts the ‘basic validity’ of Malcolm’s comments. While he believes that Child Welfare was of significant assistance to many struggling families, its officers were ‘conscious of belonging to an “agency of last resort” and often “felt caught in a process of documenting after the event a chain of almost inevitable negative outcomes”.’
4. The Social Security Department

The new department

In the early hours of 2 February 1939, Thorndon residents were roused from their beds by local police, and left their houses to discover one of the largest Wellington fires in decades raging in Aitken Street. Residents reported that the ‘whole sky seemed on fire’; the area was illuminated ‘almost like daylight’. The fire was under control by 4.15 a.m., but daybreak revealed ‘a smoking mass of tangled wreckage’.

Foremost amongst the damage was the destruction of the large new Social Security Department building. Close to completion, it was being constructed to house the new national scheme of health and cash benefits that was due to come into effect on 1 April. What would have otherwise been viewed as a significant local disaster quickly gained national significance; William Sutch wrote that the destruction of the ‘material symbol’ of the new social security framework was felt by most New Zealanders ‘not only as a national calamity but as the working of the dark forces they felt their votes had overcome’.

The fire sparked a political crisis for the Labour Party. The social security scheme was a cornerstone of the manifesto that had won Labour a comprehensive victory in the 1935
Prime Minister Michael Joseph Savage at the opening of the hastily built Social Security Building on Aotea Quay, Wellington, on 27 March 1939, five days before the Social Security Act came into effect.

ATL, NEGATIVES OF THE EVENING POST NEWSPAPER, 1/4-049203-G.
In the years since, however, the party had had a ‘multitude of arguments and second thoughts’ about the details of the scheme. After several years of internal division and external criticism, the fire occurred just two months before the social security legislation was to finally come into effect. The government now faced further criticism; although city by-laws specified that all new buildings in the area were to be made of brick or concrete, the Government Architect had designed a three-storey building with an Australian hardwood and rimu framing, sheathed in matai planks covered by a flammable bituminous felt. The right-wing *Dominion*’s exposé of this breach the following day was juxtaposed with an accusation from former Finance Minister Gordon Coates about Labour’s ‘reckless mismanagement of the country’s finances’.

Intent on reversing the symbolism of the event, the government moved swiftly. The morning after the fire, Cabinet approached James Fletcher, the head of the country’s largest construction firm, who advised that an alternative building could be built on reclaimed railway land in Aotea Quay by the 1 April deadline. Thanks to government pressure on the unions to support Fletcher’s proposal, workers were employed on day and night shifts of ten hours each, six days a week. Seven hundred worked on-site, with another 200 dedicated to timber preparation. The new building was completed in just 39 working days in one of the greatest achievements in New Zealand construction history. When Prime Minister Michael Joseph Savage opened the new premises on 28 March before a crowd of more than 1000, he hailed a triumph over adversity.

The public profile of the opening reflected the importance of the new Department in New Zealand history, established by a government determined to mark a new era in social support by the state. On one level the social security scheme was a continuation of the pensions scheme by another name: in spite of its ‘rhetoric of universality’, it mostly continued a system of means-tested payments at fixed rates to those in defined circumstances, and employed many of the personnel and much of the administrative machinery of the former Pensions Department. However, there were important differences; not only was the Social Security Act broader and more generous than what came before, it also marked a turning point for welfare administration in New Zealand.

As social researcher Ross Mackay points out, while Labour’s ‘welfare revolution’ did not change the fundamentals of the pension system, it built a much ‘larger and more comprehensive version’ of it. Along with significantly more generous levels of payment, it also introduced a number of new benefits: a sickness benefit for those temporarily unable to work due to ill-health; an unemployment benefit for those willing and able to work for whom no work was available; and an emergency benefit for those in need of financial support who did not qualify for any other benefit. These supplemented the existing categories of pension and new provisions for invalids and deserted wives introduced by Labour in 1936. To complement the means-tested age benefit for those over 60, a small universal superannuation benefit was introduced for those over 65. The 1938 Social Security Act provided an unprecedented level of social protection in New Zealand, and introduced the basic contours of a structure that would last for 50 years.

As well as the size and scope of the scheme, the significance of the language used should not be underestimated. Labour used both terminological and rhetorical devices in a conscious effort to alter the discourse surrounding income maintenance in New Zealand. Its adoption
of the term ‘social security’ was intended to reframe the system in positive terms and reduce
the stigma attached to support by the state. As McClure writes:

[w]ith social security and citizenship closely allied, the system as a whole was removed from the
taint of charity and became a source of national pride. … [W]hile the opposition could claim
justly that the so-called benefits were nothing more than pensions under a new name, this
renaming was significant: the term ‘pension’ had become demeaned by the stigma of poverty;
the term ‘benefit’ belonged to friendly societies and company schemes and was linked with
respectability, work and worthiness.12

The Pensions Department was associated with attitudes of condescension and reluctance that
had characterised the administration of the system. While the purpose of the Social Security
Department was the same — to administer cash payments — its creation signalled a clear
break with the past.

This is not to suggest that the differences between the Pensions and Social Security
Departments were merely cosmetic. With the addition of new categories of benefits, the
new department played new roles. The sick and unemployed had been the responsibility
of the Labour Department since the dissolution of the Unemployment Boards in 1936. In
opposition, the Labour Party had asserted that the Labour Department had ‘completely
lost the confidence of the workers’ and should be
‘boiled down’. After Labour was elected, its Standard
newspaper railed that most of the Department’s
officials should be ‘dropped from a plane from at
least 5,000 feet’.13 The Social Security Department’s
new Unemployment and Sickness Benefits Division
absorbed most of the staff of the Employment
Division of the Labour Department, 491 of whom
were transferred.14

With these new responsibilities came a new
structure for local administration. The Social
Security Department’s nineteen Registrars also
controlled another 29 district agencies. The Labour
Department, on the other hand, was significantly
diminished; whereas previously it had had 188
district and sub-centres, from 1939 its only offices
were in the four major centres. Because of its
extensive district structure, Social Security offices
now helped administer the Labour Department’s
functions relating to the promotion of employment.
Outside the main centres, it co-ordinated the
activities of its State Placement Service, which
endeavoured to supply labour to industry and match
disengaged workers with appropriate employment.
The two departments thus had close ties; as an
incentive to work, receipt of the unemployment

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**Social Security benefits in 1939**

Following the passage of the Social Security
Act, ten monetary benefits were in effect:

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age benefit</td>
<td>£1 10s per week</td>
</tr>
<tr>
<td>Widow’s benefit (woman with one child)</td>
<td>£1 15s</td>
</tr>
<tr>
<td>Orphan’s benefit</td>
<td>15s</td>
</tr>
<tr>
<td>Family benefit (for third and subsequent children)</td>
<td>4s</td>
</tr>
<tr>
<td>Invalid’s benefit (single rate)</td>
<td>£1</td>
</tr>
<tr>
<td>Miner’s benefit</td>
<td>£1 10s</td>
</tr>
<tr>
<td>Sickness benefit (person aged 20+)</td>
<td>£1</td>
</tr>
<tr>
<td>Unemployment benefit (aged 20+)</td>
<td>£1</td>
</tr>
<tr>
<td>Superannuation benefit (from 1940)</td>
<td>3s 8d</td>
</tr>
<tr>
<td>Emergency benefit</td>
<td>at Commission’s discretion</td>
</tr>
</tbody>
</table>

The weekly wage of a carpenter was £5 12s; a tailoress earned £2–3.
A loaf of bread cost 3d.1
benefit was made conditional on applicants registering with the State Placement Service and reporting to it on a weekly basis.\textsuperscript{15}

This new structure’s unprecedented level of accessibility for applicants met the Department’s stated aim of providing the ‘maximum benefits with the minimum of inconvenience to all beneficiaries’.\textsuperscript{16} Those for whom none of the 48 district offices was convenient could apply at their nearest post office. Officers were sent to small towns to interview applicants, discuss problems and ‘provide a personal link between the beneficiaries and the Department’. Once applications were processed, payment slips could be picked up from one of the Department’s offices or at more than 1000 money-order offices around the country.\textsuperscript{17}

The desire to provide a scheme of entitlements devoid of any association with charity flowed through to their administration in other ways.\textsuperscript{18} An application process similar to that for war pensions was introduced, with claims decided by a three-person Social Security Commission that was chaired by the administrative head of the Department. Magistrates were dispensed with, and district offices were responsible for ensuring that sufficient information was collected for the Commission to make a decision.\textsuperscript{19} This new process for investigating claims was governed by new procedures: whereas in the days of the Pensions Department the burden of proof had been very much on the applicant, Social Security would make greater efforts to obtain documentary evidence in support of an application, consulting school records, marriage certificates and shipping passenger lists. While eligibility was still carefully checked, the process was more impersonal; the Social Security Commission dealt with cases of ambiguity or dispute, enabling the work of the Department to become systematic and routine.\textsuperscript{20} With the scope for discretion reduced dramatically, the Department ‘confined its work to assessing legal entitlement and disbursing money’.\textsuperscript{21}
Social Developments

War, reconstruction and the social security machine

The new scheme posed an administrative challenge for the new Department: the additional benefits introduced in the Social Security Act created a huge amount of work. Between 1939 and 1946, 130,000 beneficiaries were added to the roll, 45,000 of them in the first year. In March 1938, 286 staff had been employed by the Pensions Department, on opening a year later the Social Security Department mustered 942. As staff struggled to deal with the demands of the new Act, another 200 were taken on in six months.\(^2\)

Difficulties with staffing and resourcing were exacerbated by the significant external shock of the Second World War and the reconstruction efforts that followed. As social security was frantically implemented, newspapers reported the rapid deterioration of the situation in Europe. On 3 September 1939, only five months after the new Department began work, New Zealand followed Britain and France in declaring war on Germany.

The Second World War placed an additional strain on an already struggling Department. Petrol and paper were carefully rationed, and many Social Security facilities were taken over by the National Service Department that was set up to co-ordinate the war effort.\(^3\) Over the course of the war, 644 staff were absent on war service.\(^4\) While temporary female workers helped cover the shortages, the Department continued to be stretched for staff, some of whom were working twelve- and thirteen-hour days, seven days a week.\(^5\)

While resources became increasingly scarce, the workload continued to expand. The War Pensions Extension Act 1940 covered those serving in the Second World War, and subsequent legislation extended the provision of war pensions. The War Pensions Branch paid ‘rehabilitation allowances’ and ‘demobilization allowances’ on behalf of the Rehabilitation Boards, and appointed liaison officers to assist soldiers before discharge, as well as medical officers for each Registrar’s office.\(^6\) The work of the War Pensions Branch grew rapidly as troops began to return home. Whereas in March 1940 there had been 23,844 war pensioners, by March 1945 there were 41,433.\(^7\) As the War Pensions Board struggled to deal with the large number of cases, emergency regulations passed in 1944 enabled the Minister to appoint additional boards to determine cases.\(^8\) To provide additional space, the Health Department was forced to vacate the Aotea Quay premises, and in 1944 eleven prefabricated ‘hutlets’ were built there.\(^9\)

The growth in workload entailed by war pensions and rehabilitation paled in comparison to that resulting from a measure announced by the Labour government in October 1945: its decision to make the family benefit universal. As well as the huge task of rehabilitating soldiers, reconstruction was also conceived in wider social and economic terms; state action was seen as necessary to rebuild infrastructure, stimulate the economy, and restore the fabric of society.\(^10\) The war had resurrected fears about a declining birth rate; an expanding population and healthy family life were seen as essential for social well-being. As a result, successive governments were to implement a range of measures of assistance that were less narrowly targeted at a single individual in need, but rather intended to influence a specific social outcome: the preservation and encouragement of the family unit. The Labour government’s decision to make the family benefit universal fits within this broader pattern. As Mackay writes, this action:

was intended to signal a return to the ‘normal’ family life that had existed before the war, where married women were expected not to work, but rather to be full-time carers for their children.
Thus the removal of the means test was aimed at stimulating the birth rate and easing women out of the jobs they had taken up to support the war effort, in order to supply vacancies for returned servicemen.\textsuperscript{31}

The level of payment was generous: 10s for every child until the age of 16, an amount equivalent in 1946 to 8 percent of the average weekly wage. The abolition of the means test increased the numbers of families eligible by five times, and between 1945 and 1948, expenditure on the family benefit rose from £1.4 million to £13 million, the main factor in a leap in total expenditure on cash benefits from £13.5 million to £32.8 million.\textsuperscript{32}

The introduction of the family benefit was an additional burden on the Social Security machine. In anticipation of the additional work required, staff numbers were increased by nearly 100. A Family Benefits Division was established in Ward I of the Casualty Clearing Hospital in Wellington.\textsuperscript{33} McClure describes the volume of work involved:

The first few months’ applications totalled 182,247; it was calculated that laid out, side by side, these forms would reach from Wellington to beyond Otaki. Each year 30,000 children would reach the disqualifying age of sixteen, and a newborn 30,000 would become immediately eligible. Nearly a ton of receipt forms was posted each month to post offices around the country. The mobility of families required further administration …. [T]he number of requests to change the paying office or post office where payments were made reached ‘the colossal rate of 52,000 a year’.\textsuperscript{34}

In spite of a large amount of preparatory work, there were many complaints about delays in the processing of applications. Some offices attributed these delays in part to a cumbersome centralised system: applications were received at local offices, sent to head office for approval and processing, then returned to local offices for payment before being receipted and returned to head office. In an effort to speed up the process, from the late 1940s the Department localised decision-making as much as possible. A 1947 amendment to the Social Security Act placed the unofficial practice of registrars granting unemployment and sickness benefits on a legal footing and enabled the Social Security Commission to delegate the power to grant, renew, and review other benefits to registrars and district officers.\textsuperscript{35} Within a year, the Commission had authorised registrars to make decisions about age, family, widow’s, invalid’s and orphan’s benefits, leaving only miner’s, superannuation, and emergency benefits with head office.\textsuperscript{36} This cemented the Department’s role as a processing system for the distribution of money. The delegation to district level of decision-making about benefits was primarily a means of speeding up a highly routinised and systematic application process. Outside the Social Security Commission, the staff and activities of the Department focused on administration.

The New Zealand dream? Māori, women and the family

The universalisation of the family benefit in 1946 marked a subtle but significant shift in the principles of the benefit system. Rather than providing a financial safety net for specific individuals, its purpose was to redistribute income in support of a social outcome: the preservation and promotion of the nuclear family. This connection was entrenched in 1951 when the Arbitration Court, the body which oversaw New Zealand’s centralised wage-setting system, explicitly rejected the notion that wages should be set at a level that would enable a male breadwinner to support a family with children. The Court noted the role of the universal family benefit in supplementing family incomes.\textsuperscript{37}
THE BENEFIT FACTORY

In the Pensions Department, payment of benefits was co-ordinated by the production of ‘payment advices’, hand-written and hand-sorted slips distributed to paying offices throughout New Zealand. Pensioners who presented an ‘identity certificate’ at a paying office could collect the latest instalment of their benefit in cash. When the Social Security Department was established, the identity certificate–advice system continued at the local level for most benefits, but short-term benefits (sickness, unemployment and emergency) were paid by postal orders that were mailed to beneficiaries and could be cashed at any social security or post office paying office.

The delegation of decision-making in the late 1940s allowed files to be kept at the local level and reduced the number of files and reports sent to head office. Seeing its most important function as ‘to get money into beneficiaries’ hands’, the Department introduced a punch-card system at head office that enabled payment advices to be produced and sorted mechanically. A 1950 publication detailed the process.

Applications received by local registrars were sent to the Aotea Quay building in Wellington. The co-ordination of payments was a ‘highly mechanized operation’ reliant on punch cards prepared on Powers-Samas machines in a central pool. From the information provided by registrars, a ‘master card’ was ‘code-punched’ with the district number, name of beneficiary, paying office, and other details. These cards, filed by district, formed the basis for all future payments. Once the initial card was prepared, payment advices were generated each month, a process which took at least a fortnight:

All master cards are run through the ‘reproducer’, which produces an exact replica of the master card on a payment card called a ‘pay advice’. At this stage the pay advices are just blanks perforated by a series of holes representing in code a figure or a letter and quite unintelligible to a person not experienced in decoding them. They are run through the interpreters which translate the holes into figures and letters and prints along the top edge of the card, the number of the benefit, paying-office number, name of beneficiary, and the amount of the benefit …¹
Machines sorted each class of benefit into districts and then into paying offices. Approximately 394,000 social security payment advices were despatched each month. Once cashed, the receipted advices were returned to head office, 'counted and checked for irregularities … and then mechanically sorted back into district and numerical order'. The receipted cards were then 'marked off against the beneficiaries account in the Department's ledgers, and the total expenditure for the period [was] … charged against the Social Security Fund'.

The Department's wish as early as 1947 to shift payment and accounting activities to the four major centres had to be abandoned because of concerns about additional costs for accommodation, training and machinery. In 1959 the Powers-Samas machines were replaced by IBMS and payment procedures were re-examined. A new system of payment was introduced, with 'order books' that could be sent out at four-weekly intervals. With details printed on the cover allowing it to serve as an identity certificate, each book contained up to thirteen orders and covered up to 52 weeks; orders were detached from the book when presented for payment. Whereas payment advices could only be cashed at nominated offices, 'orders' could be cashed at any social security or post office paying office, of which there were more than 1000 by 1959.
The second Labour government extended support for families in 1958 with a ‘capitalisation scheme’ that allowed families to obtain the family benefit in a lump sum to help buy a house or finance extensions to their current home. This was just one of a range of measures introduced to extend home ownership to families as government support for ‘the New Zealand dream’ — ‘the family house in the suburb’ — reached its ‘zenith’. While the benefits provided by the Social Security Department facilitated access to this goal, the quarter-acre ideal was built around a concept of the family unit that was highly gendered and Eurocentric; a ‘working provider father and [a] housewife mother who had “innate qualities of motherhood” and played the “happy housewife consumer” role.

The support offered by the Department for other groups of people was more equivocal, their ‘entitlements’ less certain. Māori and certain categories of women, in particular, had far from impersonal experiences with the Social Security Department. As demographic changes increasingly brought these groups to public attention, the social security system became a site of tension and contestation.

While it promoted the traditional family unit and naturalised a woman’s position as married housewife, social security policy was more reluctant to support those women who had deviated from this role: deserted, separated and divorced wives. Social Security was reluctant to be perceived as replacing a father’s position as breadwinner. In this regard, the Department fitted within the wider pattern of government policy which, as the historian Melanie Nolan writes, ‘took a husband’s obligation to maintain his wife seriously, and departed from this principle only very slowly’.

The small amount of support for women without male providers was dispensed at the discretion of public officials. Considered the least responsible for their own plight, ‘deserted wives’ were eligible for a benefit under the Social Security Act as a subset of the widow’s benefit. Qualification for this benefit was difficult. Not only did a woman have to satisfy the court that she was not responsible for the dissolution of the marriage, she also had to take out a maintenance order against her husband and show that his whereabouts was unknown. This often led to inequity and hardship: some ‘deserted wives’ had their pensions cancelled once their spouse was located, even if he didn’t pay maintenance, and some women who divorced their husbands found they were no longer eligible for support. Departmental policy relaxed from the late 1940s, with more regular assistance given to women whose maintenance orders were not being fulfilled, but a ‘strong discretionary element’ remained.

For most separated and divorced women, as well as unmarried mothers, there was no statutory benefit available. They fell back on the emergency benefit, which was not initially intended for such a purpose. Unmarried mothers could apply for the emergency sickness benefit immediately before and after birth — if they had previously been in employment. The emergency unemployment benefit was also available if need could be proven, but this was paid entirely at the Department’s discretion. Emergency benefits were reviewed every three months, and the renewed application that had to be made every six months involved a ‘home enquiry’. Such benefits were not well-publicised and women were not encouraged to apply for them.

As rates of separation, divorce and solo parenthood increased significantly in the 1960s, the administration of emergency benefits became increasingly difficult for the Department. Staff were increasingly placed in a difficult position: administration of the emergency benefit often required time-consuming investigations, followed by difficult decisions and
The Social Security Department presented this gendered vision of ideal benefit recipients in a 1950 publication. The photograph was captioned: ‘In New Zealand, social security aims to provide for all who, through misfortune beyond their control, need help.’

SOCIAL SECURITY DEPARTMENT, THE GROWTH AND DEVELOPMENT OF SOCIAL SECURITY IN NEW ZEALAND
moral judgments about an applicant’s needs. Many in the Department supported calls for a statutory benefit. While this was not introduced until the early 1970s, a number of changes in 1968 set a precedent for a more systematic form of state support. The Department grouped the administration of emergency benefits for separated, divorced and single mothers under the category ‘domestic purposes benefit’, and introduced a small family maintenance allowance for the children of beneficiaries.

A second group for whom social security was the subject of dispute and controversy was Māori. At first, the new era appeared to extend to the treatment of Māori applicants: the Social Security Department publicised its intention to treat Māori and Pākehā equally. However as McClure has shown, the Department initially continued discriminatory practice, offering reduced benefit levels on the basis that the full amount was not necessary. The Department also instructed registrars to assess a person’s eligibility according to living standards and whether they were supporting ‘impecunious and lazy relatives’. Unless the applicant could be shown to be living ‘like a European’, officers were to provide a reduced grant. Nearly every Māori beneficiary was on a lower rate in 1941, but the war worked to their advantage. In
1942 the additional investigation of Māori claims was abandoned to cut costs; then the Maori Social and Economic Advancement Act 1945 outlawed discrimination over benefit levels.48

The Department's extension of the full system of social security benefits to Māori continued to be controversial, particularly after family benefits were universalised in 1946. Paternalistic concerns about the impact of the benefit on Māori communities included claims that benefits were discouraging work and independence, and that money was being misspent on alcohol and other goods not seen as basic necessities. The Department instructed registrars to supervise family benefits, and senior officers investigated Māori spending.49 While this supervisory role was gradually transferred to the bureaucracy dedicated to Māori welfare, the Maori War Effort Organisation and then the Welfare Branch of the Department of Maori Affairs, Māori continued to experience differential treatment in relation to social security. The network of Māori welfare officers created by the Maori Social and Economic Advancement Act took a more ‘directive’ and normative approach than their counterparts who interacted with Pākehā. They often encouraged access to benefits, and felt that adherence to 'Pakeha familial models' would best advance the ‘development of the Maori people as a whole’. Māori welfare officers occupied ‘an ambivalent position, not only between defending and modernizing … but also between gate-keeping and prying, and overseeing and encouraging use’.50

While post-war New Zealand society has often been retrospectively portrayed as prosperous and socially harmonious, such representations conceal the tensions and divisions of the period. As support to particular social groups became the subject of controversy, the Social Security Department was placed in a gatekeeping role which put significant pressure on its administrative staff. The experiences of many women and Māori with the Department were but one manifestation of a wider ambivalence towards their position both from the government and in society in general.

Supplementary assistance and welfare

The late 1940s and 1950s are now seen by many as marking the high tide of the welfare state in New Zealand. Both major political parties had committed themselves to it, and government support for families and those on lower incomes reached a level seen neither before nor since. This was in part sustained by favourable economic conditions: New Zealand had the second-highest standard of living in the world and unemployment was virtually non-existent. General prosperity did not mean that specific groups were unconcerned about their relative position, however. Many individuals and families continued to struggle financially, and inequality was by no means eradicated. New household appliances and other consumer goods not only brought new wants but also became means for the expression of social and economic difference. As the historian Bronwyn Labrum writes, ‘reaching for the New Zealand way of life, increasingly identified with a house in suburbia replete with new consumer goods, created spiralling aspirations, bred discontent, and strengthened social inequalities’.51

The universal family benefit, comprehensive rehabilitation schemes and state housing led other groups to protest at what they saw as their exclusion from ‘the full largesse of the welfare state’.52 In the 1950s, two groups in particular were vocal in their expressions of discontent: war veterans and the elderly. In August 1950, the government appointed a three-person Commission of Inquiry to examine the structure of the war pensions system and the adequacy of payments. While the majority report found that payment levels were appropriate and on a par with those in other countries, the government acknowledged a need to be more
Social Developments

People receiving main benefits, excluding family, age and superannuation 1940–72

This graph shows the number of people receiving the main working-age benefits (other than the family benefit) between 1940 and 1972. In the post-war decades, few people received the unemployment benefit, apart from a brief spike after world wool prices collapsed in 1967. Supplementary assistance was introduced in 1954 and had become a significant component of the social security system by the late 1960s.

responsive to individual circumstances and established a £100,000 emergency fund to be administered by the War Pensions Board. Pressure from senior citizens brought a similar response: in 1951, the National government brought forward scheduled increases to the level of universal superannuation, and approved a similar emergency fund from which payments would be made ‘at the discretion of the Social Security Commission, on the grounds of hardship’.

Similar ‘special’ or ‘supplementary’ assistance was eventually made available to all beneficiaries. The introduction of a ‘supplementary assistance’ scheme enabled a more targeted approach to benefits, with additional payments and other support assessed on a case-by-case basis. In 1951, its first year of operation, it comprised just 0.7 percent of total benefits; by 1963, it accounted for 5.4 percent, and by 1971, 9.9 percent. For the Department, it was not the size but the nature of supplementary assistance that had the greatest significance. Requiring a more qualitative assessment of an applicant’s living conditions, it introduced an element of personalised casework. The introduction of special assistance initiated a change in the character of the Department from providing benefits and pensions to categories of people specified by statute, to attempting to meet ‘the needs of the people according to their individual commitments’.

While the supplementary assistance scheme was initially small, it had significant implications for both the benefit system and the Department that administered it. Expanding the scope of assistance from economic security to household well-being meant a shift towards non-monetary forms of assistance. In 1953 the Social Security Department introduced a
‘home assistance scheme’ to perform domestic duties for the sick or elderly. Known as the home help scheme from 1957, this involved hiring or subsidising domestic workers using a Special Assistance Fund. From 1958 advances were made for essential home repairs, the maintenance of basic services such as sewerage, and alterations to accommodate a person with a disability. In the 1960s, lump sums were provided for dentures, spectacles, hearing aids, transport costs related to medical treatment, and the installation of telephones. Contributions were made towards rest-home fees for those with limited assets, and in some circumstances, debt repayments were assisted.

Tailoring assistance to individual cases required more involvement in the lives of individuals. As it was recognised that applicants for supplementary assistance would be reluctant to reveal personal problems to counter clerks, the Department introduced a counselling and advice service in 1958. A ‘mature and experienced officer’ in each registrar’s office was chosen to provide advice and emotional support, and direct beneficiaries to other forms of assistance. In the same year, the Special Assistance Division became known as the ‘Welfare Division’ and the Department employed its first social workers. Academic KJ Scott summed up the transition that he saw occurring:

Welfare originally was a misnomer for the abolition of poverty, and social security was a misnomer for economic security. But these words have a magic of their own, and their use has helped us towards the realization of welfare and social security in wider senses. We have not made much progress yet, but we are beginning to see what our new goals are.

### THE REHABILITATION DEPARTMENT

The New Zealand government’s response to the rehabilitation of soldiers returning from the Second World War was informed by vivid memories of its response to their First World War counterparts. Many saw past efforts to have been ‘piecemeal’ and inadequate, and Labour made a concerted effort to rehabilitate all veterans. In October 1941, the Rehabilitation Act established the Rehabilitation Board. In 1943 the government combined its secretariat with the Rehabilitation (formerly Repatriation) Division of the National Service Department to create a dedicated Rehabilitation Department. Local rehabilitation committees were established to help select men for training and advise the departments undertaking the rehabilitation work. These committees co-ordinated educational assistance and trade training, administered loans and grants, and assisted with access to housing and farmland for resettlement. The Soldiers’ Civil Re-establishment League became an agent of the Rehabilitation Board and was reorganised as the Disabled Servicemen’s Re-establishment League, with the role of training severely disabled men and placing them in employment. Special training centres were established for the war disabled, whom field officers attempted to place in permanent work. As general rehabilitation programmes began to wind down, the Department was incorporated into the Department of Internal Affairs in 1954. As the focus on veterans diminished, rehabilitation programmes catered for civilians with disabilities.
In 1960 the functions of the former Rehabilitation Department (including administration of the Disabled Servicemen’s Re-establishment League) were transferred from Internal Affairs to the Social Security Department. As well as providing rehabilitation allowances, benefits and supplementary assistance, the Department’s staff helped those with physical, mental or emotional disabilities take part in rehabilitation programmes, obtain clothing, accommodation and other necessities, and find work.

Welfare, administration, and bureaucracy

By the early 1960s, the structure of head office reflected a department with an expanding role. Divisions for administration, social security benefits and war pensions had been augmented by a dedicated ‘welfare’ division for supplementary assistance and emergency benefits, an ‘advances’ division for family benefit capitalisation and repairs to homes, and a ‘rehabilitation’ division for disabled soldiers and civilians. However as supplementary assistance grew as a proportion of the Department’s work, organisational limitations in this area were increasingly exposed.

The Department was hampered by a shortage of staff able to carry out more complex welfare activities. Most of its officers were neither qualified nor experienced in this kind of work; their previous primarily administrative duties had in general ‘demanded skills similar to a bank clerk’s’. Attempts to address this issue through a combination of staff manuals and in-house training were largely ineffectual. There remained a significant difference between assessing entitlement and matching individuals to criteria, and individualised casework that could not be ‘statutorily prescribed, defined or determined’. Labrum notes a ‘defensive tone creeping into annual reports and references to criticism of staff dealings with the public’ which she attributes to ‘the potential conflict between administering a system and dealing with day to day realities and idiosyncrasies’. The Department continued to complain that the development of its welfare programme was severely restricted by its inability to attract qualified social workers. In 1960 there were only seven, and ten years later 32, a small fraction of its almost 1500 staff.

The level of fragmentation of social services was also a persistent frustration for the Department. As other government agencies shifted from a curative to a preventive role and entered the emerging field of ‘welfare’, functions began to overlap. For the elderly and ‘problem families’ in particular, it seemed to some observers, there were ‘too many distinct and loosely co-ordinated services in the field’. A critical social worker enumerated the state and voluntary agencies working in the Wellington region in the mid-1950s:

Three state or local bodies and 12 private agencies help individuals with physical disabilities …
Six state or local body and eight private agencies are concerned with behavioural and emotional adjustments … five state or local body and 14 private agencies are concerned with more general help such as home aid services, financial assistance and employment … This state of affairs is confusing enough for social workers. It must be a great deal more so for the public.

Initial attempts to solve the problem at the local level involved the creation of District Advisory Welfare Committees and other co-ordinating bodies. These had mixed success, suffering as they did from a lack of clear authority and responsibility. The authority to direct matters of policy and process was still primarily concentrated in the three-person Social Security Commission in Wellington. While decision-making in individual cases had been delegated
in the late 1940s, and supplementary assistance had increased the discretionary role of some local officers, this delegation was limited and remained within clearly defined parameters, limiting attempts to co-ordinate work at the local level. From as early as 1954, experts and commentators called for the creation of a government department dedicated to welfare. The government set up an interdepartmental committee in 1958 and a Social Welfare Advisory Board in 1961 to advise it on the co-ordination of welfare. This initiative bore little fruit for almost a decade.69

Supplementary assistance and welfare had also brought new demands in the realm of policy. The government had left the design of the scheme almost entirely in the Department's hands; until 1964, supplementary assistance was not mentioned in any act. Not bound by legislation, the Social Security Commission moved beyond deciding on problematic individual applications to broader policy considerations such as the definition of need and poverty. Its ability to address such issues was hampered by a lack of capability. In 1954 the Institute of Public Administration (IPA) lamented the fact that the Victoria University College's School of Social Science was the only New Zealand organisation carrying out 'serious sustained social research':

It never ceases to surprise the social scientist how little is actually known of the New Zealander as a social animal. Well-provided with material goods though he generally is, his social needs and habits are generally uncharted. To the social service departments this can be a genuine embarrassment when long range planning is necessary and the facts to be relied on in this planning consist of what some call the voice of experience and others plainly guesswork.70

The IPA also found that benefit rates ‘were not based on any scientific estimate of need’ and there was ‘no suitable body to advise the government on necessary reviews’.71 While the Social Security Department had established a small ‘Research Unit’ in the late 1940s, its activities were mainly limited to the gathering of statistical data from benefit records, primarily for management and reporting purposes. Fifteen years later, CA Oram, a member of the Social Security Commission, reiterated the ‘unfortunate’ lack of ‘formal machinery’ for the co-ordination of social research.72

The government can also be seen to have failed to address other issues that developed during the 1960s. The bulk of the work of the Social Security Department continued to be administrative and bureaucratic in nature. The political scientist TB Smith argued that this had significant consequences for workplace culture and staff morale:

The routine nature of the work, combined with the lack of organisational dynamism, has led to difficulties in staff recruitment and retention.... Since the work of the welfare bureaucracy is in the main routine and of clerical nature, the work requires a large number of lower and lower-middle level clerical staff. This fact, combined with the common knowledge in the Public Service that the Department is not a 'high status' department in which to work (such as Treasury and Trade and Industry), means that the Department does not attract the best of the young men and women seeking employment in the Public Service.73

Because the work of the Department was seen to be mainly routine administration, it struggled to convince the State Services Commission to approve pay rates that reflected increasingly complex duties. GJ Brocklehurst told the State Services Commission that matters were not helped by the inadequate accommodation at the Department’s head office in Aotea Quay:
You are well aware of the difficulties we have in recruitment and retention of basic-grade staff, but you probably do not know that the average age of basic staff in Head Office is in excess of 55 years; the younger, more efficient staff in Wellington will not come to Aotea Quay when employment is so readily available in the city .... The cost of the lower output we must expect from such elderly staff must be considerable. The most serious aspect, however, is that in head office we have no pool of basic staff from which we can promote ....

While the Department struggled to attract staff, its workload progressively increased. Almost the same number of staff administered 27 percent more benefits in 1972 than they had in 1960. By this time around a quarter of all staff were resigning each year. The 1972 annual report described 'officers working under sustained pressure and having to meet many calls for overtime duty'. As the number of complaints to the Ombudsman about the Department rose from the late 1960s, the Social Security Commission stated that it was 'most concerned at the falling away in standards of efficiency and in the general service to the public, a deterioration which the department does not have the means to halt'. This was strong language from insiders. Opposition politicians blamed the government for running down the social services over the past decade.

Conclusion

From the early 1950s, new pressures increasingly challenged a system that had been established as a bureaucratic machine for processing payments. At the local level, the Social Security Department struggled to respond to the increasing demand for personalised welfare and casework skills; at the central level, it was limited in its ability to evaluate the system it implemented. While these issues were recognised in the mid-1950s, the 'long period of inactivity' that followed led to accusations that social services were being neglected. The Department’s high level of staff turnover in the late 1960s reflected the fact that it was short-staffed and underpaid for its large volume of routine work.

The system also came under criticism in other areas: as inflation eroded the real value of benefits, various groups raised concerns about the adequacy of payment levels. During the 1960s, expenditure on social security benefits fell from 20.7 to 17.9 percent of government spending and from 6.5 to 5.1 percent of gross domestic product. At the same time, social changes, demographic shifts and political activism challenged a system attuned to supporting the traditional family.
PART III

Organisational upheaval: The Department of Social Welfare 1972–92
In the late 1960s, New Zealand’s political establishment faced a precarious situation. Following the Second World War, the country’s economy had largely relied on pastoral exports: its ties to Britain ensured favourable prices for large quantities of agricultural products, which in turn enabled a domestic manufacturing industry protected from foreign competition through a system of import licensing and tariffs. The United Kingdom’s move towards economic integration with Europe threatened this special trading relationship. A sudden collapse in the world price for wool in 1967 triggered an economic recession and noticeable levels of unemployment, and underlined the vulnerability of New Zealand’s dependence on traditional export markets.¹

At the same time, several social and cultural trends challenged accepted values: increasing divorce rates and the breakdown of ‘traditional’ family structures, a ‘rising tide’ of ex-nuptial births and juvenile offending. The trauma of post-war population explosion and urbanisation amongst Māori contributed to significant increases in social dislocation and crime, and also saw many Māori ‘cluster’ in occupations within the sectors most threatened by potential economic change.² The economist Brian Easton traces the emergence of an element of nostalgia for the ‘golden weather’ of the past:

The pre-1967 world had been so much easier: grow some grass, minimally process it, ship it to the markets of Britain, and live on the proceeds. Family life was simpler when wives stayed at home, race relations simpler when the Maori knew their place was in the pa.³

In 1968 the government convened a National Development Conference to address the social and economic problems facing the nation. As well as taking the conventional view that the state should play an active role in the economy, a sub-committee set up to examine social and cultural problems recommended the amalgamation of social services and the creation of a single government department responsible for ‘all aspects of welfare’.⁴ Advocacy of more centralised control was a reaction to the fragmentation of social services in the 1960s. The National Party’s 1969 election manifesto promised that if re-elected the government would ‘bring together the present Department of Social Security and the Child Welfare Division of the Education Department to form a new Department of Social Welfare’ and ‘give further consideration to bringing other areas of state welfare activity into the new Department’.⁵ National won the election and the Department of Social Welfare Act 1971 officially established the new Department the following year.

As the new Department began its operations, the economic and social environment within which it operated continued to change. In a variety of areas, new social movements and groups began to assert their individual rights against previously dominant collective values. Influenced by second-wave feminism, many women sought greater control over their own circumstances, equality in work and politics, and an end to male violence against
women. There was also an upsurge in cultural self-assertion by Māori, and new activist
groups attacked historical injustice and racial inequality. As feared, New Zealand’s economic
position began to deteriorate: in 1973, Britain joined the European Economic Community,
significantly diminishing New Zealand’s export markets. At the same time, members of the
Organisation of Petroleum Exporting Countries reduced oil exports, causing a prolonged
worldwide recession.

While the Department of Social Welfare was conceived as an organisation responsible for
a range of general welfare services, in practice only a few minor functions were transferred
from other agencies. Within the Department, only administrative functions were effectively
integrated; a structural division remained between the work of the two former departments.
The ‘Benefits and Pensions Division’ continued to focus on Social Security matters, primarily
monetary payments; the ‘Social Work Division’ remained focused on its statutory activities
relating to children and young persons. For years to come, many staff saw the merger as an
‘arranged marriage that had never been consummated’.
The National government’s announcement in 1969 that it would adopt the National Development Conference’s recommendation and establish a Department of Social Welfare was controversial. While there had been calls for a single welfare department for decades, the specific plan to amalgamate Social Security with Child Welfare and give ‘further consideration’ to other welfare functions drew criticism. Staff from both agencies expressed concern about the suitability of the merger, and the New Zealand Association of Social Workers (NZASW) mounted an extensive campaign in opposition to the proposal, even hiring a public relations consultant to help get its message across.¹

The May 1970 report of an SSC-chaired committee appointed to investigate the proposed amalgamation clearly anticipated criticism. The committee pointed out that it had not been directed to study ‘the co-ordination and development of welfare services’; its brief was to examine the proposed amalgamation — ‘nothing more or less than that’.² It recommended a structure that continued a functional separation between benefits and social work. A ‘Benefits and Pensions Division’ would assume responsibility for social security payments, war pensions and rehabilitation, and supplementary assistance; a ‘Social Work Division’ would oversee the operation of field services and institutions. Both would be supported by a combined ‘Administration Division’ responsible for internal and ‘back-end’ functions, including management, training and research.

Angry that it had not been consulted, in 1971 the NZASW released ‘Social Welfare at the Crossroads’, a report which described the merger plan as ‘an emasculated response to a problem which was seen in the 1950s … but not an appropriate response to the much wider unmet welfare needs of the 1970s’. It expressed concern that the government was not looking to ‘establish a system which goes beyond the established boundaries of welfare’ and included an alternative proposal for the reorganisation of social welfare administration. It recommended a ‘positive policy for social welfare’ that would ‘aim at promoting wellbeing in society and preventing social breakdown and distress rather than merely curing symptoms’. While agreeing in principle with the unification of all social work functions under a Department of Social Welfare, the NZASW argued that this should be subservient to a parent agency — a ‘Ministry of Social Development’ — that would promote ‘methods aimed at improving quality of life’. It was sceptical about subsequent ‘piecemeal’ adoption of other social work functions, arguing that as government departments had shown ‘a remarkable tenacity in the past for holding onto their assigned functions … the growth by accretion of the Department of Social Welfare could be expected to be slow and painful, if it occurred at all’.³

The report drew attention to the potential problems of merging ‘dissimilar’ staff. Whereas Social Security Department staff aimed for ‘efficient and economical income support, with the focus on finance’, social workers sought to provide ‘supportive services for individuals and the promotion of the general welfare of the community, with a focus on people’. It was concerned

5. Entrenched divisions, 1972–75
that there had been ‘no assurance that social workers, who would be heavily outnumbered, could be expected to have a significant effect on the outlook of [Social Security] staff’.4

In a publicised letter to the Association, Prime Minister Keith Holyoake rejected the report’s request for a full Commission of Inquiry into the Social Services, arguing that this would be ‘protracted in its studies, and inconclusive in its findings, especially if such subjects as community participation and social development were included in the terms of reference’.5 Relations between the two sides of the proposed organisation soured as Social Security and Child Welfare staff traded generalisations and insults about each other’s qualities and character. In June 1971, Child Welfare Superintendent Lewis Anderson sent his Minister an open letter that was critical of both sides:

Much nonsense has been talked about Social Security staff being obsessed with saying ‘No’ to people in need of financial help while Child Welfare officers are compassionately concerned with the real needs of people requiring help. There is snobbery in this. No one group of public servants has a monopoly of humanitarian motives. There is also inverted snobbery in the opposite argument that Social Security staff are experienced in disbursing Government funds while Child Welfare officers are ‘airy-fairy’ irresponsible idealists.6

Dismissing the concerns of the NZASW as ‘high-sounding perfectionist stuff’ which he ‘could well imagine a young field officer writing’, Anderson recommended that the government hasten the process of amalgamation. The committee’s recommendations were accepted and passed into legislation in 1971 and on 1 April 1972 the new Department officially commenced operations. By November the following year, the head offices of the Social Security Department and the Child Welfare Division were co-located in the new Charles Fergusson West Building in Wellington.7

Outside head office, the new Department’s Director-General, Ian Mackay, faced particular challenges in implementing this ‘shot-gun marriage’.8 The different district boundaries of the two agencies had to be merged into a single structure, making the appointment of a controlling officer for each district a political issue.9 While boundaries had been redefined, office accommodation remained separate; in 1972, only one of the 29 districts housed all three divisions in the same building.10 For the new Director-General, fostering a sense of common purpose in the face of continuing structural, geographical and philosophical divisions was an ambitious task.

Benefits and pensions

As the Department was being established, the social security system itself was being comprehensively reassessed. Between 1969 and 1972, a Royal Commission of Inquiry examined the principles, structure and administration of social security in New Zealand. It opted for a continuation of the existing system, with only minor adjustments. Social security ‘had grown pragmatically from local requirements and experience’: ‘we, like other countries, are to some extent prisoners of our own history and traditions’. Moving on to the question of the adequacy of benefits, it argued that ‘overriding values’ such as the ‘welfare and dignity of the human person’ should serve as the basis for public policy. Assessing the adequacy of benefit levels in relation to income distribution and the wages of labourers, it recommended a rise in both married and unmarried rates. In line with its commitment to the principles of community participation and belonging, it also recommended that the system adapt
to ‘the changing pattern of society’ by making a benefit for domestic purposes a statutory entitlement.\textsuperscript{11}

The Benefits and Pensions Division inherited many of the problems that had plagued the Social Security Department, including understaffing, inexperience and high staff turnover, Social Security had also been given a number of new and complex tasks to administer in its final years of operation, particularly in relation to women. Between 1970 and 1972, the number of women receiving emergency benefits for ‘domestic purposes’ had doubled, and in 1970 responsibility for both the payment and the enforcement of maintenance orders had been transferred from the Department of Justice.\textsuperscript{12} The government had significantly underestimated the number of additional staff required; the Department quickly discovered that the expected number of orders ‘had been greatly exceeded and the standard of maintenance work is suffering as a result.’\textsuperscript{13} From the same year, the Department was also required to investigate the financial circumstances of applicants for legal aid, a large proportion of whom were women endeavouring to establish and enforce their right to maintenance. New duties were also associated with supplementary assistance: the Department extended a scheme which helped pay the costs of private rest homes for the elderly, and also assumed responsibility for the Department of Labour’s Home Aid Service.\textsuperscript{14}

At the same time as an understaffed Social Welfare Department adjusted to the demands of a new organisation, a number of changes were made at the political level. In July 1972, the National government responded to the recommendations of the Royal Commission by increasing most benefits and changing the provisions for income tests.\textsuperscript{15} On winning the November election, the incoming Labour government announced a special bonus payment for all beneficiaries at Christmas that year. In 1973 it passed legislation which introduced a new domestic purposes benefit, created a new Social Security Appeal Authority, changed the maintenance system, and brought in telephone rental concessions for many beneficiaries.
With the Department still dependent on paper records and manual processing, even minor changes to benefits required a huge amount of administrative work. In his report to Parliament for 1973, the new Director-General noted the strain placed on the new Benefits and Pensions Division in its first year. 'Old loyalties die hard and the amalgamation itself with its resultant uncertainty and unsettlement brought problems enough', Mackay asserted; the benefit changes had placed 'tremendous pressure on the resources in the benefits and pensions division', staff in which were 'inadequate in numbers or in quality'.

In March 1973, staff of the Benefits and Pensions Division in Christchurch held a stop-work meeting, agreed to ban all overtime, and threatened weekly strikes unless conditions rapidly improved. The Waikato Times reported that Hamilton office staff were also considering direct action over complaints that included 'overcrowding, fragmentation of services, unsatisfactory buildings, boiler pollution and fleas.'

The new Minister of Social Welfare, Norman King, acknowledged that staff had been allowed to 'run down' across the Department and authorised an immediate increase of 218 positions, with nearly 25 percent more over the next three years. As well as opening new offices and steadily improving existing accommodation, the Department made greater efforts to train its clerical and counter staff, introducing new courses at regional and national level and appointing regional training staff in Auckland, Wellington and Christchurch.

The new Benefits and Pensions Division did not experience significant change in its operations or responsibilities. Its primary function continued to be the payment of monetary benefits, and growth in staff in its first few years primarily addressed existing shortages. If anything, the Benefits and Pensions Division's role was simplified; counselling and social work were transferred to the Social Work Division, which assumed primary responsibility for discretionary welfare services.

**Social work**

The operation of the Social Work Division also carried over many aspects of the Child Welfare Division. District offices continued to be guided by manuals and local supervision, supplemented by a social work inspectorate which conducted audits and close consultation, and monitored by long-serving staff in senior positions in head office. However the creation of the new division was also intended to mark a distinct break with the past: staff were to adopt broader social work methodologies and approaches, and the division would implement a broader range of social services to cover the whole field of personal and family welfare.

The development of professional social work practice was bolstered by an unprecedented emphasis on training, particularly following the creation of the Social Work Training Council in 1973. With representatives from government and voluntary agencies, the Council identified minimum standards for professional courses, assessed training requirements, and increased the number of pre-entry courses at tertiary level. In 1975 the Department opened Student Units, enabling tertiary students to gain supervised practical experience. It also extended its in-house training: in addition to the residential training centre at Kohitere, the Department assumed control of the Tiromoana Social Work Training Centre from the State Services Commission. With the establishment of Taranaki House in Auckland, it had the capacity to train 150 new social workers.

The shift to professional casework was assisted by new legislation: the Children and Young Persons Act 1974 replaced the Child Welfare Act 1925. The Act formalised already
existing practice, giving preventive work and foster care a solid legislative grounding and creating a distinction between children (aged under fourteen) and young people (fourteen to seventeen). It embedded diversionary practices: children could not be charged with offences but were directed to ‘children’s boards’ for informal sanction (a warning or an order to receive counselling) or referred on to the Family Court, which dealt with care and protection matters. The Children and Young Persons Court, reserved for offences by adolescents, was empowered to order recreational or sporting activities, or supervised work for community groups.23

While it was heralded at the time as a significant departure from the 1925 Act, the 1974 Act has subsequently been viewed as primarily a ‘clarification and assimilation of existing practices’.24 Though it emphasised ‘community and parental responsibility for children’s welfare’, it retained mechanisms for the removal of children from detrimental environments.25

Both the residential population and the number of state wards continued to rise.26 A number of new Family Homes were established, while new residential institutions were opened in Whanganui (Holdsworth, 1971), Auckland (Weymouth, 1973; Wesleydale, 1976) and Napier (Beck House, 1977).

The new legislation also created new demands on the Division, which had continued to express concerns about resourcing. While between 1972 and 1975 the number of social workers increased by nearly one-third, the additional staff were primarily directed towards areas of understaffing, or to manage core statutory responsibilities under the new Act.27 Increasingly preoccupied with urgent matters relating to children and young people, the Social Work Division had little ability to provide a preventive service based on the family environment. An early report on social welfare services noted that preventive work continued to be limited to the homes of children who had come to the notice of the authorities; statutory responsibilities and heavy caseloads meant that the ‘impetus which might have been given to the development of State social welfare service’ had ‘not been sufficiently realised’.28

The 39 social workers transferred from the Social Security Department to the Social Work Division soon dedicated themselves to child protection and youth offending, limiting the Department’s ability to assist with budgeting, counsel the bereaved, separated, and deserted, and support the elderly and disabled.29 When the Department instructed social workers to assist with domestic purposes benefit administration by observing evidence of ‘connivance between husband and wife’ through undeclared employment or a de facto relationship, staff declared ‘snooping around’ to be incompatible with their role.30 Sympathetic to the workload pressures, Benefits and Pensions staff reduced the numbers of referrals for social work visits and reports, instead making more extensive use of their own personnel for field work.31

At the district level, the two services were never comprehensively integrated, and the two divisions continued to operate from separate accommodation in many districts. According to social worker Robin Wilson, in the mid-1970s Hamilton office:

had not changed since the ’72 amalgamation. The social workers were still in the building they had been [in] with their own boss … and the social security people were still in their building, and never the twain met, except when they were insulting each other.32
Developmental Services

In head office, however, the creation of a single department dedicated to welfare was in some respects beneficial. The Department’s role in social research was significantly expanded by two teams (an ‘economics unit’ and a ‘social unit’) which investigated social trends and issues. In 1973 the Department established an additional division in head office, ‘Developmental Services’, with responsibility for broad social planning and co-ordination. It provided a secretariat and support services for the Social Work Training Council and Social Council that had been established within the framework of the National Development Conference.

In a voluntary sector traditionally dominated by large religious organisations, a new trend began to emerge: the proliferation of small community groups developed ‘in a specific area to meet a specific need’. These provided a range of services such as telephone counselling and assistance with practical tasks in the home. Many attributed this development to social trends such as urbanisation and mobility which broke down traditional networks through which assistance had previously been provided on an informal basis. But it was also seen to be a result of the fact that the Department of Social Welfare’s functions had ‘hardly been extended’, leading to a situation in which assistance was ‘far from universally available according to need’.

As these new local services proliferated, the Department introduced new mechanisms to co-ordinate them. The Social Council’s first report in late 1973 recommended the creation of an additional council to co-ordinate voluntary, local body and private social welfare organisations; this would enable the Social Council to focus on broader issues such as planning and ‘the social aspects of development’. The government established a New Zealand Council of Social Services for this purpose in 1975, along with a network of district and regional ‘social service councils’. For the Department, this development was ‘particularly welcome at a time when there is, on the one hand, a confusing array of welfare services which seem to have proliferated in recent years and, on the other, an increased need to make the most effective use of scarce resources’.

Though the Department employed the rhetoric of ‘partnership’ with voluntary services, its financial support at first remained largely limited to institutions. DSW inherited responsibility for rehabilitation, which continued to be provided by the fully funded quasi-government Disabled Re-Establishment League that offered assessment and work-experience programmes in Auckland, Napier, Wellington, Christchurch and Dunedin. From 1969 it funded the New Zealand Artificial Limb Board which managed the production of prosthetics; from 1970, it supplied subsidies to voluntary organisations that provided sheltered workshops or residential care for those unable to hold down regular jobs. The Department had inherited from the Child Welfare Division support for children’s homes run by religious and voluntary organisations; from October 1973 it also subsidised day-care centres for pre-school children.

The formation of the Department of Social Welfare did not result in a radical departure from the previous 30 years of welfare administration; the agency largely adopted both the hierarchical structure and the dynamic of its predecessors. Both sides of the new Department reasserted many of the principles that had underpinned past practice after comprehensive reviews. The Royal Commission on Social Security renewed the government’s long-established commitment to the social security system, advocating only minor adjustments
SOCIAL PLANNING

In 1974 the Social Council was renamed the ‘Social Development Council’ to make clear its concern with ‘a much wider field of activity than is encompassed by the term “social welfare”’ — it was to co-ordinate social policy with economic policy and attend to the ‘social aspects of development’. The Social Development Council advised the government on the well-being of families and oversaw the development of a system for measuring social well-being, releasing a collection of key indicators in 1979.

The Council comprised both non-government and government representatives. Ted Gallen, who was then in DSW’s Advisory Services Unit, recalls that it struggled to cope with the division between those who saw their role as to challenge (generally, the government) and those who saw it as to exert influence in a more co-operative manner. Some members came to feel that the Council’s influence over the government’s direction was ‘relatively meagre’ — its chair, JL Robson, found the work of the Council to be a ‘dispiriting experience’, as it ‘laboured hard on what seemed to be important social issues’, but ‘failed to secure Government approval for proposals which involved expenditure of any consequence’.

In response to concerns that mechanisms for social planning were not working effectively, the overarching advisory body on economic and social planning, the New Zealand Planning Council, released *Who Makes Social Policy?* in 1982. This report acknowledged that the Social Development Council, while influential in promoting public discussion, had ‘not secured a major role in the central decision-making machinery’, had been without a chairperson for nearly eighteen months, and lacked clarity as to its future role and work programme. The New Zealand Council of Social Services, the report also noted, had moved beyond co-ordination by lobbying the government on issues such as electricity prices and housing costs.

Following this report, the Social Development Council and the Council of Social Services were replaced by a Social Advisory Council which was to undertake specific tasks at the request of the Minister of Social Welfare. This council was more closely aligned to the government of the day; while four of its members represented major government departments, the remaining eight were appointed by the Minister.

In the foreword to the Planning Council report, its chairman defended it against criticism that it had given more weight to economic than to social issues.

I believe that this criticism is too harsh .... [W]e have tried to integrate social and economic elements of policy. Nevertheless, we have found much more information and research available in areas generally labelled ‘economic’ than in areas labelled ‘social’. This has naturally affected the balance of our analysis and our policy recommendations.

Centralised social and economic planning was to fall out of favour following the election in 1984 of a Labour government that was to embark on a series of economic reforms in which the market was embraced as the preferred allocation mechanism. Rather than making use of advisory bodies, the new government would turn to a series of specially appointed task forces for advice on specific areas of policy.
to a system that had adapted successfully to evolving conditions. While making significant adjustments to process and procedure, the Children and Young Persons Act 1974 had similar conceptual underpinnings to the Child Welfare Act 1925, and maintained state control of an active welfare system.

The formation of the Department of Social Welfare itself was also underpinned by a considerable level of optimism towards state-provided social services; its conception was underpinned by a commitment to a model of social service delivery in which the state was both funder and provider of social services, and that stressed the value of centralised control as a means of ensuring efficiency and equality.\(^38\) However the general welfare services intended for the new department did not immediately eventuate; never resourced to provide services beyond benefits and pensions and child welfare, the non-government sector began to expand to fill the gap.\(^39\)
If the government's intention to expand the Department of Social Welfare into a broad provider of centrally funded social services seemed ambitious in the early 1970s, by the second half of the decade it was nearly moribund. From the late 1970s, a range of new pressures brought major changes of direction in policy, services, and the nature of administration. The centrifugal forces which had characterised welfare administration in the mid-twentieth century were reversed: social, economic and political demands led to the progressive delegation of authority within the Benefits and Pensions and Social Work Divisions; in a number of areas, the Department transferred responsibility for direct service provision to the community and voluntary sector; and the Department also became concerned about the suitability of a centrally determined process for the allocation of funding.

The Muldoon government

During the 1975 election campaign, the National Party stoked fears about Labour’s plans for a social insurance scheme and promised an alternative universal scheme funded from general taxation — a clear contrast in both simplicity and generosity. National won the election and introduced ‘National Superannuation’. The scheme was expensive: every married couple aged over 60 received 80 percent of the average weekly wage. Treasury estimated its cost as a third more than the earlier combination of age and superannuation benefits. Within four years of its introduction, the overall cost of superannuation had doubled.

In the late 1970s the structural pressures on the New Zealand economy began to hit home. Labour had shored up the domestic economy by running a significant internal deficit that was financed by overseas borrowing. The new National government’s Minister of Finance, Prime Minister Robert Muldoon, announced ‘a deliberate cut in our standard of living in the interests of future solvency’, reduced expenditure and some subsidies, increased electricity prices, lifted controls on interest rates, and devalued the New Zealand dollar. The economy contracted in 1977/8 after three years of almost no growth. The inflation rate reached 20 percent and the registered unemployment rate exceeded 1 percent of the workforce for the first time since the Second World War. From there, unemployment rose to 1.8 percent in 1979, 3.2 percent in 1981, and 4.4 percent in 1983. While this was still low by today’s standards, at the time it was a significant shock to a country that had enjoyed decades of full employment.

The country’s deteriorating economic situation meant that many families struggled to meet their expenses and suffered a drop in their standard of living. Centralised wage-setting arrangements broke down in the 1970s as wages and prices ‘spiralled ever upwards in ways that seemed beyond the power of government to control’. As women sought equal pay for equal work and more families tried to improve their financial position by having both parents in paid employment, the conventional wage structure was pushed further towards ‘reward for individual effort’, exacerbating the position of single-income families. The government
attempted to assist low-income breadwinners by introducing various rebates on tax paid, but these gave less assistance to families with very low incomes and took no account of family size. The Muldoon government doubled the family benefit in 1979, but its value continued to be eroded by inflation, and assistance through the social security system declined in real terms.

The socially conservative National government became increasingly anxious about the growing diversity of family circumstances, particularly the increasing number of sole-parent families resulting from marital breakdown. In 1976 Minister of Social Welfare Bert Walker lambasted women receiving the domestic purposes benefit (DPB) who were in de facto relationships as ‘welfare cheats’, and appointed a committee (the ‘Horn Committee’) to investigate the extent to which the increasing uptake of the benefit was a symptom or a cause of rising rates of separation and divorce. As part of a somewhat questionable attempt to influence social behaviour, the government reduced the rate of the DPB for up to six months to discourage couples from separating too readily, and introduced marriage guidance counselling for all those who applied for the benefit. As one commentator has noted, this policy probably had little effect on rates of sole parenting and most likely did little more than reduce the incomes of those to whom it was applied.

As the economy steadily deteriorated and increasing numbers of the unemployed and women living alone turned to the Department for assistance, the more extensive procedures
and ongoing reporting required to grant and administer their benefits placed great demands on resources. Between the late 1970s and mid-1980s, the Benefits and Pensions Division underwent profound change in the conditions of its offices, the number and quality of its staff, and in its administrative systems and procedures.

The Benefits and Pensions Division

While the implementation of National Superannuation initially placed intense demands on the Department, in the long term the scheme required less ongoing administration than its predecessors because of its comparative simplicity. To coincide with its introduction, the Department introduced the options of direct-crediting into recipients’ bank accounts and a ‘personalised cash payment system’ that allowed superannuitants to collect their payments from any branch of the Post Office Savings Bank. In the late 1970s direct credits were extended to all benefit categories other than unemployment and sickness benefits; the Department’s interaction with most clients now consisted of an initial assessment, followed by a regular automated payment. However, reporting and interviewing procedures for the DPB and the unemployment benefit were more rigorous and took up a disproportionate amount of the Department’s work.

To demonstrate that they had taken reasonable steps to obtain work, applicants for the unemployment benefit were required to register with the local office of the Department of Labour, which was often located a considerable distance from Social Welfare’s premises. After filling out a lengthy form and undertaking an interview, the applicant returned to DSW to complete another form and be interviewed again. They were required to report regularly to both departments: as well as keeping their registration with the Department of Labour current, they also had to submit a regular ‘declaration of income’ to Social Welfare. From 1976 these procedures were tightened further. As well as assessing eligibility through personal interviews, staff were now required to make a complicated and time-consuming assessment of recent earnings and a judgement call as to whether a beneficiary was ‘actively seeking’ work. Each month a beneficiary was required to submit evidence of having personally approached a set number of employers; the authenticity and substance of this evidence was checked by the local DSW office.

On the recommendation of the controversial Horn Committee, the government also introduced more rigorous procedures for the domestic purposes benefit. From September 1977, interviews with applicants not only assessed their financial and accommodation situation but also paid ‘special attention’ to the reasons for their separation, the prospects for reconciliation, and their willingness to attend marriage guidance counselling. An interviewing officer was then to contact the spouse and arrange an interview to discuss the application, obtain their account of the marriage break-up, and ascertain whether there was ‘desire of reconciliation and whether the spouse would be prepared to attend marriage counselling’. This was followed by a home visit to check on the circumstances disclosed at the interview and ensure that any children were adequately catered for. Applicants who managed to jump through these hoops were entitled only to a reduced ‘Emergency Maintenance Allowance’ for 26 weeks, and endured yet another full home enquiry before graduating to the statutory benefit.

In 1978 the Department faced a sudden jump in the number of registered unemployed: from 4100 (0.3 percent of the workforce) to 22,000 (1.7 percent). To deal with the increase,
the State Services Commission approved a formula for a temporary staff ceiling which rose in line with benefit numbers, and also hired staff from the Temporary Employment Programme, a short-term work experience scheme established by the Department of Labour. These staffing measures led to significant difficulties: an internal report in 1978 noted that this ‘ever-changing group’ of ‘young and insecure’ staff received only ‘a semblance of training’, resulting in general inefficiency, inadequate standards of service, and ‘angry and explosive situations’ in reception areas. For clients already tense because they were unemployed and frustrated by complicated application procedures and delays, a ‘UB interview’ by a young and inexperienced staff member was often ‘the last straw’.

The number of registered unemployed continued to rise dramatically, reaching 76,000 in 1983. The number of staff increased from 3500 to 5300, with a temporary ceiling of close to 1000 allocated solely to unemployment benefit administration. The government was reluctant to see unemployment as a permanent problem and slow to approve office extensions to accommodate the increases in both applicants and staff. Many district offices carried out ‘makeshift temporary extensions’ and were often bare and overcrowded. In the early 1980s, nearly 80 percent of staff were under the age of 24, a quarter had been with the Department for less than a year, and about half had not been trained in client interaction or interview techniques. Unsurprisingly, the quality of service offered was variable.

The overall system of administration was limited by an electronic data-processing system that forced processes to conform to a ‘production-line system’ based around internal procedures. Heavy workloads and procedural requirements discouraged staff from showing any sensitivity to an individual’s specific circumstances. Some staff were considerate; others were preoccupied with matters of process and procedure, in a hurry to complete the transaction, and displayed a lack of care for their clients. In its report to Parliament for 1983, the Department acknowledged that an applicant’s ‘feelings of inadequacy, rejection, frustration, and disadvantage’ were ‘easily aggravated’ when ‘confronted with large queues
and inadequate reception areas manned by what they perceive as young and immature staff. Staff found themselves increasingly threatened with ‘offensive language and personal insult’; such incidents were occurring ‘at all contact points, on the telephone, at the counter, in reception areas, and in interview rooms’.  

As the number of benefits and pensions processed in district offices grew, head office struggled to maintain effective centralised oversight and the balance of power within the organisation changed. This was particularly the case in Auckland, which struggled with a concentrated demand for services and the geographical distance from head office. The Department responded with a regional plan for the Auckland metropolitan area that aimed to increase efficiency by decentralising its operations. A regional office established in Auckland city in 1980 was given responsibility for general management, personnel, and finance. To supplement the seven district offices, smaller ‘area welfare offices’ and ‘reception units’ were established to handle benefit and pension inquiries and interviews, and, in smaller centres, provide a social work service. While it involved little delegation of authority, this experiment with regionalisation foreshadowed major organisational change a few years later.

The hierarchical dynamic that had characterised benefit administration for half a century continued to be challenged by the sheer size of the organisation. By 1983 district offices had been forced to seek local solutions to the problems they encountered. Initial inquiries were received in a variety of ways: at a desk or behind a counter, in an area with or without partitions. Interviews were conducted in dedicated interview rooms, behind screens, at counters, at reception desks, or in open plan spaces. Some offices established reception units staffed by personnel who specialised in contact with clients, leaving clerical sections to handle paperwork and manual processing. At Gisborne and Hastings, interviews took place by appointment the day after the initial enquiry; Tauranga trialled a system in which applicants were interviewed fourteen days after lodging their application.

This graph shows a significant increase in staff numbers between 1972 and 1987, primarily in Benefits and Pensions (Executive and Clerical divisions) to cope with the administrative demands of rising numbers of unemployment and domestic purposes beneficiaries. Despite the significant social and economic upheaval during this period, the number of social workers and institutional staff remained relatively static.
The Social Work Division

As the demand for welfare services escalated, the government strove to constrain spending in the face of deteriorating finances and rising public debt. With the social security system taking up an increasing proportion of the Department’s attention and resources, the Social Work Division struggled to compete; while the need for social security resources was measurable and immediate, the Social Work Division had no comparable measures with which to mount a parallel case for additional resourcing. Although head office used a formula to compare social worker allocations with cases, this recorded only cases that had already come to the Department’s notice and took no account of the need for ‘preventive’ or ‘alternative’ social work. As a result, the number of social workers remained relatively static through a period of social and economic turmoil (see graph on previous page). As well as these pressures, the Social Work Division faced fresh challenges in the late 1970s. A range of groups and reports criticised both its reliance on foster care and use of residential institutions, and its emphasis on professional casework more generally.

The protection of children from physical and sexual abuse emerged as an issue of mounting significance in the late 1970s, as many of the primary concerns of child welfare — adoption, sole parenthood, and Family Homes — receded from official focus. A range of professional and community groups began to respond to the issue, and local multi-disciplinary ‘Child Protection’ teams were created as a mechanism for police, social workers, doctors and lawyers to provide advice to caseworkers. Guidelines for processing child abuse cases introduced in 1978 were trialled in a pilot project in Hamilton, where the Department funded a child protection team comprising a social worker, police, medical professionals, and representatives of voluntary groups. By the late 1980s, the Department’s social workers were assisting more than 30 teams, with five fully resourced teams in Otara, South Auckland, Hamilton, Christchurch and Dunedin.

A National Symposium on Child Abuse in Dunedin led to the formation of the National Advisory Committee for the Prevention of Child Abuse (NACPCA) in early 1981. This brought together representatives from government and non-government agencies, including the Department of Social Welfare, and became the primary adviser to the government on child abuse policies. In 1984 the NACPCA produced a set of proposed changes to legislation based around ‘case management by a committee with medical and legal membership and representatives from the main social services, to which social workers would report [to] gain the necessary authority to take further action’.

Historically endorsed as the best solution for those taken into state care, the foster care system came under increasing criticism in the late 1970s. Newspaper stories depicted the poor circumstances of many children in care, and a departmental conference in 1976 expressed concern about the ‘disturbing picture of aimlessness of much of our work in the area of children in care’. From 1976 the New Zealand Federation of Foster Care provided a means for foster parents to express concerns about training, remuneration, the needs of children in their care, and the level of support provided by social workers. With the Federation’s assistance, the Department established Intensive Foster Care schemes in 1979 to match more difficult children with carefully selected foster parents, who would receive training, advice and support. On several occasions, boarding rates were reviewed; in 1984,
an Advisory Committee on Foster Care supported the Federation's contention that many placements broke down because of a lack of support from the Department.\(^4^5\)

Taking the link between foster placement breakdown and child ‘maladjustment’ as its starting point, a major survey of the Department’s foster care between 1976 and 1981 found concerning levels of movement of children between foster homes. Its findings were situated within a broader interrogation of foster care: ‘No longer is the fostering system comfortably taken for granted; no longer is it pronounced that fostering transforms children into “decent and useful citizens”; that the system is a source of great satisfaction to the Department, even that it is the best we can do.’\(^4^6\) In mid-1981 the Department responded to this concern by introducing a national planning system which emphasised long-term outcomes and ‘permanency’, defined as ‘an enduring relationship between a child and parent figure formalised by guardianship or adoption, or return to the natural parent(s)’\(^4^3\).

The greatest crisis in the Department’s use of care was in relation to its residential institutions, which faced numerous difficulties that only intensified as the decade wore on. With great demand for placements in the 26 institutions, staff reported problems with overcrowding and had difficulty managing the increasing number of residents who were violent, disturbed, linked to gangs, or had problems with drugs or alcohol. A 1978 review of Auckland and Hamilton residences found that admissions were mainly made by police, not social workers, and that their frequency had created a “‘revolving door’ atmosphere’.\(^4^4\)

The problems with residential facilities came to widespread attention at the end of the decade through a series of well-publicised inquiries and investigations, beginning in 1978 with allegations of ‘cruel and inhuman punishment’ in Auckland residences by the Auckland Committee on Racism and Discrimination. These included complaints that young women were forced to have unnecessary examinations for venereal disease; that punishments in boys’ homes (particularly the use of ‘secure care’ units) were excessive; and that the accommodation was unhygienic. The recently established Human Rights Commission confirmed some of these allegations and recommended that the Department open its ‘shutters to criticism’. A 1981 report by the former Anglican Archbishop Allen Johnston, an independent observer appointed by the government, and ‘New Horizons’, a 1982 report by a departmental review team, both confirmed that there were significant problems with residential practice, particularly overcrowding, the use of secure care, and ‘disrupted’ social work programmes.\(^4^5\)

The Department responded by regulating the use of secure care, ‘relaxing the censorship of mail’, and creating a code of practice for institutions.\(^4^6\) In Auckland, all referrals by Police or Social Welfare staff were passed to a Community Care Unit in Cornwall Park Reception Centre, which attempted to arrange placements in the community rather than in institutions.\(^4^7\) In 1983 the Department extended its permanency policy programme to residences, and established the Maatua Whangai programme as an ‘alternative care system’ which looked to place children in Māori homes rather than Social Welfare homes or institutions.\(^4^8\)

Some saw these issues as symptomatic of a broader crisis within social work. There was pressure on the Department to move away from professionalised individual casework and the ‘centralised, bureaucratised’ model of welfare. As Angeline Barretta-Herman argues, the growing professionalisation of the Department’s social work sparked ‘increasing criticisms of elitism, non-accessibility and over-emphasis on individualized casework methods to the exclusion of preventative methodologies such as community work and community development’. A range of major reports in the late 1970s called for greater community
participation in service planning and provision, particularly as Māori were increasingly asserting their right to care for their own children and young people.\textsuperscript{49}

In 1982 Raoul Ketko, a senior social worker in head office, released a report based on a year in Britain, \textit{Social Work Developments in England 1981/82}, which advocated a shift from centralisation to a ‘community-centred approach’ to the delivery of social services, based on strengthening voluntary networks to prevent social breakdown, and programmes that would move more personnel to the front line to facilitate the early identification of those at risk. A 1982 review of the Social Work Division supported ‘a community social work model utilizing volunteers, voluntary agencies, and informal networks’.\textsuperscript{50} It recommended the delegation of social work decision-making, supported by a layer of regional management that would adopt a ‘leadership and monitoring’ role.\textsuperscript{51}

Finding its resources increasingly consumed by remedial work, the Department had turned to the voluntary sector to provide more general and preventive forms of family support. It established its first voluntary social work scheme in Napier in the early 1970s; by 1982, volunteer schemes were operating in 32 of the 34 districts. The ‘ancillary service’ provided by volunteers included ‘supportive visiting of families and the elderly, transport, budgeting and the setting up and support of community projects’. By 1984 the Department was making use of nearly 1500 volunteers across the country. As well as helping clients with issues that were not seen as the responsibility of DSW staff, volunteers maintained links with other statutory and voluntary agencies.\textsuperscript{52}

The Department also provided general support through the introduction and expansion of funding programmes for community and voluntary services. A fund established in 1977 to subsidise voluntary agencies engaged in preventive work with families expanded steadily until it was replaced by the Family Services Programme in 1983.\textsuperscript{53} Introduced in 1979, the Family Support Service scheme subsidised the salaries of non-professional Red Cross workers in South Auckland who assisted families with child care or household management in their own homes. Similar schemes run by Barnardos in Christchurch and Palmerston North soon followed. From 1982 a new Community Development Unit within the Social Work Division assumed responsibility for the various voluntary and community funding programmes in districts.\textsuperscript{54}

As with Benefits and Pensions, head office had less control over the Social Work Division in the districts than it had had previously. Due to workload pressures, head office approval was no longer required for decisions on individual cases from 1977, or for admission to regional institutions from 1979 and national institutions from 1982.\textsuperscript{55} In 1981 the Department redesignated the staff of the ‘Social Work Inspectorate’ as ‘Social Work Advisors’, reflecting a shift in their role from monitoring and checking to management, supervision and the review of major concerns.\textsuperscript{56} As more and more casework decisions were delegated to districts, senior head office staff who had previously been responsible for monitoring and authorising these decisions became increasingly preoccupied with advising Ministers and dealing with correspondence. The 1982 review noted that the Department was evolving from a ‘completely centralised operation’ to a more ‘decentralised system of self-contained district offices with greater decision-making power as far as individuals are concerned’. This threatened to undermine the ability of head office to monitor standards.\textsuperscript{57}

With the hierarchical organisation of child welfare beginning to weaken, and confidence in traditional approaches diminishing, professional differences of opinion became more open,
New pressures, 1976–84

and significant division and conflict emerged in head office. These differences became more pronounced as a ‘managing elite’ that had been in place since 1963 retired and was replaced by a younger group of staff who had less of an investment in past practice and performance.  

Many social workers saw the use of volunteers as undermining the status of social work, and especially the professionalisation of practice that had been such a significant feature of the previous decade. Theoretical disagreements about the efficacy of social work approaches continued, with a variety of internal and external groups making incompatible demands. The 1982 review stressed the urgent need for the Social Work Division to adopt common goals and objectives. Many called for a total review of the 1974 Act, in the hope that this would unify social work practice and provide some much-needed direction. Such a review was announced in December 1984 by the new Minister, Ann Hercus, who encouraged wide consultation, with ‘the highest degree of awareness and participation’ in district offices.

Community services

As the government looked for alternative ways to deliver social services without spending much money, it encountered an expanding voluntary sector that was becoming increasingly organised on a national basis and had begun to actively seek state support. Disability groups increasingly demanded the means to live in their own communities, while feminist groups demanded that the state not only recognise domestic violence as an issue of public concern, but also direct resources to assist its victims. The Department gradually shifted its funding role beyond the resourcing of residential institutions. Support for the voluntary sector was increased significantly, both in monetary terms and in the range of services funded. The community and voluntary sector was increasingly seen as offering the solution to many of the Department’s problems.

Initially, the Department’s expanding role in funding resulted from a shift in approach to support for people with disabilities. The landmark Disabled Persons Community Welfare Act 1975 went beyond medical and residential needs to address general welfare, introducing a range of measures to help people with disabilities live in the community: assistance with travel and accommodation expenses, walking frames and prosthetic appliances, and accessibility requirements for public buildings. Rather than extend the social services provided by the state, the Act expanded the Department’s role in directing resources towards voluntary organisations. An Advisory Council for the Community Welfare of Disabled Persons was set up, along with a fund to assist organisations and individuals to improve services to the disabled,
Social Developments

particularly in the community. In 1976 the Department created a Community Services Unit to administer subsidy programmes and to ‘promote, support, and where necessary, maintain’ community organisations carrying out welfare activities or departmental functions.63

The turn to care within the community went beyond children and young persons to the deinstitutionalisation of people with disabilities. Following the 1972 Royal Commission into Psychopaedic Hospitals, government funds were increasingly directed away from large institutions towards small residential facilities.64 Concerned that ‘capitation grants’ did not recognise community-based alternatives and encouraged an emphasis on numbers rather than quality, in 1981 DSW redirected funding from building subsidies for institutions to salary subsidies for field workers who helped people with disabilities live in private homes. From 1983 a Disabled Persons Services Programme funded services promoting self-care and independence. An ‘attendant care scheme’ run by the Crippled Children’s Society provided personal assistants for seriously physically disabled people. Salaries for the Royal New Zealand Foundation for the Blind and field officers for the deaf were subsidised. From 1984 the Department also assisted with the training and employment of interpreters.65

The emphasis on community care arose from growing concern for the rights of people with disabilities, many of whom demanded ‘control over their own affairs’ and the ability to ‘participate in decisions affecting their own well-being’.66 These issues received unprecedented attention during the 1981 International Year of Disabled Persons, which encouraged the formation of a range of self-advocacy groups to represent the rights and interests of the disabled. In 1983 these groups united as the Disabled Persons Assembly to critique the representation of disability within society, particularly its treatment as a medical issue. Such groups also questioned the unavailability of some services and amenities, and lobbied the government and service providers for change.67

Many of these organisations evolved beyond advocacy groups which supplemented state welfare activity to become key service providers. In particular, the New Zealand Society for the Intellectually Handicapped (IHC) became the dominant provider of residential support services for people with an intellectual disability.68 The Department provided $1.5 million to the organisation in 1975/6. By 1984/5 the figure was $13.1 million, a third of DSW’s total funding.69

As family finances came under increasing pressure, the Department of Social Welfare began to fund a number of budgetary advice services. In 1978 the Department established a Household Budget Advisory Committee to support home budgeting services in the community and to advise the Minister of Social Welfare on policy. The Committee made small grants to local services, organised regional seminars, promoted the recruitment of budget advisers, and provided co-ordinators and liaison officers to organise and support local voluntary budgeting services.70

As well as being cheap, the use of voluntary agencies had other benefits: recruitment from the community, it was hoped, would enable services to avoid the stigma attached to statutory agencies, which were sometimes viewed as agents of social control. In 1979 the Department piloted a Family Support Scheme involving the ‘intensive use of non-professional workers in the home setting’ in co-operation with the New Zealand Red Cross Society. Such support went beyond home help’ (additional labour for housework and childcare) by providing guidance for families in areas where they were not coping well, helping them to become self-sufficient.
Professional social workers may have had more skills and training, but they also had less time to work with individual families.\textsuperscript{71}

Preventive work with families, budgeting and social assistance to those with disabilities had been undertaken by the Department of Social Welfare's predecessors, but their development had been limited by resourcing pressures. The Department redesignated its volunteers as ‘social welfare volunteers’ in recognition of what it (somewhat euphemistically) termed ‘the expanding opportunities for volunteer work as an auxiliary aspect of the Department’s overall responsibilities’.\textsuperscript{72} In 1980 Athol Mitchell, the Chief Executive Officer for Community Services, noted the trend towards the indirect provision of services but found it ‘difficult to discern any co-ordinated departmental strategy’:

> In the prevailing economic and political climate, it seems to me that we will have to rely more and more heavily on the voluntary organisations for the development of social welfare services in the community …. We catch at opportunities as they come along and make the best of them. This has been quite effective so far, but the question needs to be asked about how long this will continue to be the case.\textsuperscript{73}

The centralised structure continued to favour organisations that campaigned on a national basis and had the ability to make formal submissions. Mitchell argued that their lack of administrative structure and resources had led to inadequate knowledge of the work for which the voluntary organisations were funded. Measures for accountability and transparency were limited by the lack of staff representation in district or regional offices. While subsidised organisations were required to provide audited accounts and basic statistics, there was little capacity for checking their accuracy; nor were there processes to assess the quality of services or their effectiveness.\textsuperscript{74}

Groups advocating the interests of women also emerged in the late 1970s and became increasingly organised on a national basis. Led by the prominent social activist Sonja Davies, the New Zealand Association of Child Care Centres lobbied for greater support to women through financial assistance for alternative childcare. From 1983 a ‘Childcare Programme’ provided grants to the national association, to qualified childcare workers, and to co-ordinators of recognised day-care services.\textsuperscript{75}

Feminist groups also pressured the government to recognise domestic violence as a matter of public concern and depart from its traditional treatment of the issue as a private matter to be remedied by couples therapy or individual counselling.\textsuperscript{76} From 1973 women’s collectives established ‘refuges’ across the country to temporarily house victims of domestic violence. In 1981 the National Collective of Independent Women’s Refuges was established as an incorporated society. This advocated legislation for the protection of women, research into domestic violence, and greater government funding of refuge services.\textsuperscript{77} The Department assisted with housing for women’s refuges from 1981, and from 1983 subsidised the salaries of refuge co-ordinators and the salaries and expenses of National Co-ordinators.\textsuperscript{78}

Other new funding programmes were introduced in response to popular concerns about specific problems that were voiced in the media. An interdepartmental working party was established to investigate reports in the media about ‘street kids’ or ‘disco kids’: ‘waifs, strays and runaways’ who ‘live on their wits and survive by theft’.\textsuperscript{79} In 1983 the Department introduced a programme which subsidised emergency urban housing for unsupervised and homeless young people, supervised by ‘house parents’.\textsuperscript{80} In 1981 in response to media alarm about the emergence of gangs such as Black Power, the Headhunters and the Mongrel Mob, the
government established a Committee on Gangs. This resulted in subsidies for organisations providing residential rehabilitation programmes for those with drug and alcohol problems, psychiatric or emotional difficulties, or a history of repeat offending. Beyond the media sensationalism, the Department recognised these developments as signs of more deep-seated social and cultural trends. Urbanisation and the weakening of traditional kin groups encouraged young Māori to regroup in a ‘street culture’ of which patched gangs were the most outwardly visible manifestation.81

These developments reinforced calls for the Department to play a greater role in strengthening local communities and traditional cultural networks, and shift away from a centralised funding process which favoured large formal organisations with established bureaucracies. The Department’s ‘submission-driven’ processes stymied the development of a more flexible approach which would enable the funding of newer and more localised groups.82 With approvals handled at head office and requiring ministerial approval, funding decisions tended to be ‘labour-intensive and slow’, which was seen as ‘inconsistent with the desire to gain from the innovation and flexibility of the voluntary sector’.83 The Department increasingly explored options for local input into funding processes, and for a more deliberate strategy for its funding of community services.

Conclusion
In 1983 a new Director-General, John Grant, assumed control of an organisation with significant reputational problems. The Benefits and Pensions Division dealt with increasingly stressed and dissatisfied clients, several of the Department’s offices were overcrowded and inadequate, and there was a widespread public perception that the Department was dysfunctional, inefficient and unnecessarily bureaucratic. In the Social Work Division, debate raged over the nature and purpose of its work; its residential facilities were accused of ‘cruel and inhuman punishment’ that violated human rights.84 The developments of the late 1970s and early 1980s had created the conditions for a ‘perfect storm’.

The trigger for change was the election in 1984 of the fourth Labour government, which was to undertake a fundamental reassessment of both the state’s role in the New Zealand economy and the operational framework of the public sector. In a parallel exercise, a series of task forces, working groups, and Royal Commissions were to review the conceptual underpinnings of the welfare state, the structure of the social security system, the legislation relating to the welfare of children and young people, and the delivery of social services.

The fourth Labour government

The election of the fourth Labour government in July 1984 triggered a sudden change of direction in economic policy. In its report to the incoming government, Economic Management, Treasury recommended cutting back government ‘interference’ in the economy, removing controls on imports and the exchange rate, and agricultural subsidies, and allowing market forces to have greater influence. The new government immediately devalued the New Zealand dollar by 20 percent and, in its first Budget of November 1984, announced that both direct and indirect subsidies to producers would be gradually phased out over the next few years. Spurred on by its Minister of Finance, Roger Douglas, the government went on to implement a series of comprehensive and wide-ranging economic reforms which shifted New Zealand from being one of the most regulated countries in the developed world to one of the least regulated, opened the economy to international market forces, and significantly diminished the role of government in economic planning.

The Department of Social Welfare’s 1984 briefing to its incoming Minister expressed concern at the impact of a recent wage–price freeze on low-income working families, citing anecdotal evidence that they were facing increasing financial difficulty. As an interim measure in anticipation of large-scale reform, the government introduced ‘Family Care’, an income supplement for low- and middle-income working families that was partially funded by a controversial tax surcharge on the incomes of superannuitants whose non-superannuation income exceeded $5200 per year. In December 1984 it appointed an interdepartmental task force tasked with finding ways to reduce the ‘inequities and inefficiencies’ in the benefit and personal income tax systems, which it argued had developed in a ‘piecemeal and uncoordinated way’.

Between February and June 1985, the Budget ’85 Task Force undertook a major process of public consultation during which it received nearly 1400 submissions on its discussion paper. In August 1985, the government’s Statement on Taxation and Benefit Reforms announced 5 percent increases to all benefits, and a new package of family assistance for low- and middle-income earners. In the place of Family Care, the family tax rebates, and the ‘child supplement’, a new refundable tax-credit scheme, Family Support, was introduced for both working families and beneficiaries. To provide a greater margin between the incomes of benefit recipients and full-time earners, assistance was also targeted to families in work through an additional tax credit (Guaranteed Minimum Family Income) and a Transition to Work Allowance. Introduced as part of wider reforms of the taxation system, these measures were intended to compensate families for the regressive effects of a consumption tax on goods and services (GST) and a flattened tax structure which the government justified primarily on economic grounds.
As many of the submissions were declared outside the scope of the Task Force exercise, the government established a Ministerial Task Force on Income Maintenance in July 1986 to examine the structure of the existing social security system. The work of this task force overlapped considerably with a number of other significant reviews initiated in 1986, including of health benefits and accident compensation. A ministerial task force was also established to review the social service programmes provided by the Department of Social Welfare (which would itself be considerably affected by a recently completed consultation process carried out by the Maori Perspective Advisory Committee, and a ‘first principles’ review of the Children and Young Persons Act 1974). These exercises would be followed by a more fundamental review by the Royal Commission on Social Policy, which was announced by the Prime Minister in March 1986 and began its work in October. The Royal Commission would examine the conceptual underpinnings of the welfare state: for income maintenance, it would consider issues such as funding from general taxation or the possibility of a contributory system; for social services, it would consider the distribution of roles and responsibilities across society as a whole.

Prime Minister David Lange’s support for the Royal Commission in particular has been seen as part of an attempt to ‘construct a fence’ between economic concerns and areas which should not be subject to the same degree of commercialisation — social policy, in particular. Many within the Labour Party had become increasingly uncomfortable about the social impact of the rapid changes that had been carried out by their own government. The 1986 State-Owned Enterprises Act resulted in the lay-offs of tens of thousands of workers, and a number of the government’s actions — particularly the flattening of the tax structure, and the
corporatisation of state entities — did not sit well with the party’s traditional values of equity and social justice. The changes had initially been supported on the grounds of economic necessity, but confidence within the government began to waver. When Labour was re-elected in August 1987, its caucus contained significant internal divisions: one group of MPs believed that the economic reforms had been completed, and that the focus should now shift to social policy, and improving equity in health, education and housing. Another group, however, believed that the government had completed only the first stage of its economic reforms, and that the election victory was a mandate to accelerate the process.\textsuperscript{10}

The Minister of Finance, Douglas, was firmly of the view that the reform process was incomplete.\textsuperscript{11} Only a few months after the Ministerial Task Force on Income Maintenance reported in April 1987 (and before the government had time to consider its recommendations), he began work on a package of radical changes to tax and family support.\textsuperscript{12} When the New Zealand sharemarket suddenly crashed on 20 October 1987, Douglas seized the opportunity to stress the urgent need for a package of changes that would restore confidence to the financial sector and demonstrate ‘leadership’ to business.\textsuperscript{13} On 17 December 1987, a platform of Ministers announced a ‘Flat Tax’ package which included a single rate of tax for all personal income, a more ambitious Guaranteed Minimum Family Income scheme, and a rebate for low-income earners.\textsuperscript{14}

The Royal Commission on Social Policy had itself examined the issues of income maintenance and taxation only a week before, and its chairman, Ivor Richardson, immediately issued a public statement expressing his concern at the impact of these ‘major and wide-ranging decisions’ on social policy; they were ‘substantially pre-empting’ work in crucial areas. On 18 January 1988, Richardson declared that as the announcements had ‘brought home the need to make a report as quickly as possible’, the Commission would release its first report five months early, in April, in the hope that its initial analysis would provide guidance in social policy matters.\textsuperscript{15} With Douglas out of the country, the Prime Minister announced at a news conference on 28 January 1988 that implementation of the flat tax and related proposals would be delayed until the Royal Commission had reported.\textsuperscript{16} After Douglas

\begin{figure}
\centering
\includegraphics[width=\textwidth]{image.jpg}
\caption{Sandra Young of the Royal Commission on Social Policy holds its five-volume report released in April 1988. The Royal Commission examined the conceptual underpinnings of the welfare state in New Zealand. The ‘April Report’ was intended to provide an ‘initial analysis’ as the basis for further policy development, but ended up being the Royal Commission’s final publication.}
\end{figure}
returned to the country, his feud with Lange, up to this point fought behind closed doors, became increasingly public.\textsuperscript{17}

In the event, the government did not wait for the Royal Commission to report. On 10 February 1988 it announced a compromise package which introduced a two-tier top tax scale and retained the existing family support programmes. The Royal Commission’s Working Papers on Income Maintenance, now largely redundant, were released in March, and its initial analysis was released the following month. The ‘April Report’ — four lengthy volumes spread across five large books — ended up being the Commission’s final publication. Because of its rapid gestation the four volumes of complex and thoughtful analysis lacked the coherent framework of recommendations that might have had an immediate influence on the direction of government policy. At the Royal Commission’s wind-up party, its report was reportedly used as a door-stop.\textsuperscript{18}

Some DSW policy staff were also caught in the line of fire between the Prime Minister and his Minister of Finance. David Preston headed an interdepartmental ‘Working Group on Income Maintenance’ which expressed concerns about the equity of the flat-tax package, the feasibility of its timeframes, its impact on some low-income earners, and its financial viability (it appeared to give away significantly more revenue than it would collect).\textsuperscript{19} Douglas described the ‘Preston report’ as faulty in its analysis, ‘factually incorrect, incomplete, and/or completely misleading’ on the redistributive effects. In February, Douglas released a press statement criticising the report — ‘written by a person in the Department of Social Welfare’ — as ‘ludicrously incorrect’. An alternative Treasury-prepared analysis, he claimed, would ‘patch up’ the Working Group’s report.\textsuperscript{20}

This intense phase of near-continuous review placed huge pressures on the Department’s policy staff. The government increasingly demanded policy advice which went beyond administrative matters and focused on fundamental issues about the structure and purpose of the welfare system. Policy advisers participated in a series of inter-agency review teams with staff from Inland Revenue, Labour and Treasury, reflecting the fact that social security policy was increasingly seen within a broader context of wages, taxes and employment. Some reviews with overlapping and even conflicting objectives were in progress at the same time. At times these reviews were in competition with each other, as policy advisers and researchers became the meat in the sandwich between the agendas of Ministers from opposite sides of a deepening ideological rift.

As well as placing policy staff under unprecedented pressure, the government’s incoherent reform programme placed particular pressure on the delivery side of the Benefits and Pensions Division, which was still largely dependent on manual processing. The rapid implementation of the Family Care scheme was a major reason for large-scale industrial action by DSW staff in 1985, and the Department’s sensitive staffing situation contributed to a fourteen-month delay in the implementation of the changes announced in the 1985 Budget. When assessing the delivery implications of the Douglas package, the Department made repeated reference to the ‘delicate’ and ‘rather tender’ state of its staffing and systems, and estimated that any attempt to implement it in less than two years would be likely to result in a ‘major breakdown’ in its industrial relations.\textsuperscript{21}
Puao-te-Ata-tu and restructuring

While head office units of the Department of Social Welfare were caught up in the fourth Labour government’s multiple, conflicting reviews of policy, the organisation was also caught up in a series of overlapping reviews of its organisational structure. From 1984 the Department undertook a series of restructuring exercises which affected almost every area of its business. The triggers for this considerable organisational change were two events, both of which occurred immediately prior to Christmas that year.

The first was the administrative demands created by the implementation of the new Labour government’s family assistance payment, Family Care. When Labour approved the Department’s proposed payment in July 1984, it instructed the Department to make it available by Christmas, wishing to announce the measure in the November Budget. So as not to pre-empt this announcement, the Department implemented this large-scale measure with a high level of secrecy. In just three months, the Department increased its staff by 550 and provided additional accommodation in 27 locations, many of which required refurbishing, new furniture, telephones and computer equipment. Seven weeks after the Budget, 150,000 families received their first payment. The Department’s achievement was widely viewed as ‘heroic’, but placed an already dysfunctional staffing situation under immense pressure.

This period of stress coincided with the release in December 1984 of a report entitled ‘Institutional Racism in the Department of Social Welfare’ which caused considerable debate among staff. In this report, nine Auckland social workers — the Women’s Anti-Racism Action Group (WARAG) — argued that the Department practised ‘institutional racism’.22 This did not mean, they explained, that ‘all staff uniformly hold racist opinions’, but rather that ‘the institutional framework of the Department — staffing, training, legislation, and policies’ reflected a ‘relentlessly Pakeha view of society, which oppressively and systematically discriminates against the interests of consumers and staff who are Maori and Pacific people’. The group argued that the ethnic composition of the staff should reflect that of its clients, who were disproportionately Māori, rather than the population as a whole, as was the case at the time. Recruitment and promotion, they argued, was ‘culturally biased’ in favour of Pakeha applicants as it was dependent on ‘Pakeha-defined’ criteria of merit. Staff training failed to explicitly address the topic of racism, and the physical environment of offices and institutions was monocultural and alienating to Māori.

A 1985 report by the Department’s newly established Maori Advisory Unit affirmed the presence of these ‘signs of institutional racism’. It criticised other aspects of social work policy and services and extended the critique to the bureaucratic nature of the Department, which represented ‘the final stage of depersonalisation’:

Humanity must be practised internally before it can be implemented through services to the public. Low wages in the clerical system, high staff turnovers in parts of the Department’s operations, a feeling of powerlessness and an inability, or lack of encouragement to contribute ideas or feedback on Departmental policies and procedures which are perceived as unjust or unrealistic, rank high as part of the response we received from our korero with Departmental employees.24

The Maori Advisory Unit argued that the Department of Social Welfare’s ‘bureaucratic model’ was ‘inappropriate’ and did not ‘adequately cater to the needs of Maori people’. Endorsing a ‘structural biculturalism’, it recommended the implementation of a ‘concept of whanau and
community development’ based on the ‘decentralisation of power and resources’ to wānau
and community groups. This criticism from a cultural perspective was in accord with other
criticisms of the Department’s services, particularly that its hierarchical and centralised
structure had become increasingly untenable as the Department had grown in size, and that
it had become distanced from community perspectives and local needs.

The Minister of Social Welfare, Ann Hercus, established a Ministerial Committee to advise
her on a Māori perspective for the Department of Social Welfare. Chaired by John Rangihau,
a Tūhoe elder and former senior public servant, the committee took oral submissions, touring
the country and holding meetings on marae and in community venues. According to the
committee, it encountered a ‘litany of sound … recited with the fury of a tempest on every
marae, and from marae to marae came the cries’. The Department was variously described as
’an institution of social control’ with ‘white males at the top and middle’ and an organisation
that ‘nurtures dependence and self-hatred rather than independence and self-love’. This
process appears to have affected the participants — particularly Director-General Grant —
on a personal level as well as in terms of policy.

Following the release of the WARAG report, there was internal disagreement and debate over the legitimacy
of the allegations. Many felt that the claims addressed genuine issues and congratulated the willingness
of senior managers to accept significant criticism. Others disagreed: though the criticisms of WARAG
and the Maori Advisory Unit were primarily directed at welfare policies and organisational dynamics,
many staff felt that they had been labelled ‘racist’ by association. In August 1985, 142 staff members from
Auckland District Office presented the Minister with a petition that recorded their ‘strong disapproval [of]
and disagreement’ with the WARAG report and denied the presence of ‘racism’ within the Department.
According to a later confidential survey, a number of staff viewed senior management’s response to the
report ‘as an “embarrassment” that generated in some a feeling of betrayal of organizational loyalty.

In 1984–5, many experienced staff left the Department because of low pay and heavy workloads.
The estimated yearly staff turnover was as high as 40 percent in the Auckland region and between 18 and 30
percent across the rest of the country. In two years, the Department recruited 2250 new staff. In the second
half of 1985 district office staff across the country took industrial action in response to understaffing
and inadequate pay and working conditions. The Department carried out an intensive review of work
practices and systems that identified a number of areas of concern, including ‘high staff turnover, excessive
overtime, poor working conditions, uncompetitive pay rates, unreliable data processing facilities and poor staff training'. The Department responded with an ‘Operation Staff Plan’ which resulted in a boost in staff numbers and in-house training programmes, and a review of its office accommodation and computer systems.33

In early 1986, Grant released the Department’s first-ever management plan, declaring that he had to accept responsibility for making an urgent decision as to the Department’s structure. Clearly affected by his recent process of consultation with Māori, Grant noted that the Department had ‘come under increasing fire for inadequate performance of its mission and inadequate feeling for its clients and staff’; it was ‘seen as bureaucratic, impersonal and monocultural’.34 The centralised structure could not respond effectively to local needs, it was argued, and did not give local managers sufficient authority for them to be held accountable for their performance.35 Under the plan, head office functions were decentralised to six regional offices, each with responsibility for co-ordinating regional resources and supporting and monitoring programmes. A significantly diminished head office would be responsible for policy, monitoring, and advisory services only.36 Grant argued that this would ‘allow delegation of authority to match responsibility so that District Offices can have the necessary autonomy’, with decision-making ‘taken closer to clients and staff’.37

In July 1986, the Advisory Committee on a Maori Perspective for Social Welfare released its report. Known primarily by its Māori name, ‘Puao-te-Ata-tu’ (‘daybreak’), the report found the relationship between the state and Māori communities to be ‘one of crisis proportions’ and the Department to be a ‘highly centralised bureaucracy insensitive to the needs of many of its clients’. In general terms, it recommended that the government adopt a bicultural approach to policy formulation and incorporate the ‘values, cultures and beliefs’ of Māori in the formulation of legislation, programmes and services. It recommended specific amendments to the Social Security Act and the Children and Young Persons Act to better acknowledge Māori beliefs and cultural practices, and consultation with Māori and tribal authorities on the introduction of new funding initiatives to promote training and employment. It also recommended recruitment practices that would ensure staff were able to ‘relate to the community including the needs of Maori and the Maori community’, the provision of additional training in cultural issues (particularly Māoritanga — Māori cultural perspectives), and that public communications be tailored to the needs of ethnic groups, including by the redesign of reception areas and the simplification of application forms.

Puao-te-Ata-tu was accepted in its entirety by Ann Hercus, who described the document as ‘amongst the most significant ever presented to a Minister of Social Welfare in this country’.38 Its recommendations went beyond a demand that welfare policy and services respond appropriately to Māori needs, beliefs and cultural practices: the Department of Social Welfare should share ‘power and authority over the use of its resources’.39 The Advisory Committee recommended that the Social Security Commission be replaced by a Social Welfare Commission comprising the four principal officers of the department and representatives from the Ministries of Maori Affairs and Women’s Affairs. As well as policy advice and the co-ordination of welfare activities, the Social Welfare Commission would be responsible for annual consultation with representatives of tribal authorities. The Commission would also appoint District Executive Committees for each Social Welfare district office and Management Committees for each Social Welfare institution. Conceived as a mechanism
for devolving decision-making and authority, these would comprise representatives of local community and iwi groups.

In 1987, as the organisational changes recommended by Puao-te-Ata-tu were being steadily introduced, the Department announced a further substantial restructuring of head office. No longer to be involved in operational decisions or the daily management of resources, head office was directed to focus on policy. Such a focus, it was hoped, would finally bring the two sides of the organisation together, ending the era in which benefits and social work programmes were developed and implemented separately.

The 1987 Management Plan envisaged a two-tiered head office structure, with a division dedicated to ‘Policy and Development’ supported by a ‘Programmes and Services Division’. The Social Work, Benefits and Pensions and Community Services divisions were all combined into the latter Division, which was divided into five directorates organised in terms of ‘consumer groupings’. The new structure, it was argued, would enable an ‘integrated approach’ to be taken to ‘policy development and monitoring’, and ‘establish programme accountability based on outcomes’.

Yet another review of the Department’s administration, at the end of 1987, criticised the implementation of the restructuring. It found that senior managers inexperienced in managing change had ‘found their own path through the process in an ad-hoc way and made a number of mistakes’, particularly a ‘failure to initiate personal discussion with staff’. Three different restructuring exercises (decentralisation, Puao-te-Ata-tu and head office) had merged into a protracted process which had created ‘multiple stresses for all levels of staff’. For some, the 1987 restructuring, which involved ‘extensive personnel changes’ and ‘staff redevelopment and redundancies’, was the final straw; the report noted that a ‘significant proportion of experienced, dedicated and competent staff left or are leaving the Department, at a time when many of these people are needed’.

The Social Welfare Commission at its first meeting in February 1988. From left: Dr Vera Schlesinger Levett, John Yuill, Valerie Taylor (at front), Mira Szaszy, John Grant, Rob Laking, Minister of Social Welfare Michael Cullen, Alan Nixon, Dr Ngapare Hopa, Agnes Rasmussen.

ATL, DOMINION POST COLLECTION, EP/1988/0695
Announced within months of one another, the three exercises were carried out in parallel with overlapping objectives, and the resulting structure was incoherent. The regional offices, the 1987 report argued, did not cover sensible geographical areas and, even after eighteen months, many staff remained confused and concerned about their precise roles. The report also noted the ‘potential for conflict’ between the regional offices, which had not existed when the recommendations of Puao-te-Ata-tu had been released, and the community committee structure of the districts.

Puao-te-Ata-tu had a pervasive impact across the organisation. In all three areas of its services, the Department of Social Welfare introduced initiatives designed to improve responsiveness to communities in general and Māori in particular. The Benefits and Pensions Division placed a new emphasis on training, recruited more Māori and Pacific Island staff, and ensured that reception areas were culturally appropriate. The new bicultural emphasis had the greatest impact on the Department’s social services, where the turn to ‘community’ entailed a reform of existing programmes and a shift to the indirect provision of services.

Puao-te-Ata-tu and benefits and pensions

A Komiti Whakahaere (management committee) was formed from representatives of the Māori people who had attended a national hui as part of Puao-te-Ata-tu’s consultation process. This selected personnel for a Cultural Development Unit which was established in December 1986 in head office to implement the spirit and recommendations of Puao-te-Ata-tu. The Unit organised nationwide training in cross-cultural communication skills, assisted with the re-designing of application forms for major benefits and more culturally appropriate reception areas, and introduced toll-free benefit reporting for rural areas. It also provided a Māori perspective on departmental reports and reviews, and reported on progress to Komiti Whakahaere hui.46

District offices embarked on a programme of cultural change which was intended to shift the organisation away from its ‘monocultural past’ and instil ‘a new climate of cultural awareness, sensitivity, equality of opportunity and fairness’. Panels and carvings were installed in reception areas, signs in Māori were put up, and staff were encouraged to bring ‘the spirit of Puao-te-Ata-tu’ into the workplace. Several offices set up ‘culture clubs’ and encouraged employees to take ‘time out for cultural things’, express more emotion in the office, and reflect on their own cultural background. Staff reported improved relationships with local Māori communities and a greater sense of cultural awareness and responsibility. ‘Warag split the place asunder. Puao-te-Ata-tu has brought us back together again, solidly. It has been a great healing process’, one officer commented. Staff were divided over issues such as affirmative action and on the appropriateness of taking time off to attend tangi or hui. Some Pākehā staff in district offices reported that their friends and family were giving them ‘a hard time’, and found it difficult to explain — or even understand — the Department’s new direction. Some could see little connection between Puao-te-Ata-tu and their in-tray. Some Māori staff were tiring of a ‘rent a powhiri’ trend and accused the Department of ‘window-dressing’: ‘managers saying “kia ora” does not demonstrate that Puao-te-Ata-tu is working’, one pointed out.47
ELECTRONIC DATA PROCESSING (1968–88)

The Social Security Department began to explore options for electronic data processing (EDP) in the 1960s as work volumes rose and the 1967 changeover to decimal currency neared. An EDP system that began operating in early 1968 significantly simplified payment and accounting functions. District offices completed input forms and sent them to head office, where they were keyed onto punchcards for capture in a database stored on magnetic tape reels (an individual database was held for each benefit). At this point they were ready for an ‘update process’ that could take 17 to 18 hours to complete. Two IBM 360/20 central processing units, one with 8KB memory and one with 16KB memory, were linked to multi-function card machines which produced payment orders and recorded data from them for accounting purposes after they were returned from the paying offices. Benefits were paid by a combination of order books, ‘payment advices’, or (in the case of family benefits) through direct credit into Post Office bank accounts.

After the creation of the Department of Social Welfare in 1972, the EDP systems were moved from head office. Facing an accommodation shortage in central Wellington and wanting to assist regional economic development, the Labour government encouraged departments to decentralise ‘self-contained’ administrative functions to places where labour and buildings were more freely available. EDP facilities and the National Index of client applications were relocated to a new Data Processing Centre in Upper Hutt. The Department also undertook a major upgrade of its electronic equipment and from 1975 implemented a new system in which all benefits and pensions were mailed fortnightly to beneficiaries from Upper Hutt. There were ‘obvious shortcomings’ with this scheme: orders were lost in the mail or stolen from letterboxes. Around 15,000 orders a year were cashed by someone other than the beneficiary, and the courts dealt with many instances of theft, including some that were highly organised.

In 1977 the Department introduced direct credit as an option for all payments other than unemployment and sickness benefits, which were viewed as ‘temporary’ in nature. The
Department strongly encouraged its use, stressing the advantages in security, efficiency and convenience. For those unwilling or unable to use direct credit, the Department replaced the postal payment order system with a passbook scheme, which by 1980 was being used for sickness, unemployment and domestic purposes benefits. Direct crediting was extended to unemployment and sickness benefits in 1982 and made compulsory the following year.6

In the late 1970s, the Department looked to establish a communications network that would link the Data Processing Centre with the larger district offices. A 1975 pilot scheme set up a ‘data transmission link’ between the Dunedin District Office and the Data Processing Centre.7 Districts keyed their data onto paper tape, which was read and transmitted over the telephone line to Upper Hutt, where it was duplicated. This somewhat clumsy operation allowed districts to transmit data to the mainframe and update centrally-held master files.8 The Department then began to install terminals that would enable ‘on-line’ access to information held on the central master files, reducing the need to maintain detailed personal records in local offices.9 By 1984, 304 terminals around the country provided access to a computerised alphabetical register of the Department’s 1.7 million clients.10

In 1986 the Department transferred its Social Welfare database to the Government Computing Service’s Trentham Computer Centre. While this resulted in an increase in capacity, the system was now obsolete and inefficient. The Department’s 1988 annual report noted that its computer system had been publicly criticised by the Ministerial Administrative Review Committee, and admitted that it was ‘not designed to operate in the way that is now expected’. It had been ‘added to and revised many times, with each change making the system increasingly complex and fragile’. This complexity had ‘a detrimental effect on the Department’s ability to introduce new policies and procedures within a reasonable length of time’. A new strategic plan for Social Welfare’s information systems recommended replacing the ‘batch-type’ system with a new integrated system which would hold a single record for each client, allow staff to make changes themselves, and automate many of the manual processes that staff still had to carry out.11

Puao-te-Ata-tu and social work

The accusations of institutional racism and the recommendations of Puao-te-Ata-tu had a profound impact on the Social Work Division, providing a mandate for those who wished to shift the Department further away from its historical emphasis on professional social work. A modified Children and Young Persons Bill that emerged in December 1986 was criticised for failing to take into account the ‘realignment of interests’ that had occurred recently. The drafting process had stalled for two years while the Department debated issues relating to permanency planning for children in care, Maatua Whangai, and residential services; professional responses to child abuse; community development and community services; and its management of resources.48 The draft bill, which featured the mandatory reporting of child abuse, child protection teams and professional ‘screening panels’, was still
too ‘monocultural’, some argued — it placed too much emphasis on the rights of children and the role of professionals, and demonstrated a ‘lack of faith in the ability of families to make their own decisions’.49

The Maatua Whangai programme, which had been the flagship of the Division’s new services for Māori, attracted criticism for being little more than ‘Maori fostering’ and was re-engineered.50 Under a new ‘whanau or iwi development’ programme, the Department distributed nearly $500,000 a year to iwi authorities to ‘strengthen tribal networks’; other funding was provided for ‘Koha placements’ of children within whānau.51

Puao-te-Ata-tu also accelerated a move away from foster care and residential institutions. In 1986 the Department approved a Residential Services Management Plan which closed a number of institutions, reorganised those that remained, and reallocated resources towards community-based alternatives, particularly Maatua Whangai. Within a year, the Department had introduced new residential care regulations, reduced the size of institutions for young people, and closed all institutions for children other than Allendale. Responsibility for the management of departmental residences moved from institutional managers to ministerially-appointed committees of community representatives with responsibility for policy, programmes, resources and staff. To find alternatives to taking children into care, the Department developed ‘Specialist Services’, which brought together psychologists, psychotherapists, counsellors, and cultural workers in teams led by the regional psychologists.52

The 1987 Administrative Review recommended that DSW replace its ‘large social work operation’ with a ‘predominance of casework skills’ with a service delivery model based around community services that was staffed by people specialising in liaison with community groups and iwi authorities, service and programme development, and the administration of contracts.53 Amid the restructuring, the Social Work Division was redesignated as the Social Services Division and the position of Assistant Director-General (Social Work) was abolished.54 In head office, social work issues were fragmented into separate policy areas, including Youth and Employment, Families in Special Circumstances, and Family Development and Support.

The Department’s Principal Social Worker argued that the principles of social work were undergoing a ‘radical change’: ‘Acceptance of the principles of Puao-te-Ata-tu implies that every familiar role and activity needs to be re-examined in light of a partnership of decision making and resource sharing with the community and in particular with Maori whanau, hapu and iwi’.55 The indirect funding of community services was increasingly embraced as the solution to the Department’s many and varied problems with social work. It seemed a way to develop services that were more ‘culturally appropriate’ and consistent with the principles of decentralisation, devolution, and greater participation by the community in both policy-making and the provision of services.

Puao-te-Ata-tu and community funding

The Department’s role in relation to community funding had emerged incrementally in the late 1970s and early 1980s. It now adopted a more deliberate approach in response to concerns about cultural appropriateness, embracing community funding as a means to provide community groups with more involvement in services. Funding of the community and voluntary sector moved beyond an opportunistic response to the limitations of resources, becoming a way to deliver services in a more culturally appropriate manner.
Following Puao-te-Ata-tu, funding was directed towards strengthening networks within existing communities. The Neighbourhood Services Programme, established in late 1984 to provide community support to families under stress, was renamed the ‘Neighbourhood Family Support Services Programme: Kaupapa Tuhonohono’ and its funds were directed away from local branches of voluntary organisations towards ‘neighbourhood and whanau-based services’.

Funding programmes were also introduced for social workers to assist small-scale, preventive community projects, such as ‘self-help’ initiatives for Māori in isolated rural areas and ‘rural support networks’ in districts such as Kaitaia and Greymouth.

The Department also adopted a deliberate strategy to improve its service delivery by sharing its decision-making and control of programmes and services with community representatives. In October 1986, the government transferred the Community Organisation Grants Scheme (COGS) to the Department of Social Welfare, which administered it alongside Maori Affairs and Internal Affairs. Under the oversight of two national co-ordinators, field workers in eleven allocation areas assisted with the creation of 49 locally elected allocation committees which distributed around $10 million annually.

Puao-te-Ata-tu also strengthened calls for changes to the Department’s general funding mechanisms. There was concern that a large amount of funding was pre-allocated to large national voluntary organisations and so unavailable to meet ‘new and emerging needs’ or provide more ‘culturally appropriate’ services for Māori. The Department’s centralised decision-making processes were seen as reinforcing the disadvantaged position of small local groups by being over-reliant on a submission-driven approach to funding rather than a more distanced and objective assessment of community need.

Conclusion

Accusations of institutional racism intersected with wider dissatisfaction with the Department’s organisational dynamics to trigger a flurry of developments across the organisation that were linked by general themes such as ‘community involvement’ and ‘local responsiveness’. The regionalisation that had been experimented with in Auckland in 1978 was extended around the country, with administrative functions dispersed as a means of managing a large and complex organisation and enabling planning for the unique requirements of particular areas. This occurred in combination with a delegation of authority that was intended to combat an overly hierarchical bureaucracy and make lower-level staff more accountable for their decisions. Processes of ‘decentralisation’ occurred in tandem with mechanisms for ‘devolution’, which transferred control from the state to community groups and organisations. In addition, ‘de-institutionalisation’, which aimed to give individuals, families and communities more control over their own circumstances, intersected with a desire for ‘community development’ which attempted to strengthen communities and reduce the need for remedial casework.
8. From administration to management, 1987–91

Organisational change

‘By the end of 1987’, one former staff member writes, ‘the parallel planning processes, increased numbers of participants, and the loss of a number of staff who carried the traditions of the organisation’ had created ‘a situation reminiscent of the Tower of Babel’.

Controversy and debate over almost every aspect of policy and services in a large organisation with dispersed accountability and complex functions had thrown the Department into relative disarray. Between 1987 and 1991, its central administration began to reassert control of an agency that had been progressively devolved, decentralised, and dispersed. While this was partly a result of further restructuring, it was also achieved by applying methods of public management that were being steadily implemented across the state sector. This was encouraged by the appointment in late 1987 of a new Minister of Social Welfare, Michael Cullen, whose term was to be distinguished by a new emphasis on ‘resource management’.

Concerns about the accountability, effectiveness, and efficiency of the state sector had been growing since the late 1970s as public expenditure became an increasing proportion of GDP. These concerns were clearly articulated in Treasury’s 1984 briefing to the incoming Labour government, *Economic Management*, which argued that the structures of public agencies should be reorganised to allow them to implement systems that could ‘perform broadly the same role for the public service as the price system does in the private sector’.


In its July 1987 Budget, the government announced a Ministerial Administrative Review of the Department of Social Welfare, alongside similar reviews of Health, Education, Defence, and Housing. The review committee’s report, ‘Performance and Efficiency in the Department of Social Welfare’, was released in December 1987. Its authors clearly subscribed to many of the principles underpinning Treasury’s recommendations. The report argued that the Department was ‘staffed by committed, competent people at all levels but limited by a variable management capacity and by structural constraints mainly imposed from the outside’. It recommended that the Department apply a range of measures to ‘strengthen management practices and systems’, ‘promote efficient service delivery’ and enable more effective control of the organisation:

The Department, like many other public service departments, has been staffed by administrators rather than managers. This is changing but there is a legacy of centralised, bureaucratic control emanating from the State Services Commission. We believe that a participatory ‘team’ approach with decentralised decision-making is more likely to create the management philosophy we consider appropriate for the Department.
While the review supported the decentralisation and delegation process of 1986–7, it argued that this should be implemented alongside ‘clear performance expectations and measures of accountability’. Arguing that efficiency was ‘promoted by clear accountability requirements’, the review expressed reservations about the fragmentation of accountability that had occurred over the previous few years and urged the Department to reassert control over its internal operations through the monitoring of performance.

During its second term, the government passed two mutually reinforcing pieces of legislation. The State Sector Act 1988 and the Public Finance Act 1989 amounted to a revolution in public management in New Zealand. The State Sector Act made fundamental changes to the management of industrial relations. Chief executives became employers with responsibility for pay-fixing, conditions of employment and other personnel functions. The Public Finance Act reshaped the financing of public agencies. Chief executives were made responsible for financial management and given freedom to control their organisation’s ‘inputs’ (resources such as labour and materials). Ministers were to select the outputs (goods and services) to be produced under specified conditions (quantity, quality, price, timing) to achieve specified outcomes (a wider social or economic impact). Rather than cash accounting, which records when money is received or paid and accounts for capital assets in the year in which they were purchased, public agencies were to adopt accrual accounting, which matches resources used with services provided and spreads the cost of capital assets over their lifetime. The two acts aimed to provide ‘freedom to manage’ by giving managers greater control over inputs, while introducing measures to increase their accountability for ‘outputs’. In combination, they introduced an alternative to procedural bureaucracy: ‘managing for process’ through rules, regulations, and supervision was replaced by ‘managing for results’.

This change of focus meant that the Department had to employ accountants, implement a new stand-alone Financial and Management Information System for accrual accounting (known by its acronym, FAMIS), and develop defined and costed ‘outputs’ and performance measures. The state sector reforms gave further impetus to the development of information systems, both to improve efficiency and to provide a standard means of measuring
performance. The scale of these projects was massive and progress on their implementation was slow.

Meanwhile, the Department had difficulty measuring performance and the costs of its newly defined outputs. In 1989 an independent audit of the Department’s ‘internal control environment’ found that decentralisation had been introduced without appropriate control mechanisms. The monitoring role of regional offices was ‘effectively non-existent’, while the quality of control in district offices was at the mercy of local environmental pressures and the attributes and attitudes of the director. A performance review by the State Services Commission in 1990 also noted the absence of consistent national standards for performance and found it ‘difficult to see what district results could be monitored against, either by the region or by Head Office’. The Department was yet to implement a performance system which linked information to accountability and action, and had not yet found the ‘correct balance’ between ‘authority to act and proper accountability for the results’.

In 1990 Assistant Director-General Alan Nixon conducted a review of the structure that found several ‘negative and worrying’ features of regionalisation, mostly related to the management of resources. Whereas the original plan had proposed a single office in each of the six regions, by 1990, there were offices in nineteen different locations, several of them ‘up-market and expensive inner city properties’. The Central North region had built two regional offices in Cambridge — one of which remained vacant at an annual cost of $65,000 — and had also leased an expensive property in Hamilton to accommodate training staff. South and West Auckland also had two regional offices, while Central North and Northern both had warehouses for the storage of records, excess furniture, office equipment, and other supplies. Across the regions, Nixon noted 89 cars and about 50 percent more staff than had been anticipated in 1985. Members of the Social Welfare Commission had come to term the regional offices ‘little “fiefdoms”’; as ‘entities separate and autonomous from Head Office’, they were ‘interfering with or blocking district functioning in various ways’. The Department redesignated the six regions as four Operational Area Offices — Northern, Central (West), Central (East), and Southern — that were to function as ‘regionally-based outposts’ of head office.

In 1991 the ‘dual accountability’ committee mechanisms resulting from Puao-te-Atatu were also disestablished. Like other organisational elements introduced between 1984 and 1987, they did not sit easily within the legislative framework of the state sector’s new emphasis on efficiency and the transparent monitoring of outputs. The 1987 Administrative Review had noted ‘reservations’ about the committee structure, and argued for a return to a single line of accountability (to the Minister) and an emphasis on consultation with, rather than accountability to, community representatives. In April 1990, the Social Welfare Commission was restructured. The Minister of Social Welfare replaced the Director-General as the ‘presiding member’, and other DSW senior executives were no longer members. The Commission’s role was more clearly defined as advisory; District Executive Committees, Area Welfare Executive Committees, and Residence Management Committees were to act as its ‘eyes and ears’. A year later, all the committees were abolished altogether. The Director-General declared that the Commission had been ‘unable to perform its functions adequately and it simply has not fulfilled expectations’, which was ‘not altogether surprising, giving the complexity of the policy area’.

Between 1987 and 1991, then, much of the structure implemented in the initial frenzy of restructuring was slowly rolled back. Most of the mechanisms which had devolved authority
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and decision-making to community representatives were removed, and the role of head office was reasserted. This is not to say that head office resumed the monitoring of decision-making in individual cases, but rather that it expanded its management of resources and monitoring of performance. In each area in which it provided services, the Department adopted a new emphasis on ‘efficiency’ and ‘accountability’.

Income maintenance

The restructuring of the Department in the 1980s marked a deliberate effort to delegate authority to the lowest possible levels, to move away from a ‘detailed system of head office control’ to ‘decentralised decision-making’. The Benefits and Pensions Division reduced procedural bureaucracy by delegating more authority to staff involved in the processing of benefits. It began to experiment with more personalised approaches which moved beyond the assessment of eligibility to receive a benefit. With the formation of the Department of Social Welfare in 1972, Benefits and Pensions had transferred its role in casework to the Social Work Division; a decade and a half later, the Division began to explore ways to once more link the benefit system with other social services.

In an attempt to address dissatisfaction with increasing workloads and traditional work methods, the Department piloted ‘Responsibility Based Processing’ in Nelson and Tauranga in February 1986. This method of processing benefits ‘flattened the hierarchy pyramid’ in offices; a single staff member was responsible for the entire application and review process, handling all queries, making decisions, and undertaking any follow-up work. The system underlined the importance of initial training and the close supervision of new and inexperienced staff. Decision-making and interaction with the public was restricted to more experienced staff, and routine monitoring was replaced by random checks of a small sample of cases. After an evaluation showed improved consumer satisfaction, staff morale, and efficiency, the system was extended to all district offices in 1987.

The Department also shifted away from its previous approach to fraud, which had been primarily handled through supervision and the checking of processes. In 1986 a Ministerial Review into Benefit Fraud and Abuse argued that existing procedural controls were ineffective, and that the Department’s poor record of service caused resentment, made beneficiaries reluctant to disclose information, and encouraged fraud and abuse. It suggested that one of the most effective means to detect instances and patterns of fraud and abuse would be to have a community presence. In June 1987, the government approved a Benefit Payment Control programme under which the Department established units in ten ‘high-risk’ district offices to investigate allegations, initiate prosecutions and carry out ‘protection programmes’ based on knowledge of local patterns. Ten more units had been established by the end of 1989. As well as their role in detection, they also deterred fraud and abuse. This approach was seen as an ‘augmentation’ of responsibility-based processing, whereby a client (‘consumer’) and a staff member established ‘a one-to-one’ relationship which involved a shared understanding of ‘respective responsibilities and obligations’.

The introduction of more personalised service coincided with government concerns about the negative social and economic effects of long-term welfare receipt. Many submissions to the Task Force on Income Maintenance ‘did not see a clear distinction between [the] need for income maintenance and [the] need for other services — such as personal support and training’ and expressed concern ‘about the way in which the benefit system tends to promote
dependency rather than self-help'. The Department introduced initiatives to examine the circumstances of individuals with a view to ‘activating’ long-term beneficiaries. In Otahuhu, Manukau, and Henderson, the Benefit Payment Control Units piloted a ‘call-up’ programme in which long-term unemployment beneficiaries were required to attend an interview to discuss their efforts to obtain work. Follow-up actions included referrals to the Department of Labour, training programmes, and social services. In 1987 the Department piloted a ‘Stepping Out’ programme in Takapuna, Tauranga, and Wellington; information about the social services available to them, including local contacts for training and employment, was sent to long-term domestic purposes, widow’s, and unemployment beneficiaries. In Takapuna, two field workers were contracted to offer more direct assistance through personal visits.

When an evaluation found that Stepping Out had had little success in moving beneficiaries into employment, the pilot programme was discontinued. One reason for its failure was that it existed on the margins of an income support system designed to assess eligibility and make payments. A heavily procedural production-line way of working was not well-suited to individualised case management. ‘Activating’ unemployment beneficiaries continued to be seen as the responsibility of the Labour Department, while DSW focused on coping with the very large numbers of unemployed, rather than extending into new areas.

From 1987 New Zealand’s deteriorating economic situation once again begun to impact on the Department, as unemployment rose to its highest level since the Second World War. From 3.7 percent in 1986, registered unemployment rose to 5.1 percent in 1987, 6.3 percent...
in 1988 and 9.0 percent in 1989. As before, the Department faced a rapidly expanding workload at the same time as it was under pressure to reduce costs. Informed in 1988 that it faced a reduction in funding equivalent to 480 full-time staff, the Department reviewed its operational systems and removed or ‘streamlined’ a number of administrative and verification procedures that were deemed non-essential, including the requirement that applicants report periodically in order to maintain their registration. The complexity of the benefit system was seen as hampering efficient administration and confusing applicants as to their entitlements — as well as, it was argued, the ‘individual responsibility of adults to be financially independent’. On the recommendation of a 1989 Task Force on Income Maintenance Reform (which had a similar focus to the earlier Task Force on Income Maintenance), the government moved to simplify the structure of the benefit system. In his 1990 Budget speech, Minister of Finance David Caygill announced the government’s intention to merge the family benefit and Family Support into an ‘enhanced family benefit’, and replace the various categories of benefits for those of working age with a single ‘universal benefit’, from 1 April 1991. The universal benefit’s core rate of assistance would be supplemented by additional payments for dependent children and help with expenses for those living alone. The introduction of an ‘Incapacity Scheme’ in 1992 would resolve issues with sickness-related income maintenance, including its relationship with the accident compensation system.

With estimates of the additional resources required to implement the new scheme ‘clearly unacceptable’ to both the government and senior management, an Outputs Delivery Working Group reported in October 1990 on ways of increasing efficiency. It recommended a shift away from the notion that ‘outputs should be produced and delivered as close to the customer as possible’ towards ‘bigger, flatter, more efficient offices’. The incoming National government scrapped the planned benefit changes but still expected the Department to immediately find savings. A district office restructuring in early 1991 reduced the levels of responsibility from six to four and the number of district offices from 45 to 27, centralised some corporate functions, and disestablished 600 positions (primarily managers, supervisors and corporate services staff). In its report to Parliament for that year, the Department acknowledged that the restructuring had had a ‘marked impact’ on its staff; they ‘felt threatened and insecure’, which had ‘an associated affect on morale and productivity’. It declared that it had had little choice but to reduce overheads and examine its organisation in relation to the new state sector environment.

The main cause of inefficiency, however, remained the Department’s technology infrastructure, which continued to frustrate clients and staff alike. An independent review concluded in 1987 that the information systems were ‘fundamentally wrong in design and could not provide the levels of service required’. The manual entry of application forms in batches into a central computer system continued to cause delays, while changes to client details could take several weeks. ‘Back office’ staff often discovered errors, which had to be shown to front-line staff and followed up with clients; unnoticed overpayments were often unrecoverable. With separate databases for each benefit, accessing all the information relating to a client was difficult, particularly as the rudimentary ‘online enquiry system’ was slow, cumbersome, and often unavailable.

In December 1987, Cabinet approved one of the largest information technology projects in New Zealand history: the integration of information from the Department’s eight databases.
into a single system. The new ‘SWIFTT’ (Social Welfare Information for Tomorrow Today) system would provide staff with direct access to all client information through a single client record which could be updated instantaneously.37 Expected to cost $80 million over five years, the project would save the Department $22 million once fully implemented.38 Between 1988 and 1990, the Department trained nearly 4000 staff, ‘revamped’ its offices, and rebuilt and restructured its Information Technology Service Centre. The initial installation involved 4998 terminals, 1555 mini-computers and 880 printers at 120 locations.39

The project went beyond a simple upgrade of infrastructure: it involved a complete transformation of business processes and responsibilities. With information being entered into the system at the first point of contact, clients could leave with written confirmation of the decision made. With much less time before payments were received by banks, fewer special needs grants would be needed to tide applicants over.40 Direct access to their records also significantly improved the service received by clients. The automation of many of the processing procedures reduced administrative errors and the need for supervision and checking of work, and enabled greater reporting and monitoring of performance by management. The improved audit and security procedures were expected to reduce abuse and fraud.41

Initially intended to be introduced by November 1989, the SWIFTT project was itself restructured. It was implemented from August 1990, when the core elements of the system were rolled out for the family benefit, Family Support, and special benefits for non-beneficiaries.42 The system went ‘live’ on 11 November 1991 for all benefits other than National Superannuation, war veteran’s and overseas pensions.43 DSW aimed to use the implementation of SWIFTT as a catalyst for challenging conventional approaches to work, particularly the ‘batch processing’ or ‘production line’ mentality. A Working Party on Operational Work Procedures encouraged district offices to ‘realise that they now have much more room to determine their approach to working’:

[J]ust about everything we do and the way we organise our work units in districts is based around the design of the old separate benefit systems. Just consider our work units with names like ‘weekly’ or ‘four weekly’ and look at the way we have huge back-room production lines just so we can pass along a bit of paper for keying. And there has always been the separation of reception work from processing because of the delay which is part of the production line process … All of us could probably write a fairly long list of things about the way we work which are inherited from the design of the old computer systems.44

The implementation of SWIFTT opened up the opportunity for a fundamental transformation of the work of the Benefits and Pensions Division. This opportunity presented itself immediately prior to a major restructuring of the Department of Social Welfare in 1992 which ultimately laid the foundations for a turn towards case management several years later, and the full realisation of the approach first experimented with in ‘Stepping Out’.

Families and children (social work)

In May 1986, the Department’s Working Party on the Organisation of Social Work at the District Level noted that the issues of clarity of purpose and direction identified in the 1982 review of the Social Work Division had ‘intensified in the intervening years’; staff were ‘feeling increasingly undervalued’.45 Between 1987 and 1991, the Department implemented a range
of measures that were intended to provide a common direction for the Social Work Division. New staff were appointed to provide a shared conceptual and practical basis for social work that was underpinned by a bicultural approach to practice and a limitation of the direct role of the state in family affairs. The Department ended the decade with new — and in some ways radical — legislation which set out clear principles and direction for its work, but still faced considerable organisational problems in implementing the new approach.

The issues facing the Social Work Division were tragically demonstrated in 1987 when a two-year-old died while under the Department’s supervision. The report of an external inquiry ordered by the Director-General, ‘Dangerous Situations’, argued that the death could be partly attributed to ‘a system in disarray’:

*Its methods of child protection within Maori and Pacific Island families were being hotly debated by its own reviews, and in submissions on the CYP Bill. Uncertainty there was exacerbated by rapid change in the Department’s management structure, change which directly affected the Social Work Division. As a consequence of such debate and change, morale had suffered, in-house training programmes had flagged, many staff had left, vacant posts were difficult to fill, and the essential monitoring of front-line decisions had become cursory.*

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**FAMILY VIOLENCE**

Police traditionally attempted to adopt the position of mediator in domestic disputes, treating incidents as private matters and if possible avoiding making arrests.¹ In 1982 the Domestic Protection Act moved family violence ‘midway along the private–public continuum’, making it ‘primarily a matter of official concern within the confines of a private, conciliation-based, Family Court, with the possibility of a prosecution for serious offences’.² The Act introduced ‘non-molestation’ and ‘non-violence orders’, and allowed police to detain someone who breached a non-violence order for a 24-hour ‘cooling down period’.³ A number of groups became concerned that Family Court judges continued to give priority to maintaining the family unit, viewing violence as a relationship problem to be remedied through counselling. Police classified most incidents of family violence as domestic disputes that were a ‘nuisance’ rather than part of their job, and gave them a low priority.⁴

In 1985 the Police and the National Collective of Independent Women’s Refuges jointly organised a conference to discuss ways of co-ordinating their approach to domestic violence. Police psychologist Sergeant Greg Ford discussed the findings of the Minneapolis Domestic Violence Experiment, which had found that a policy of mandatory arrest acted as a deterrent to future violence. In 1986 Ford was authorised to conduct a research project on the Police’s approach in Hamilton, where officers were instructed to make arrests in all cases of domestic assault unless there was good reason not to.⁵ In 1987 a Ministerial Committee of Enquiry into Violence recommended that the Police adopt Ford’s recommendations and treat domestic violence as a crime, on the grounds that regarding it as a private matter legitimated violent behaviour. From 1987 the Police adopted a ‘pro-arrest’ Domestic Dispute Policy: where there was sufficient
Arguing that this situation had led to every social worker operating ‘under high stress’, ‘Dangerous Situations’ noted the irony in the fact that this had been partly caused by the Department’s attempt to gear itself to just such problems as were presented by the family involved, which was of mixed ethnicity. The need for a more culturally appropriate service, the report argued, had been ‘accepted but without any follow through’, resulting in an ‘atmosphere of paralysis’ amongst staff. It found a ‘causal web’ linking ‘inappropriate front-line decisions with inadequate monitoring, shortfalls in staff levels, a lack of training programmes, a lack of confidence by groups or agencies to challenge DSW decisions on whether abuse was occurring …’.

The review underlined the urgency of the need for those in the Department to resolve their internal disagreements. Minister of Social Welfare Cullen announced additional funding for child abuse prevention, and the Department accepted most of the recommendations of the ‘Dangerous Situations’ inquiry. It agreed to incorporate the slogan, ‘The child must be made safe, now’, in all training and manuals, as part of a process of ‘widening the perceptions and analysis of a child abuse situation beyond any exclusive concern with the abusing parent or guardian’ towards the dynamics of the family situation.
This emphasis cut across the recommendations of a working party established to resolve the long-standing issues in the Children and Young Persons legislation, which had reported a few months earlier, in December 1987. This had found that child protection teams should be limited to an advisory capacity, and that voluntary reporting and public education should replace requirements for mandatory reporting. It argued that the contentious ‘paramountcy principle’, which asserted that the welfare of the child should be ‘the first and paramount consideration’, was insensitive to Māori and Pacific Island conceptions of family well-being. It concluded that maintaining family and whānau should be the primary consideration, with other solutions explored only when those groups were unable to guarantee the well-being of their members.48

In January 1988, National Director (Youth and Employment) Mike Doolan’s report on a three-month study tour to the United Kingdom and North America challenged both policymakers and practitioners to develop a new approach towards young offenders. Doolan argued that past responses to offending had been firmly rooted in a ‘welfare tradition’ which viewed it as ‘a cry for help, a symptom of family disorganisation or even pathology’. No distinction had been made in practice, he argued, between those who offended and those in need of care, protection and control. This approach had a tendency to ‘net-widen’ by using offending behaviour as a route to tackling the wider problems of a family, bringing more people into contact with the system. Yet most young people ceased offending after reaching adulthood, and prosecution often had harmful effects, even increasing chances of reoffending. Doolan therefore recommended the creation of a distinct youth justice service that would minimise prosecution and control the negative effects of professional intervention. ‘Maori disenchantment with our current systems is, I believe, related to their feelings of powerlessness within them — they have no ownership over the processes involved’. As an alternative to the proposed ‘Family Assistance Panels’, he proposed ‘whanau/family conferences’ in which whānau would be ‘more directly involved’; these would have ‘the power and resources to achieve … a diversion from Court Prosecution’.49

In November 1989, the passage of the Children, Young Persons, and Their Families Act signalled significant changes in both objectives and procedures. The new Act aimed to promote the well-being of children, young persons and their families ‘in ways which were culturally appropriate, accessible and community-based, and which enabled parents and family groups to take charge of their child protection roles’. The Act made a distinction between ‘care and protection’ and ‘youth justice’, and established general principles for each which acknowledged the rights and responsibilities of families.50 Issues in both areas were to be dealt with through the ‘family group conference’, a proceeding which was established as the setting for family decision-making. Generally, conferences involved professionals presenting the ‘official information’ to the family, then leaving the group alone to discuss the situation before returning to help develop a plan and a resolution.51 ‘The Act reduced the “executive role” of professional workers, who were to operate primarily as a “resource to the family”.’52 Only matters not resolved by the conference could be referred to the Family Court or, in the case of youth offending, a new Youth Court.53

The Act also allowed the Department to fund a substantial ‘alternative stream’ of community services, independent of its own services for children and young people.54 Funding previously available only for services for children and young people who had come ‘into the care and custody’ of the Department was now to be made available for plans and objectives
Involving ‘out of care or custody’ alternatives. ‘Community groups now took the predominant role in supervision, with social workers or co-ordinators monitoring progress on the plans drawn up by the family group conferences’. The Act also extended direct responsibility for children beyond parents to the wider whānau or family group, and enabled ‘guardianship’ to be held by an iwi or cultural authority, or (to a more limited extent) by voluntary agencies. The emphasis in the Department’s practice shifted from state care to investigation, assessment and review. In some ways, the Act reduced the function of the social worker to ‘assistant, facilitator, or co-ordinator’, and restricted the Department to ‘an enabling role, and perhaps confined it even further as a referral agency or service purchaser’.

The Act dealt the final blow to the Department’s use of residential care, which had already been reduced significantly. Between 1987 and 1990, the Department had rationalised its provision of institutions for adolescents, closing five of the fourteen remaining homes and redirecting resources to community-based alternatives. Only a third of the national bed capacity was in use during 1989, and following the passage of the Children, Young Persons, and Their Families Act, the use of residential care facilities dropped further. Mike Doolan recalled that the institutions ‘were empty…. People stopped sending kids to these places.’ In 1990 after a further internal review concluded that only four residences were required to meet demand, another five residences were closed: Owairaka (Auckland), Dey Street and Mount View Road (Hamilton), Kohitere (Levin), and Lookout Point (Dunedin). From that point, only one residence remained in each of the major centres: Weymouth (Auckland), Epuni (Lower Hutt), Kingslea (Christchurch) and Elliott Street (Dunedin). Altogether, they provided just 83 beds. For Doolan, the events of 1990 ‘signalled the end of the institutional history of the organisation’.

According to John Angus, then a National Director within the Department’s Programmes and Services Division, the shift of former residential social workers into field positions exacerbated shortfalls in staff knowledge and skills. To monitor performance, the Chief Social Worker’s Social Work Development Plan proposed a combination of internal controls, audit procedures, a ‘quality assurance framework’, and local and national reports that were expected to be generated by the new Children, Young Persons and Their Families Information System (CYPFIS). While districts were given the expectation that CYPFIS would be delivered by the time the new Act came into effect in 1989, the Department prioritised the implementation of FAMIS and SWIFTT, and CYPFIS did not go live until November 1991.

In its report to Parliament in 1991, after the first year of operation under the new Act, the Department indicated ‘strong support’ for the principles of the legislation and ‘general support’ for how they were being implemented, but ‘some concerns about the extent to which the Department has been able to meet the standards it would wish in its practice.’ An independent review of the Act a year later was more direct:

It is distressing to report that of the numerous written and oral submissions presented to us, we cannot recall one which did not contain some adverse comment about the Department’s inadequacies … the overwhelming evidence pointed clearly towards a dangerous level of incompetence amongst many social workers.

An earlier review of the 1989 Act’s first year of operation had also found significant problems with the Department’s purchase of community services. ‘If community services teams existed at all before the Act, it was an ad hoc collection of employment related social workers,
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budget liaison workers, Maatua Whangai Mokai, childcare social workers, and (sometimes) community development workers. ‘Now’, the review continued, the Act:

requires community service workers to occupy a central position: they liaise between the Department and the community service agencies, establishing which services need to be purchased, mediating competing claims, and reviewing the standards of services purchased. … The carrying out of these requirements has not gone smoothly over the past year, and has created tension and disharmony between the Department and community service agencies on a number of occasions.⁶⁸

Community services

Until 1987, decision-making about the funding of community services continued to be based primarily at head office, administered by staff who had built up close relationships with voluntary organisations with whom they had worked for some time.⁶⁹ While some funding was provided for specific programmes, a considerable amount was delivered as ‘agency grants’, lump sum payments that organisations could largely use as they saw fit.⁷⁰ The Department’s increasing support for, and reliance on, community-provided services led to calls for greater effectiveness and accountability. Total subsidies to voluntary welfare agencies rose from just over $600,000 in 1972 to $20.4 million in 1984 and $32.3 million in 1986.⁷¹ The size and variety of the transfers meant that the Department could no longer rely on informal arrangements based on ‘personal knowledge and trust’.⁷²

Between 1987 and 1991, decision-making on the funding of community services was delegated from head office to the districts, which purchased services through contracts that were awarded on a competitive basis. This shift began with the release of two major reports on social welfare, both of which supported the indirect provision of services.

In July 1987, the Ministerial Task Force on Social Welfare Services expressed concern with the ‘multiplicity’ of funding programmes; the Department’s 38 different programmes required urgent ‘rationalisation’. Noting the general trend for local control of funding to ‘meet local needs and aspirations’ and ‘facilitate community development’, the Task Force argued that there was a strong case for decision-making to be located ‘as close as possible to the people to be serviced, and to have decisions on needed services made by people who know the area and who are known and accountable’. It recommended that the government distinguish between ‘essential’ services, which should have ‘the first claim on resources’, and ‘discretionary’ services: self-help, community development, and preventive activities which should be funded jointly by central government, local authorities, individual fees, and voluntary donations. It recommended a ‘two-tiered’ model: nationally targeted funding for essential services, and discretionary funding which could be decided locally, with some devolution of decision-making to local committees.⁷³

The two-tiered model was supported by the Administrative Review Committee, whose report, released in December 1987, argued that recent moves towards the indirect provision of services should be extended, with the roles of the government and non-government sectors defined as ‘funder and provider respectively’. For this purpose, the Department should reconfigure its district activities towards a ‘community services model’. ‘What is needed’, the committee argued, was a ‘steady reorientation of resources towards a community services model staffed with people who have the appropriate skills, rather than the large social work
operation that exists at present.’ This model would ‘complement a personal and family services operation dealing essentially with protection and other statutory tasks’.74

Between 1987 and 1989, the Department established in all 33 district offices Community Services Units that were responsible for the co-ordination of local community services, and had some responsibility for funding decisions. This was the beginning of a lengthy process of delegating existing community grant programmes which immediately encountered some problems.75 Many funding programmes had been designed for centralised administration, and many of the voluntary agencies which had a tradition of working with the department at the national level expressed anxiety about their future financing. In addition, the administration of many small targeted programmes was a challenge for district offices.

The Community Services Units operated alongside the new District Executive Committees, which also assumed a role in funding in 1988 through a ‘Community Welfare Initiatives Programme’ for small-scale community initiatives. With the COGS committees and the Department of Internal Affairs’ Lottery Committees also operating as local funding bodies, DSW became concerned at the ‘potential for overlap, duplication of costs, and for community groups [to] play … one committee against the other’.76

While the COGS committees were expected to operate under guidelines, Ministers were apprehensive about the sharing of control with community decision-makers, particularly once the scheme attracted public criticism and controversy. Opposition Members of Parliament publicised reports of grants to controversial community groups such as gangs, and Minister Cullen found himself in the uncomfortable position of defending individual grants over which he had had no direct control. In one case, newspapers reported that a local gang member who was on a local distribution committee had, despite being imprisoned for fraud, remained ‘responsible for distributing hundreds of thousands of taxpayer’s dollars’. The Controller and Auditor-General advised the Department that there was no legislative provision for removing the committee member from the role.77

The commitment to decentralisation, devolution and sharing control of resources was also difficult to reconcile with the push for accountability and transparent outputs.78 With the new Public Finance Act requiring the Department to monitor performance against outputs, its primary method of funding organisations increasingly shifted from grants to ‘purchase of service’ contracts. This placed unprecedented demands on district offices in relation to monitoring and reporting. They were required to report on all funds disbursed; for their part, at the end of each financial year community organisations were to provide district offices with information about their monitoring, the impact on young people of the services they provided, feedback from the community, and financial statements.

The requirement under the Children, Young Persons, and Their Families Act that district offices purchase services indirectly significantly increased the range and complexity of their tasks. District offices now assessed programme criteria against funding needs and priorities, allocated funding, and negotiated, monitored and evaluated contracts. This required procedures for formal approval and assessment, the ability to negotiate contracts and assess needs, and liaison with (and approval from) District Executive Committees. Under the new Act, community service workers occupied ‘a central position: they liaise between the department [and] the community service agencies, establishing which services need to be purchased, mediating competing claims, and reviewing the standards of services purchased’.79
In March 1989, the Minister suspended any further plans for decentralisation, concerned that it was ‘an ad-hoc process, that its objectives were unclear, and that District Offices had not been prepared for it’. He requested a review of the Department’s philosophy on community resourcing and the most appropriate means of merging small programmes with similar objectives. Reporting in August 1989, the review team proposed a range of changes to make programmes easier to administer and enable greater local input into decision-making. It recommended that an ‘integrated programme for children, young persons, and their families’ be established for decentralisation to departmental district offices, but with national priorities. A second strand of funding, relating to disability and rehabilitation, should be retained at a central level in the short term, while a third strand should enable devolved funding to the community (though the review recommended discussion with the Department of Internal Affairs and the Lottery Board to ‘optimise the use of devolved funding for social services’).

Following this review, the Ministers of Health and Social Welfare announced that the Department of Health would assume responsibility for services to older people and those with mental health issues, while the Department of Social Welfare would have responsibility for funding and co-ordinating services relating to physical and intellectual disability. The District Executive Committees would no longer allocate funds but retain an advisory and monitoring role; the COGS scheme would be transferred to the Department of Internal Affairs. Responsibility for funding the Department’s Family Services programme, which had grown rapidly, was retained at head office, as was the funding of other key programmes, such as Women’s Refuge. A number of smaller funds targeted at disadvantaged young people were rationalised into a single funding programme for which decision-making was delegated to district offices.

The Department described the shift to the provision of funding on the basis of specified contracts as ‘an attempt to develop a fairer, more open and culturally appropriate means of reaching and expressing funding agreements’. Initially, contracts were ‘mutually negotiated’ and the Department focused on general principles and clarity around roles and responsibilities. A 1991 Circular Memorandum confirmed that all funding had to be issued under contract and spelled out what level of detail was appropriate for each funding type.

The Department’s contracting soon developed a harder edge. Encouraged by arguments (particularly from Treasury) that competitive markets were the best way to ensure efficiency and quality, the Department increasingly purchased services (‘outputs’) from the voluntary sector on a contestable basis, a significant move away from the previous approach of providing grants towards operating expenses as a form of general support for particular community groups or organisations. In its 1991 statement of policy on social assistance, ‘Welfare that Works’, the government announced a new emphasis on ‘accountability’ and ‘competition’, with an expectation that funding would be withdrawn from providers that failed to meet standards. It was argued that this hard-nosed approach would offer ‘greater personal choice to users’, with services ‘tailored to meet their specific needs’.

The New Zealand Council of Christian Social Services described this shift as a ‘sudden swing from benign neglect to shaking the voluntary sector by the neck’. The evolution of the Department’s relationship with the voluntary sector was clearly set out in a May 1991 Circular Memorandum which stated that it was not to fund any general developmental work not ‘directly related to an output or service development task required by government’. The Department’s role in ‘liaison and coordination’ was now only to ‘enhance working
relationships’ — and only in ways that made ‘a direct contribution to the department’s outputs’. The function set out in the Department of Social Welfare Act 1971 — to encourage ‘cooperation and coordination’ amongst agencies engaged in social welfare activities — was not replicated in later legislation.\(^8^9\)

## Conclusion

The Department of Social Welfare that had emerged by the 1990s was a very different organisation from that which had been envisioned by the National Development Conference in the late 1960s. On the organisational level, a number of reforms radically reformulated the way in which social services were delivered. In the broadest terms, welfare administration underwent a transition from ‘administration’ to ‘management’. The Department shifted steadily from a highly centralised bureaucracy based on a combination of rules, personal surveillance and head office instruction to a system of delegated responsibility managed through the measurement of performance and ‘outputs’. This occurred in tandem with significant change in the nature of the welfare services provided. The social security system changed from a relatively impersonal means of assistance, primarily to families, to more targeted and personalised assistance to individuals, particularly the unemployed and domestic purposes beneficiaries. Whereas in the post-war period the Child Welfare Division had had a more controlling role in family affairs, from 1972 the role of the social worker had shrunk to that of mediator or facilitator. As the Department adapted to a more limited jurisdiction, the voluntary sector expanded significantly, evolving from a supplement to state activity to a ‘provider’ from which the state ‘purchased’ services.
PART IV

While there had been major changes to the social, economic and political landscape over the previous two decades, New Zealand began the 1990s with the same basic system of social security that had been introduced in the late 1930s. The fourth Labour government had begun developing a ‘universal benefit’ system to replace the long-standing categorical system, before losing the 1990 general election. Instead, policy and administrative changes initiated by the new National government significantly changed the character of the welfare state in New Zealand. This process began in late 1990, when the new government announced a complete overhaul of industrial relations and significant cuts to most forms of income support. Shortly afterwards, a package of reforms reconceived access to social services such as housing, health and tertiary education. These changes occurred alongside a comprehensive restructuring of one of the welfare state’s central agencies, the Department of Social Welfare, in the spirit of the state sector reforms. These changes to both policy and delivery mechanisms redefined the relationship between the state and its citizens.

The background to these reforms was both the change of government and a significant deterioration in its fiscal position. Between 1987 and 1990, real GDP fell by an average of 0.3 percent per year and unemployment soared to 10 percent of the workforce. Between the Labour government’s pre-election Budget in 1990 and the general election in November, Treasury had revised its assessment of the government’s books. Taking into account the deepening recession and recent government spending, its post-election briefing papers described an ‘alarming’ fiscal situation. More contentiously, Treasury attributed much of this deterioration to domestic economic and social policy: the reform of labour policy and regulations, it argued, had lacked the ‘impetus’ of other policy areas and the growth of unemployment had been ‘aggravated’ by the structure of the benefit system. In particular, it worried about the ‘welfare trap’ created by the close proximity between benefit levels and the lowest wages, and the ‘poverty trap’ created by high effective marginal tax rates, which discouraged beneficiaries from pursuing earned income — beneficiaries faced ‘little incentive to reduce their dependence on the state’.

The new government announced the first stage of its response in its ‘Economic and Social Initiative’ of December 1990, framed as the first step in a plan to ‘translate into action the mandate it received to redesign the welfare state’. Finance Minister Ruth Richardson announced that most fundamental changes to industrial relations since the 1890s. Major cuts to entitlements in most benefit categories reduced the income of most beneficiaries by around 10 percent; some lost nearly 25 percent. The new level was set in relation to an ‘income adequacy standard’ developed by Treasury which was based on estimates of minimum requirements for food and living expenses. This use of an absolute standard of adequacy departed from the principle of relativity which had guided government policy since the 1972 Royal Commission on Social Security. As social researcher Ross Mackay points out:
Until the benefit cuts, and despite the atrophy of the linkage with wages and thus with community living standards, the phrase ‘participation and belonging’ had continued to be invoked as the aim (or, more latterly at least, the aspiration) of the social security system. If the principle of ‘participation and belonging’ was dying the death of a thousand cuts as price inflation fell behind wage growth, the benefit cuts of 1991 killed it outright in one fell swoop.5

The new government did not stop there. Interdepartmental working parties were appointed to review other forms of social assistance, including accident compensation, housing, health, and tertiary education. These reviews started from the proposition that ‘the top third of all income earners could be expected to meet the costs of most of their services’.6 Their results were announced in what came to be known as ‘the Mother of all Budgets’ in July 1991. Changes to superannuation, benefits and social services were underpinned by the shift away from social assistance on a universal basis to a system of support targeted towards those on lower incomes. Superannuation became means-tested, and the age of eligibility was to steadily increase over the coming decade. All financial assistance with housing was to be provided through an accommodation supplement delivered by the Department of Social Welfare. A new ‘user-pays’ regime of charges for primary and secondary health care would be introduced, with government assistance determined by income category. Parental income would be assessed to determine tertiary students’ eligibility for allowances; a new loans scheme would enable students to borrow to cover their fees, course costs, and living expenses.7

A shift from universal to targeted social assistance had begun much earlier, and gathered strength under the fourth Labour government, but it had not hitherto been embraced with such vigour. The most remarkable feature of the reforms was a willingness to return to first principles.8 In a supplementary paper to the Budget, ‘Social Assistance: Welfare that Works’, the government declared ‘a change in the extent of the state’s responsibility and its role as a provider of social services’, and a ‘major shift in perspective on social welfare’:

The state will continue to provide a safety net — a modest standard below which people will not be allowed to fall provided they are prepared to help themselves … [T]he state will assist those
who genuinely cannot afford all or some of the cost of the provision of those services and, in return, will expect the better off in the community to meet their own costs and contribute to the costs of those less fortunate.

This new emphasis on personal responsibility was to dominate government welfare policy in the 1990s. Stressing the importance of ‘consumer choice’ in social assistance, ‘Welfare that Works’ signalled the withdrawal of direct provision of services in many areas, and a move away from the view that shared public services were a basis for common citizenship.9

The government envisioned the policy changes announced in mid-1991 as a step towards an integrated targeting regime, a system of abatement through which assistance was progressively withdrawn as income rose, beginning with benefits and Family Support, then health premiums, followed by student allowances.10 It announced that the Department of Social Welfare would become ‘a one stop shop for all people on low and middle incomes’; it would deliver the accommodation supplement, the proposed ‘Kiwi Card’ for the health system, and, eventually, the proposed ‘integrated targeting system’.11 In the long term, the Department would administer an even broader and more complex system than social security to a wider range of people on low incomes — in effect, the residue of the welfare state.

There was one significant obstacle to the Department of Social Welfare fulfilling this enhanced role: the government had a low opinion of it. The new Minister of Social Welfare, Jenny Shipley, described herself as ‘stunned’ at the Department’s financial management, and ‘dismayed’ at the attitude and performance of the staff of an agency which she viewed as ‘unclear about its purpose, and unable to meet the needs of New Zealanders in a responsive way’.12 As the same time as the Department was expected to improve its efficiency and contain (and even reduce) its costs, its staff were also required to administer a considerably more complex system, exercise greater discretion, and extract more personal information from clients, many of whom would resent being placed in reduced circumstances.

The government signalled its intentions for major organisational change, and in early 1991 a new Director-General of Social Welfare was appointed. Andy Kirkland had overseen the conversion of the Forestry Service into the Forestry Corporation and was an enthusiastic advocate for commercial efficiency and tighter managerial control.13 In July 1991, Shipley invited him to review the Department’s organisation and structure.

Kirkland drew together a small team of experienced staff with intimate knowledge of the Department’s problems. After an open consultation process which brought together a range of views, they circulated a preliminary design for discussion with staff across the country. When the proposal was finalised and presented to the government in October 1991, the review team argued that the Department’s many and varied problems could be attributed to two primary areas of deficiency: a lack of systems at all levels for forecasting, budgeting and reporting; and a lack of ‘appropriate and clearly defined organisational structures through which accountability and management control can be exercised’. According to the review team, these issues created specific problems across the Department: Benefits and Pensions suffered from inconsistent decision-making, high rates of error and abuse, and unstable staffing; Social Work’s lack of measures for monitoring the quality of work at the front line occasionally resulted in inappropriate casework and placement decisions. The Department’s decentralised approach to the funding of community services not only meant duplication of resource and effort, but also led to inconsistent treatment of groups, and in some instances, the ‘capture’ of funding by particular organisations. To ensure ‘value for money’, the review
team argued, the Department needed more detailed contracts and greater scrutiny of the performance of organisations in some fields of activity.¹⁴

To address these issues, the review recommended the creation of three discrete businesses, each headed by a General Manager, to deliver services to the public. A New Zealand Income Support Service would deliver benefits and pensions through a network of 35 branch offices;
Managing for outputs

its four Regional Managers would report to a General Manager who would be supported by a small head office. A New Zealand Children and Young Persons Service would deliver child protection and youth justice services under the 1989 Act through a similar structure, although some offices would specialise in either care and protection or youth justice where staffing levels allowed. A Community Services Funding Agency would fund community and voluntary agencies, including those funded under the 1989 Act, through a more centralised structure, with one or two ‘national processing centres’ supported by ‘outpost teams’ liaising directly with communities. This business unit approach, inspired by the structure of the state-owned enterprises, was intended to encourage a focus on efficiency and cost-effectiveness within defined standards for service delivery.¹⁵

To enable such an approach, the operation and management of these units was to be relatively self-contained: a small corporate office would help the Director-General put the new structure and reporting systems in place, but financial management and human resources would be progressively decentralised. Information technology services would be centralised in an Information Technology Services Bureau which would bring together the individual divisions set up to manage the swiftt and cypfis information technology projects, and from which the other ‘businesses’ would purchase services.¹⁶ Business units were to focus on policy implementation and would not be involved in the development of policy advice, which was to be the domain of a separate Social Welfare Policy Unit. To meet his contractual obligations to the government, the Chief Executive would sub-contract with each business for the delivery of outputs within specific parameters for performance.¹⁷

The restructuring was intended to provide clear lines of accountability and a ‘clear management focus on the application of resources to closely related outputs’. By removing the ambiguity of responsibility for major functions, the reorganisation aimed to cure once and for all the perceived problems of inefficiency by allowing each area to focus on its core business. This focus was facilitated further by the transfer of peripheral functions: the 1991 Child Support Act replaced the Liable Parent Contribution Scheme with a new maintenance collection system administered by the Inland Revenue Department; and in August 1992 the government announced that it would transfer state-subsidised disability support services to the newly formed regional health authorities, with dsw supporting people with disabilities only through income support payments. The restructuring was seen as the first step of a possible transition: Treasury recommended that once the Department had ‘bedded down’ its policy changes, a second review should consider the establishment of separate agencies for income support, children and young persons, and policy.¹⁸

The resulting 1992 restructuring of the Department of Social Welfare embodied the principles of the state sector reforms, which distinguished between managerial accountability for outputs and political accountability for outcomes, and emphasised operational efficiency and accountability. The Department was comprehensively reconfigured. Two decades earlier it had been conceived as providing all New Zealanders with a broad range of intersecting welfare services underpinned by centralised planning. Now its three discrete units were to deliver — as cheaply as possible — a modest safety net of essential services to only the most disadvantaged.
BENEFIT AND WELFARE REFORM, 1990–93

The welfare reforms of the early 1990s occurred in four stages:¹

- The fourth Labour government’s 1990 Budget: a two-week stand-down period for all benefits; qualifying age for the unemployment benefit raised from 16 to 18; reduced eligibility for and expenditure on special benefits and special needs grants.²
- Supplementary paper to the July 1991 Budget, ‘Social Assistance: Welfare that Works’: further changes to benefit criteria and superannuation; greater targeting in other areas of social assistance, including health, tertiary education and housing.
- ‘Welfare that Works’ outlined intentions to integrate the targeting measures for health, tertiary education and social security into a system based around the finances of the ‘core family’. Many changes were carried out on an ad hoc basis, while others were found to be unworkable: a number of Budget announcements were reversed and the Integrated Targeting Regime never eventuated.

**Family benefit and Family Support**

National abolished the universal family benefit but reallocated nearly half the funds saved to the means-tested Family Support, which was increased by $6 per week for each dependent child of beneficiaries and eligible low-income families. The maximum weekly rate was $42 for the first child and additional children aged 16–18, and $22 for other additional children.

**Unemployment benefit**

From April 1991, adult unemployment benefit rates were reduced by between 7 and 10 percent; unemployment beneficiaries aged 20–24 faced a much larger reduction as the youth rate was cut and its age band was widened to 18–24.

Access to the benefit was restricted through new eligibility, work-testing and ‘stand-down’ criteria:

- Applicants for all income-tested benefits became subject to a two-week stand-down from February 1991; one week could be waived in cases of serious hardship.
- From March 1991, the stand-down period for those ‘voluntarily unemployed’ was increased from six to 26 weeks. Those made redundant were expected to survive on their redundancy pay for up to 26 weeks before qualifying for a benefit (the length of the stand-down was calculated by dividing the amount of the redundancy payment by the benefit income the applicant would otherwise have received). A stand-down period of ten weeks for unemployment beneficiaries who had had high incomes replaced the previous discretionary stand-down period of up to four additional weeks.
- From March 1991, unemployment beneficiaries who turned down two job offers or failed to attend two job interviews without good reason had their benefit suspended for 26 weeks. Those who took a temporary job (less than thirteen weeks) could return to the benefit without a stand-down. From September 1992, beneficiaries who were not considered to be making adequate efforts to seek work were required to complete a ‘Job Seeker Commitment’.
- Some long-term unemployed and youth beneficiaries were to be required to take part in the Community Taskforce programme run by the Employment Service (if called upon to do so).
- A new residency test restricted eligibility to those who were lawfully resident or present in New Zealand.
Managing for outputs

**Sickness and invalid’s benefits**

- Sickness benefits were reduced to a lower rate than the invalid’s benefit but were still higher than the unemployment benefit in all categories other than single beneficiaries with children. A new youth rate (20 percent reduction) was created for single people without children aged 20–24. The high income stand-down introduced for the unemployment benefit was extended to sickness and invalid’s benefits from August 1991.
- From August 1991, the minimum qualifying age for invalid’s and sickness benefits was raised from fifteen to sixteen.
- There was no change for invalid’s beneficiaries without dependants and single persons with dependants; couples with dependent children received increases of 5–6 percent.
- A significant transfer of sickness beneficiaries to invalid’s benefits was halted by a tightening of procedures in September 1991.

**Domestic purposes benefit**

- Lone parents — the largest group — faced significant cuts: 10.7 percent for beneficiaries with one child; 8.9 percent for those with two children.
- Benefits for women alone were cut by 16.7 percent.
- Those caring for dependent relatives had their rates preserved at 1990 levels.
- From October 1991, only one parent could have children taken into account in their entitlement assessment for the **DPB** — for those with shared or split custody, one parent could claim the **DPB** and the other could claim the sole-parent rate of the unemployment benefit and be subject to work-testing.
- The minimum qualifying age for the **DPB** was raised from 16 to 18.
- The high income stand-down introduced for the unemployment benefit was extended to **DPBs** from August 1991.

**Special benefits, disability assistance and supplementary assistance**

- From August 1990, payment of a special benefit required a deficiency of at least $45 between income from all sources and expenditure. In April 1991, this was replaced by a dollar-for-dollar subsidy on the amount of deficiency over $20.
- From October 1990, the maximum special needs grant that could be issued without the Director-General’s approval was $200. Special needs grants for capital items, accommodation costs, and other items usually paid from income became recoverable.
- Following adverse media attention, from 1991 special needs grants were made available to families affected by the 26-week voluntary stand-down period.
- From September 1991, only one special needs grant could be paid for the same or a similar purpose, other than medical costs; from December 1991 multiple grants could be paid for food or clothing (up to a capped annual amount).
- Telephone rental concessions were abolished, but telephone rentals could count as a ‘fixed cost’ for applicants for the special benefit for whom a phone was considered essential.

**Housing and the accommodation supplement**

- Subsidised rental accommodation and housing loans from the Housing Corporation, and financial assistance for beneficiaries through **DSW**’s accommodation benefit were to be replaced by an accommodation supplement delivered by **DSW** to both home-owners and low-income tenants, who could use it in either the private or the public sector. A two-year transition to market rents for state tenants began in October 1991.
The accommodation supplement replaced the accommodation benefit in July 1993; rental payments over 25 percent of the benefit attracted a 65 percent subsidy.

Tertiary assistance

Universities were allowed to set their own fees. From January 1992, student allowances were means-tested against parental income, and a Student Loan Scheme allowed students to borrow to cover fees, course costs, and living expenses. These payments continued to be administered by the Ministry of Education until 1998.

Health targeting, family accounts and the Community Services Card

From 1 February 1992, an Interim Targeting Regime divided the population into three groups on the basis of an assessment of income and circumstances. Those in Groups One and Two became eligible for personal identification cards (‘Kiwicards’, later ‘Community Services Cards’). A ‘stoploss’ applied to pharmaceuticals, outpatient and inpatient services set an annual limit on what a family or individual was required to pay. DSW implemented the Community Services Card from February 1992. The ‘Group 2’ Community Services Card was phased out in July 1993.

The shift from universal to targeted provision of social assistance created problems with financial incentives: if assistance abated as income rose, there was little incentive to seek paid work. The government proposed an integrated system based on the finances of a ‘core family’, whereby assistance would be phased out as income rose. Following the Budget announcements, a DSW project team was established to explore this system of ‘family accounts’. As public opposition grew, the scope of the project narrowed, and in October 1992 this work was transferred to a ‘Global Stoploss Taskforce’ within the Health Department that explored substitutes for the Integrated Targeting Regime. A revised Health Targeting Regime announced in May 1993 modified the interim system by removing inpatient charges.

Superannuation

In 1990 the Labour government renamed National Superannuation ‘Guaranteed Retirement Income’; its replacement by a new National Superannuation Scheme was announced in the 1991 Budget. Superannuation would be means-tested, although the abatement rate of 65 percent for annual income over $4160 would apply to only half the pension for those aged over 70. The age of eligibility would rise from 60 to 65 over ten years. After significant public outcry, the combination of the joint income test and the universal pension for those over 70 was removed in November 1991. However the surtax would not only be retained, but increased from April 1992. A reduced exemption level for couples would increase the number of superannuitants subject to the surtax. The annual inflation-related adjustment of the rates for 1991 and 1992 was cancelled.

A Task Force on Private Provision for Retirement appointed in 1991 reported in 1993. It recommended an integrated system of continuing public provision subject to an income test (the surcharge) alongside an improved framework for private savings; agreed rules for reviewing the framework every six years; and a commitment to public and political consensus on retirement issues. National, Labour and the Alliance accepted these recommendations and signed a Multi-Party Accord on Superannuation. National Superannuation was renamed New Zealand Superannuation.
In implementing the 1992 restructuring of the Department of Social Welfare, Andy Kirkland immediately embraced the principle of operational autonomy, providing each business unit with room to develop its own approach. He selected General Managers who would give each unit a ‘fresh start’ and gave them considerable freedom to implement their particular vision for their agency. After the new structure came into effect in May 1992, Kirkland continued to progressively delegate corporate functions. Communications, Finance and Human Resources were all steadily decentralised to the business units, and Legal and Ministerial Services were given considerable autonomy. By late 1992, the Department’s Corporate Services Division had become ‘Support Services’, a small section within the Corporate Secretariat providing oversight and advisory functions only. General Managers not only controlled how services were to be delivered, they were responsible for their unit’s finances, employment practices and public image. The operational flexibility allowed by the new structure and legislative environment gave each business unit the opportunity to develop an organisational structure and culture appropriate to the functions it delivered.

The Social Policy Agency

The creation of a dedicated agency for social policy was intended not only to allow the outwards-facing units to focus on efficient delivery, but also to stave off ‘provider capture’, a disease that Treasury argued was rife within the public sector in the late 1980s. In its manifesto for the new public management, the 1987 briefing paper *Government Management*, Treasury argued that locating policy and delivery functions in the same institution risked compromising the independence and integrity of departmental advice. The most common symptoms were a bias in favour of existing services and confusion as to whether the agency's primary ‘client’ was its Minister or the section of the public with which it most frequently interacted.  

David Preston, an economist who had moved from Treasury to head DSW’s Policy Development Division in the late 1980s, was appointed by Kirkland to lead the new Social Policy Agency (**SPA**). He drew together a senior management team with a new vision for the agency: an organisation of professionals that was respected for the quality of its advice and recognised that its primary role was to serve its Ministers and Cabinet. Preston and his management team set out ‘ground rules’ for recruitment: staff were not to be advocates for any outside group or cause, not even for the operational businesses. They would be professional advisers whose sole purpose was to meet the needs of Cabinet Ministers.  

The management team structured the new agency around the principle ‘that there were only two types of jobs … producing policy advice or supporting those that do.’ Three policy divisions (Income Maintenance, Social Services, and Strategic Policy and Major Projects) were assisted by Support Services and a Social Policy Information Service that was established to provide research, evaluation and other information to support the policy process. The latter Service’s
Forecasting and Modelling Team was set up to forecast expenditure on benefits and model the implications of potential policy changes.

Preston and his senior managers saw the creation of the Agency as a unique opportunity to develop social policy expertise in New Zealand and set out to establish a ‘learning culture’ based on professional skills and subject knowledge. Management emphasised personal development, introducing a quality review programme and performance-based pay and conditions. To encourage intellectual enrichment, the SPA arranged regular seminars of national and international experts, encouraged staff to attend conferences and professional gatherings, and paid for some to undertake further tertiary study or participate in international exchanges. It also encouraged staff to write papers and journal articles, and launched the Social Policy Journal as a ‘flagship’ publication.3

As the Agency dedicated itself to the government’s programme of social service reform (see pages 146–8), some staff expressed reservations about its ability to serve the wider Department. In late 1992, for example, one staff member presented a paper entitled ‘Social Policy Agency, Future Planning’, which argued that the essence of strategic planning was ‘to assist managers in positioning their business to adapt and survive in a changing environment, rather than drive it along a pre-determined path’. This prompted considerable discussion about the Agency’s ability to assist the business units with strategic planning. Staff reportedly expressed concern that the focus on the short-term needs of government came at the expense of longer-term initiatives.4 To obtain knowledge crucial to policy development, many staff relied on personal relationships established before the merger, relationships which were tested by the increasingly independent cultures and strategies of the service delivery units.

The New Zealand Income Support Service

The New Zealand Income Support Service (NZISS) had the opportunity to focus much more tightly on efficiency than had the former Benefits and Pensions Division. It was no longer burdened with functions relating to child maintenance and rehabilitation, and the Department had just implemented its new SWIFTT information management system, which automated a range of processing activities, freeing the agency from many of the constraints of manual processing and procedural bureaucracy. Perhaps sensing the opportunity for radical change, Kirkland recruited George Hickton, who had recently used commercial nous acquired as marketing manager for Honda Motors to transform the Department of Labour’s Employment Service into a more dynamic organisation with an enhanced reputation with both the public and employers. In his case study of the transformation of Income Support, Murray Petrie characterises the first two years of NZISS as a period of ‘wild unstructured growth’ during which Hickton’s strategy was to ‘shake up the organisation’ and ‘push ahead hard and fast’ with change before he was hobbled by the concerns of outside stakeholders.5

On taking control of the Service, Hickton set out to recruit managers able to operate as agents of change. Applicants for roles in his executive team were asked to present their vision of Income Support in three years time. Hickton intentionally bypassed many long-standing senior managers, recruiting lower-level staff who were less defensive about previous performance and had ideas as to how change could be achieved. Hickton then oversaw a series of team-building exercises and strategic planning sessions in which the executive team developed a sense of common purpose and commitment. A one-page strategic plan formulated in mid-1992 contained an ambitious vision for the organisation (to become a
The business units

‘recognised world leader in the delivery of income support’), nine milestones to be achieved in the next three years, and a set of core values. Hickton reduced the number of management levels from eight to four, replacing regional offices with four regional managers, each equipped with a mobile phone, car and personal assistant, who were expected to spend their time communicating the organisation’s vision to staff, sustaining momentum, and gaining knowledge of front-line issues. At regular conferences, Hickton encouraged both managers and front-line staff to propose ideas, take risks and challenge existing ways of doing things.6

NZISS implemented a range of initiatives designed to reshape the Service’s image in the public eye. The Service distanced itself from the Department of Social Welfare, adopting its own logo and conducting a public relations and marketing campaign intended to change the public perception of the agency. Local managers converted offices to open plan, encouraged staff to adopt a ‘clean desk policy’, and instructed them to stop using the nickname ‘bennys’ (for beneficiaries), and instead call those who came into contact with the Service ‘customers’. Expenditure on staff training shifted from personal development to customer service techniques, and the NZISS introduced client satisfaction surveys, issued name-tags and a dress standard for staff, and even developed a corporate uniform which staff could purchase at their own expense. In one memorable presentation, a former Miss New Zealand instructed female staff about cuticle care and eyebrow plucking, and advised men to trim their nasal hair.7

Less publicly visible was a transformation in the efficiency of the Service. With no profit or sales measure for the organisation to focus on, Hickton used turnaround time (the time taken to make a decision on a benefit application) as an indicator of performance that could be used to motivate staff. The Service set out an ambitious goal — to reduce the standard turnaround time from three weeks to 24 hours within three years — and directed offices to be innovative in its pursuit. Hickton also encouraged competition, introducing a league table (the ‘Nine O’clock News’) which ranked district office performance by turnaround time. Deliberately resisting the urge to control the process from the centre, NZISS national office celebrated successful initiatives and shared the results with staff. Remarkable improvements were soon evident. Within a year, the Service had reduced the average grant-time for each benefit by more than half; the 24-hour goal was achieved within two years.8

A subsequent Treasury report noted that, between 1991/2 and 1993/4, Income Support had handled a 20 percent increase in primary applications and a 60 percent increase in total (primary plus supplementary) applications ‘with barely an increase in operating expenses’.9 Income Support was also able to redirect resources to the investigation of benefit fraud and abuse and the matching of information with other departments. In 1993 the Service broadened its measurement of performance to encourage accuracy and placed renewed emphasis on debt collection and the detection of fraud.10 The management of debt was assisted by the introduction of the Tracking, Recovery and Collection Enforcement Computer System (TRACE), and the Social Security Act was amended to permit the acquisition of greater information from employers and enable ‘data-matching’ exercises with Inland Revenue. In April/May 1993, NZISS offered a ‘Benefit Fraud Penalty Free Period’ during which beneficiaries could admit to defrauding the system by ringing a 24-hour freephone; nearly 50,000 people contacted the Service.11

While the transformation of culture and efficiency is universally acknowledged, it would be wrong to attribute this solely to visionary management. According to Petrie, there was general acceptance that there was ‘widespread gaming’ of the performance system; the actual numbers reported in the 9 O’clock News were of spurious accuracy’. Much of the gain in efficiency
can be linked to the implementation of SWIFT\textsuperscript{T}, which was extended to the processing of unemployment benefits — widely recognised as DSW’s biggest obstacle to efficient administration — only a few months before the change process began.\textsuperscript{12} But if the new state sector environment, the implementation of SWIFT\textsuperscript{T} and the restructuring of the Department created the conditions in which change was possible, it was the leadership of Hickton that ensured that this potential was realised. It is clear that the new management proved effective in establishing a commitment to efficiency on the part of the majority of staff, with surveys showing ‘a level of commitment and pride for the organisation that would not have even been remotely contemplated 18 months earlier.’\textsuperscript{13} Nearly two decades later, many former and longstanding staff still enthuse about the excitement and freedom of the ‘Hickton era.’

External parties and community groups were more ambivalent about — at times openly critical of — the changes. For some, the labelling of beneficiaries as customers suggested that they had a degree of choice over their circumstances. The appropriateness of the new commercial image was questioned by some commentators, particularly in the context of the benefit cuts. The Anglican Bishop of Dunedin, for example, described the new logo as ‘tactless’: ‘the people who need social welfare know where to go. What are they trying to sell? Usually logos go with trading companies. This is just a load of nonsense.’\textsuperscript{14} In his case...
study, Petrie found that community and advocacy groups held disparate views as to whether performance had improved. He noted that many opinions about the changes were coloured by the benefit cuts; as Charles Waldegrave put it, Income Support ‘delivers a tainted product, and this inevitably taints the client/service deliverer relationship’.

There was also criticism of the delivery of supplementary assistance, on which many more clients were reliant after the 1990–1 changes. In mid-1992 a review by the Social Policy Agency’s evaluation unit found that assessment interviews for emergency assistance were often brief, and that some requesting assistance were being turned away without being given the opportunity to complete an application form. Noting these concerns, Petrie argues that the ‘overriding emphasis on benefit turn-around time was probably retained too long’, and that the emphasis on speed may have come at the expense of accuracy and other functions such as debt recovery and fraud detection. These costs were openly acknowledged by Income Support’s management, which viewed them as a necessary (but temporary) sacrifice in the pursuit of organisational transformation.

In spite of these concerns, the Income Support Service was held up as one of the success stories of the new public management. Its marked gains in efficiency met with particular approval from a government which continued to look for ways to reduce spending. NZISS’s fortunes contrasted sharply with those of the New Zealand Children and Young Persons Service, which had a much harder row to hoe in the new state sector environment.

The New Zealand Children and Young Persons Service

The creation of the New Zealand Children and Young Persons Service (NZCYPS) was greeted with cautious optimism by many of its staff. There was a feeling that social work concerns had been neglected during two decades welded to the Benefits and Pensions Division. The separation was seen by some as a chance to build an organisation with the welfare of children and young people as its central focus, and reassert the role of the social worker. With the exception of a distinct unit for Adoption Information and Services, the Service was dedicated solely to the needs of young people in care and protection, and youth justice. Kirkland appointed Robin Wilson, a DSW senior manager with extensive social work experience, to lead the Service. Wilson promulgated three overriding principles for its operations: provision of a professional service, care for staff, and an adequacy of resources. He saw the separation as ‘a chance to get the whole thing right. We were offering people the only opportunity they’d had in years to do a good job’.

Immediate challenges, however, were clearly set out in the ‘Mason Review’, the Ministerial Review of the 1989 Act which coincided with the creation of the Service. Arguing that the Act itself was largely sound, the Mason Review held that it was the procedures and practices of the Department that needed substantial improvement. It made a range of criticisms of the Department’s recent practice, notably the management of family group conferences, and inadequate follow-up and review of plans which resulted in multiple conferences ‘recycling the same issues, problems and people’. The review expressed concern that social work teams were at times subverting the process set down by the Act, particularly the requirement to consult with care and protection panels, and cited concerns that the Department had ‘closed itself off from outside scrutiny’ and ‘become the sole judge of its performance’.

The review reserved its strongest criticism for the training and competence of social work staff, accusing the Department of subjecting its front-line social workers to ‘immense’ stress.
'It is distressing to report that of the numerous written and oral submissions presented to us, we cannot recall one which did not contain some adverse comment about the Department’s inadequacies … [T]he overwhelming evidence pointed clearly to a dangerous level of incompetence amongst many social workers. The report concluded with a ‘simple message’ for the government:

If the Act is not generously supported in terms of personnel and funding, it will fail. Resourcing the Act is an expensive business but the consequences of not doing so will be even more expensive. In human, social and economic terms our New Zealand community, long-term, will reap the rewards of a generosity of spirit and pocket.

The Service aimed to raise the standards of social workers through a programme of ‘competency-based learning’ in which staff were assessed against pre-defined criteria and underwent internal training. Addressing its problems was not easy; the Service acknowledged that it had inherited a ‘tired and cynical staff’ in 1992, and did not find it easy to reconcile its efforts to build an organisational culture dedicated to social work with the new state sector environment. The Service’s new computer system became a symbolic battleground: developed to function as both a case management tool and a management information system, the Children Young Persons and their Families Information System (CYPFIS) was generally seen as neither. A ‘poor cousin of SWIFTT’, it was used inconsistently and disliked intensely by social workers. The infiltration of managerial objectives into local practice was resisted by social workers required to record their hours through a ‘time and cost recording system’ and to complete financial plans and track spending on clients. Robin Wilson had concerns about the impact of the Public Finance Act on organisational culture:

What we had at the time we set up the service was a potential pool of local managers who had never managed independently … I could see them being in real trouble with the Public Finance Act and Employment Contracts, the other concern I had was I actually didn’t want them to do it. I wanted them to concentrate on social work … [T]he last thing we wanted to do was to take these people who we appointed because of their social work leadership skills as far as possible and then try and turn them into accountants or something.

As financial accountability and responsibility for the achievement of outputs was delegated down the organisation, lower-level managers were caught between pressure from above to under-spend their budgets and below from front-line staff exposed to community needs. Clearer definition of outputs and greater accountability for spending saw services become narrower and more tightly prioritised, with NZCYPs delivering the ‘minimum necessary’ intervention and support. It ‘severely curtailed’ its ‘participation in community activities and preventive work with families’ so that services could be ‘targeted to the statutory areas of highest risk and increasing demand’. As managers shifted resources to the more measurable and visible outputs funded under the Act, social workers were ‘often confronted by the painful knowledge’ that they were ‘unable to provide the quality of service that their professional judgement would otherwise dictate’.

The Service soon reported an ‘alarming increase’ in the number of child abuse cases: notifications rose on the previous year by 27 percent in 1991/2, 16 percent in 1992/3, and 8 percent in 1993/4. The Service could only speculate as to the cause of the increase, but insisted that it had become increasingly stretched, particularly as its funding decreased (by 7
percent in 1992/3 and 3 percent in 1993/4).\textsuperscript{28} In a letter to all staff in November 1992, Wilson acknowledged the pressure they were under:

I would like you to know that I do understand the pressure under which most people are working. Despite increasing workloads there has been no significant increase in social work staffing … since the Act was introduced. On the face of it we have a good case for getting extra resources. However it is not as simple as that. At the present time it is a vital part of the Government’s economic strategy to reduce public spending. Before we can go to the Government for more I have to be able to demonstrate that we are using every dollar effectively … Our case has to be so well documented that Treasury and the Cabinet Committee that will examine it will find no holes in it whatsoever. We will only get one chance to make our case, at least in this financial year, so it has to be good.\textsuperscript{29}

Not only did NZCYPs face rising workloads and diminishing resources with which to deliver its direct services, it was also concerned that the indirect funding that had previously been utilised for interventions to assist children and young people was being distributed in a way that was inconsistent with the Service’s needs and priorities.\textsuperscript{30} This belief was the source of considerable tension with the Community Funding Agency, which had taken a new approach to the funding of community services.

**The New Zealand Community Funding Agency**

The distance between NZCYPs and NZCFA was partly intentional, at least initially. The New Zealand Community Funding Agency (NZCFA) was established to vest the management of government funds ‘at arm’s length’ from NZCYPs, which was seen as a provider and competitor to community agencies in the same market. No doubt influenced by the flavour of late 1980s market-oriented policy, NZCFA was initially mandated to support the development by the voluntary sector of alternative social services that would offer ‘choice’ to users.\textsuperscript{31} A separate Community Funding Agency was established partly because of a belief that in some districts contracting had been afforded a lesser priority than social work practice, and that there was a need for greater focus on individual contracts and the monitoring of performance.\textsuperscript{32} In its administration of the funding of disability services, social services, and general ‘social infrastructure,’ the Agency was to depart from the informal and relatively ad hoc arrangements that had characterised the development of community funding in the 1970s and 1980s. As a specialist purchase agency, it would administer regulations, assess service providers, negotiate contracts, distribute funds, and monitor performance.

To implement this new direction, Kirkland appointed a manager from outside the Department, Ann Clark. While a central team handled corporate functions, policy and national contracts, the work of the district offices was consolidated into eight area teams which covered large geographical areas. With eight ‘outpost’ offices mainly providing administrative support and meeting spaces, regional activity was conducted by highly mobile ‘outreach workers’ who travelled to the communities with which they worked, and had laptops and mobile phones to enable them to produce contracts on site.\textsuperscript{33} According to Clark, this resulted in a more direct relationship with the communities the Agency served:

It struck me that the only way you could actually build an understanding of the community was to be actually out there … I didn’t want us to be cluttered up with offices, so I came up with this concept of an outreach worker … that went out and engaged with community providers … so
we had a bit of a picture of what people’s needs were as well as the evidence we’d got from data collection.\textsuperscript{34}

According to Clark, the Community Funding Agency’s sense that funding was being distributed on the basis of pre-existing relationships, rather than the level of need in the community, was reinforced by the information it gathered.

In an effort to inject some objectivity and transparency into the allocation of funds, the Agency introduced a comprehensive ‘Service Planning Process’ through which area teams consulted with communities and identified the services needed. Teams produced area profiles of economic, demographic, and geographical trends using figures on benefits, census data, service review reports, and information from local and central government authorities. The Agency then compared this picture with the distribution of existing services, and prepared an ‘issues paper’ as the basis for consultation with communities. The resulting Individual Services Plans for each area were combined into a National Services Plan. Once the government decided the total funding for each programme, the agency distributed this between national contracts and the eight area teams. To ensure that funding was targeted at areas of greatest need, NZCFA developed a statistical needs indicator against which funding decisions could be tested, and progressively reallocated funding on the basis of this information.\textsuperscript{35}

In an effort to lift standards, the Agency also imposed considerably more requirements on community and non-government organisations. Inheriting a regulatory role under both the Disabled Persons Community Welfare Act 1975 and the Children, Young Persons, and Their Families Act 1989, the Agency committed itself to establishing basic standards for all community services. Before providing funding, outreach workers reviewed an organisation and its processes against one of four sets of standards geared to the type of organisation, from the most detailed (residential care) to the least detailed (one-off holiday programmes). All CFA funding was allocated in terms of contracts negotiated between CFA and the service provider, which was required to report annually, six-monthly, or quarterly, depending on the amount of money involved.\textsuperscript{16}

Many within the community and voluntary sector struggled to adjust to the new funding environment. Community and voluntary organisations diverted resources to chase funding, negotiate contracts, monitor standards, and produce reports, all the while dealing with social problems of increasingly complexity. Margaret Tennant provides a vivid illustration of the impact of what she terms the ‘contract crunch’ of the early 1990s:

Consultants and change managers, mission statements, brand identities and empowerment models, bicultural journeys, quality assurance and assertions of excellence: the mantras of the late 1980s and 1990s are striking to anyone studying the records and annual reports of voluntary organisations. So too are references to pain and heartache, as organisations grappled with the internal culture shift — or appearance of a culture shift — required in a contracting environment.\textsuperscript{37}

Many groups complained that they were expected to provide a full service and meet accountability and reporting requirements while being delivered only partial funding and also coming under increasing pressure as a result of government policy changes.\textsuperscript{38} They also complained about the impact of the new funding approach on their advocacy role, including ‘gagging clauses’ in contracts and a requirement that government funding was not spent on advocacy. Some argued that the new expectations were counter to the spirit of the voluntary
welfare sector, the defining values of which were ‘independence, altruism, and community’; ‘a sector that has arisen from the community to help overcome alienation and market failure cannot be remade along either bureaucratic or market principles without destroying its spirit’.39

The Community Funding Agency’s new direction also strained its relationship with NZCYPS, particularly as the restructure was implemented. Under the 1989 Act, the Department was to contract community services in support of interventions which had previously been arranged by Community Services teams whose members worked alongside social workers in district offices and had in many cases previously been social work staff themselves. DSW had also been involved in the provision of grants to a range of voluntary and community-based services through Community Social Workers. When the Community Funding Agency was established, all positions were advertised and the number of staff involved with funding was cut by more than half; few social work staff were appointed to these positions.40 According to Clark, many were not hired precisely because they ‘wanted to do social work’:

I didn’t define this role as doing social work and also was really clear that it wasn’t community building either, we weren’t community developers. I was really clear about that — that was Internal Affairs’ job and not the Department of Social Welfare’s at the time. We work[ed] to develop services, but we weren’t community developers. People opted in or opted out.41

NZCFA’s services planning tool replaced the existing system in which social workers in district offices identified priorities for purchase and service development, and thus severed the link between CYPS’ priorities and the services funded. NZCYPS protested that CFA treated it as but ‘one of its clients in its service planning exercise’, and that ‘its specific purchase requirements and its general views’ were ‘largely ignored or given inadequate weight’. NZCFA’s riposte was that NZCYPS was ‘unable to specify its requirements accurately’, let alone provide the information necessary to justify these requirements.42

Conclusion

Provided with near-complete control over their inputs, the new service agencies responded to this freedom to manage in different ways. Income Support embraced the new operating environment, adopting private sector principles and a business-like image, and shaking off its association with traditional public sector bureaucracy and the parent department. The Children and Young Persons Service, by contrast, was apprehensive about the new model of public sector management and struggled to reconcile its budget with its sense of social need. The Community Funding Agency placed an unprecedented emphasis on formalised contracting arrangements and market-style competition, which placed it at odds with many in the community sector.

Not only was there minimal interaction between the business units, relations were occasionally antagonistic as points of disagreement were sharpened by the difference in organisational cultures. The corporate style of the Income Support Service clashed with the values of the many social workers who saw themselves as advocates for the disadvantaged. Many NZCYPS staff felt that NZCFA was not adequately funding the support services their clients needed.

While the Social Policy Agency retained some capacity for internal strategic planning and policy, it was initially focused primarily on providing advice to the Minister. The unifying role rested almost solely with the Director-General, who remained formally accountable to Parliament for the work of the business units. In mid-1992 Kirkland expressed concern about
the need to balance internal need with external perception and give greater consideration to reputational issues:

Despite some balanced responses from Departmental spokespersons the net effect of TV, radio, and print coverage of the … last week has been negative. It has resulted in the efforts for better service delivery being lampooned in editorial and other comment and the connotation [being] drawn that improvements sought are superficial and not related to real need. It has reinforced the point that the image of the Department will be established collectively for some time to come i.e. it will take a while for both media and public to recognise and refer to individual business units. Accordingly national media issues affecting one business affect the Department as a whole and other businesses.43

It was Kirkland who was in the political firing line when the actions of General Managers received adverse media attention. According to one former DSW senior manager:

Andy told me his job was to 'gift-wrap' the Department of Social Welfare …. [I]t would be split up into separate parcels that at a later stage could move on to be separate Departments …. Andy's concept was for him to be more like the chair of a board with the General Managers of semi-autonomous business units responsible and accountable for what went well and what didn't. However, the Government didn't see it this way. Whenever anything went wrong, or an issue arose in one of the business units, the Government looked to the Chief Executive to front up.44

In poor health, Kirkland went on leave in late 1992, giving the General Managers even more autonomy than had been envisaged in the initial restructuring.45 By the time he resigned in early 1993, the business units seemed destined for independence.
10. Strategic directions

The return of the centre

If the Department of Social Welfare’s business units initially seemed firmly headed in the direction of greater autonomy and even eventual independence under the new structure, after little more than a year this momentum was suddenly reversed. This may have been in part due to some anxieties about the Department’s approach, but it was also the result of a significant change in the context within which it operated, as the government began to shift both its policy emphasis and the way it managed these priorities. National scaled back some of its ambitions for reform of social services in the face of a strong public backlash, and was re-elected in late 1993 with a diminished majority and a more cautious approach from a reshuffled Cabinet. The government published a long-term vision (*Path to 2010*) and a medium-term strategy to achieve it (*The Next Three Years*) which set out two strategic goals: ‘maintaining our strong economic growth’ and ‘building strong communities and a cohesive society’.

The government strategy aimed to address an area of deficiency noted by the first review of the state sector reforms. According to a State Services Commission review of the state sector reforms (‘The Logan Review’), officials had presumed that the government would provide guidance on the outputs required through an overarching strategy and a clear statement of policy goals. In practice, such guidance was largely absent: ‘there tended to be a “bottom-up” process whereby outcomes were defined to explain the purpose of outputs rather than outputs being driven from a set of outcomes’. In early 1994, the State Services Commission developed new ‘Strategic Result Areas’ (*SRAs*), which were translated into lower-level ‘Key Result Areas’ (*KRAs*) that were included in the performance agreements of departmental chief executives and negotiated with individual Ministers. One *SRA* in particular — to advance social cohesion — was ‘particularly relevant to the goals of the Department of Social Welfare’.

In June 1993, the State Services Commissioner appointed Margaret Bazley as Director-General of the Department of Social Welfare. Bazley had been Secretary of Transport, and previously Deputy Chairperson of the State Service Commission. Having played a significant role in the development of both the state-owned enterprises model and the State Sector Act, Bazley was known for her commitment to public sector values and a belief that her primary role was to serve the government. At the time of her appointment, she made no apology for sometimes being direct and uncompromising: ‘if I have this reputation for being tough then I’ve done my job, which is often to implement policies which people aren’t very keen on’.

Keen to ‘align the Department’s activities with the government’s overarching objectives’, Bazley wanted to ‘lift the sights of managers from efficient output delivery to effectiveness in terms of ultimate outcomes’. Concerned that the business units had ‘been operating very much as separate units, and had not all enjoyed good working relationships’, she saw ‘a need
for a much closer fit between their strategies and operations; particularly as there was ‘a core of clients common to all of the businesses’. Bazley was also ‘concerned to ensure the business observed the requirements of the Public Finance Act and the State Sector Act’, as well as commitments to equal employment opportunities and biculturalism, and their obligations as employers.4

On taking up her appointment, Bazley was alarmed to find about 300 personal grievance cases in progress: ‘people were virtually being sacked because, among other things, people didn’t like them’.

After about six months of expressing her views about the importance of treating staff with dignity she finally wrote to every manager, ‘telling them in words of one syllable’ how she expected them to manage staff. She also wrote to every staff member telling them what they should expect of their managers and if they were not treated correctly to tell her.5

In August 1993, ‘shocked’ at Treasury’s account of the Department’s financial performance, Bazley wrote to her General Managers to express her concern at the ‘lack of co-ordination of financial management’. She instructed the Acting Chief Financial Officer to take control and manage all business unit contact with Treasury.6 She also instructed General Managers to place the Department of Social Welfare’s signs on all buildings, list their telephone numbers under DSW in the phone book, and include the phrase, ‘a service of the Department of Social Welfare’, on all stationery and advertisements.7

Bazley proceeded to wrest back operational control from the business units. She commissioned a review and restructuring of the Corporate Office to reduce the number of direct reports to her and to strengthen the Department’s corporate identity. The new ‘Corporate Services’ Group was headed by a General Manager. In early 1994, Bazley established an Audit Committee headed by a Chief Auditor to monitor spending and identify risk. Business units retained considerable operational flexibility; Bazley’s approach was ‘to give her business managers autonomy but to have systems in place that would hold them totally accountable for what they did’.8 This centralisation of control met with some resistance, particularly from general managers who had been ‘employed as autonomous managers of a change process originally defined under a somewhat loose management model’.9

Bazley’s focus on financial management was particularly directed at TRITEC, the successor to the Information Technology Services Bureau. At the time of her appointment this was two months into a major restructuring — intended to reduce its staff from more than 400 to 200 — that had sparked a major industrial dispute. With TRITEC unable to operate as intended as a contestable business bringing in outside revenue, DSW faced a $31 million reduction in funding as time-limited capital funding for SWIFT came to an end. A 1993 review of operations and cost structures (the ‘TRICOST’ review) found that the service suffered from weak management practices and a ‘general lack of control over spending’.10

Bazley’s response was to appoint a management board of people from the private sector with a brief to take a ‘hands-on’ approach. TRITEC’s baseline funding now depended on service-level agreements to undertake maintenance activities; it was no longer directly funded to develop new applications, and had to compete with external vendors for new departmental projects.11 Bazley established an Information Systems Co-ordination Unit in Corporate Office to control all capital expenditure on IT and monitor standards for the development of new systems. Each business unit documented its requirements in an Information Systems...
Strategic Plan which became the blueprint for IT development. Over the next two years, TRITEC comprehensively re-engineered its operations, reduced its staff to fewer than 100, diversified its services from mainframe to desktop and network systems, and introduced more commercial service-level agreements and contracts which treated the business units as formal customers.

In late 1993, after it became clear that NZCYPs was going to overspend its budget for the second consecutive year, Bazley ordered a review of its financial management practices. Released in February 1994, the Weeks Report argued that there were ‘dysfunctions between the interventions sought by Government and the tasks undertaken by Government’, an issue that was ‘compounded by the lack of relevant statistical data and a culture that has yet to embrace the principles of public sector management outlined in the State Sector Act 1988 and the Public Finance Act 1989. While the Weeks Report declared its ‘intuitive support for the proposition that workloads are increasing’, it had been ‘unable to quantify the volume increases and the associated need for incremental funding’, and came to the somewhat remarkable conclusion that the funding shortfall should be ‘absorbed within DSW’.

On receiving the Weeks Report, Bazley announced her intention to restructure NZCYPs. Wilson resigned in protest and went public with his reservations about the value of yet another restructuring, describing the Weeks Report as ‘shoddy’ and ‘dangerous nonsense’. Arguing that the Service was underfunded, Wilson complained that an essential support system for managers was being dismantled and expressed dismay at ‘the turmoil the report caused staff and his feeling of having been through similar situations before, in a long career with the Department’. Bazley appointed a new General Manager, Griff Page, who had two decades of experience in port administration. In early 1994, the Service was substantially reorganised.

Bazley also announced her intention to appoint an advisory board to oversee the operations of the Income Support Service, which had shown ‘a lack of business planning and somewhat loose management’ and taken a ‘cavalier attitude’ to its responsibilities as an employer. According to Murray Petrie, there was ‘an increasing lack of congruence between the style and accountability arrangements of Bazley, and the operating style of Hickton’. After Hickton resigned in late 1994 to become Chief Executive of the Totalisator Agency Board, the new General Manager, Christine Rankin, had ‘the difficult job of working to satisfy the new accountability requirements — in particular working through the new Advisory Board Bazley had appointed to oversee IS operations — while at the same time trying to ensure the strategic direction was refocused and relaunched’.

Arguing that ‘each serve the same clients: the Minister, the Director-General, and the operational business units’, Bazley merged the support services of the Corporate Office and the Social Policy Agency. From late 1993 she used strategic policy initiatives to foster a sense of common identity across the Department. Bazley encouraged DSW contributions to government initiatives which required interdepartmental co-operation in policy, service delivery and research, such as the Task Force on Employment and the national Crime Prevention Strategy.

In August 1993, the departmental project team for the Crime Prevention Strategy argued that the restructured Department lacked ‘cohesive Departmental direction’ and had ‘no mechanism for the co-ordination of policy throughout the Department, which in turn has resulted in co-operation difficulties between the business units’. In March 1994, the Department established a ‘Crime Prevention team’ within the Social Policy Agency,
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with representatives from each business unit. In mid-1994 Bazley attended regional hui at Auckland, Ngaruawahia, Wellington and Christchurch, and released ‘Te Punga’ (‘the anchor’), the Department’s updated strategy for a bicultural service. In late 1994, the Department launched a new brand, ‘From Welfare to Well-being’, which embodied a greater focus on long-term outcomes and a strategic umbrella under which to develop integrated policy and services.

The strategic initiatives taken in 1994 were to have a profound impact on the Department of Social Welfare, resulting in a reconfiguration of services and a redefinition of how it worked with other agencies. In many instances, the strategies required greater co-operation: internally, between business units, and externally, with other government agencies. The resulting relationship difficulties sensitised senior officials to the impact of the state sector reforms on inter-agency co-operation. Ironically, while the Department-wide strategies were intended to forge a common identity, they initiated a chain of events that was to lead to the dissolution of the Department five years later.

Income support

The Employment Task Force and Welfare to Well-being

On the government’s list of strategic priorities in 1993, reducing the unprecedented level of unemployment was near the top. Over 9 percent at the time of the general election, it remained unacceptably high. National, Labour and Alliance formed a multi-party working group to seek a consensus on how best to address the issue. This group appointed an eleven-member Prime Ministerial Task Force on Employment to propose measures to ensure that ‘every New Zealander has the opportunity to be in paid employment’. During 1994, the Task Force carried out a three-stage exercise, identifying issues, consulting community groups and the public, and developing proposals for action.

By the time the Task Force released its first report, the economic position had begun to improve, with strong growth in the December 1993 quarter. While predicting the most sustained economic growth in decades, the Task Force expressed concern about the extent to which this would resolve the unemployment problem. ‘In order to give each individual a share in the opportunities which are emerging’, the report argued, the country needed both economic growth ‘and policies designed to remove structural impediments to growth in employment’. It advocated measures that would increase the supply of labour and address ‘the skills and experience needs of those who cannot gain employment regardless of the level of economic growth’. A month after a second report in October 1994 which addressed the urgent issue of the employment prospects for young people, the Task Force delivered its final report. This contained 120 proposals for government action, including measures to encourage economic growth and employment opportunities, ensure young people had access to education, training or work, encourage a skilled workforce, and assist the unemployed to move into paid employment.

These proposals were accepted in principle by the multi-party working group, and the National government developed policies to implement them. In December 1994, it announced a Youth Employment Strategy which reduced income support for sixteen- and seventeen-year olds, encouraging them to stay at secondary school with parental support. The government’s main response to the task force, in October 1995, involved changes to benefit policy over
a two-year period: a new abatement regime for domestic purposes, widow's and invalid's benefit recipients, softened stand-down criteria (to prevent hardship and encourage people to take up more temporary and casual forms of employment), and new 'reciprocal obligations' for some groups of DPB recipients and the spouses of unemployment beneficiaries. These policy announcements were accompanied by a publication, *Focus on Employment*, which set them in the context of a broader package of employment assistance and changes to policy and services. In February 1996 the Tax Reduction and Social Policy Programme introduced a range of changes to tax and benefit levels to increase the margin between income from benefits and paid employment, and also increased both job-search assistance and the reciprocal obligations on beneficiaries.²⁴

The findings of the Employment Task Force had a significant influence on thinking within the Department, as staff involved with policy advice and strategy came to share the Task Force's concern that economic growth in itself would not resolve the unemployment problem. As Bazley put it, 'an economic upturn could completely bypass the beneficiary population, and that population would just keep on increasing.'²⁵

It was a disquieting experience indeed when … my General Managers and I met in a strategic planning session and the penny suddenly dropped; that strong growth in the economy would not necessarily impact on benefit numbers, that we could not simply carry on delivering our range of existing services and hope that the welfare dependency problem could be turned around.²⁶

This emerging concern with what Bazley termed 'dependency' dovetailed with the demand for a more strategic approach by the Department. In her performance agreement for 1994/5, Bazley was required to develop 'a co-ordinated policy strategy across all business units designed to improve outcomes for key customer groups and to develop the role and contribution of Income Support to wider government strategic goals'.²⁷ With the assistance of her head of Corporate Communications, Michael Player, Bazley developed a strategy that tied the organisational identity of the Department to the outcomes it aimed to achieve. This strategy included a brand — 'From Welfare to Well-being' — and a logo depicting an outstretched hand that symbolised the offer of 'a hand up, not a hand out'.²⁸ Underneath this 'umbrella strategy', the Department introduced lower-level strategies which outlined the specific application of Welfare to Well-being to particular areas, including Crime Prevention, Biculturalism, Income Support and Social Services. The common ethos was more active intervention to build independence and reduce reliance on the state.

The focus of Welfare to Well-being aligned most readily with the direction of Income Support, which built on its increased efficiency and new-found confidence to move beyond passive financial payment and into more active forms of assistance. Bazley used Welfare to Well-being as a communications tool and public education initiative to mobilise members of the community to help locate employment opportunities. Bazley hosted yearly breakfasts for business and other community leaders in each main centre, and wrote to mayors requesting their assistance.²⁹ The Department equipped its managers with presentation kits comprising speaking notes, overhead transparencies and pamphlets, and instructed them to offer themselves as speakers to community and professional organisations in order to educate the public about the economic and social impact of welfare dependence.³⁰ The Department also encouraged district offices to develop their own programmes to 'creatively fill the gap between the vision and what could be done on the ground.' These local initiatives included workshops,
community night courses, and high-school programmes which portrayed benefit dependency as a ‘trap’. District offices also ran seminars to build self-esteem and identify skills, and collaborated with local authorities, government agencies and employers to assist people into work.

The Service also trialled a series of initiatives which combined the administration of benefits with more active forms of assistance. Between March 1994 and March 1995, ‘COMPASS’ was piloted in four Income Support offices. ‘COMPASS co-ordinators’ helped sole parents to develop training and employment plans, provided them with information about local employment, training and childcare services, and encouraged voluntary registration with the Employment Service. At a strategic planning session in early 1994, Income Support senior management proposed making staff ‘personally accountable’ for addressing clients’ needs and assisting them to move from a benefit into work. In four offices — Henderson, Taupo, Masterton and Greymouth — clients dealt with the same staff member on each visit rather than interacting with whoever was available. Under this programme, staff referred beneficiaries to other organisations where necessary, and liaised with government agencies and community groups to co-ordinate information and services.

The Service reported that more personalised service resulted in more satisfied customers, more accurate assessment of entitlements, and more clients returning to work. After staff reportedly responded enthusiastically to the new way of working with clients, a four-month national pilot extended the new ‘Customised Service’ model to a third of clients. From late 1995 it was progressively rolled out to all clients.

In his study of the deployment of Customised Service within Income Support, Barry Shea found no reliable evidence to support anecdotal reports that it was more effective than previous approaches in shifting clients from benefits into work. Shea noted that an evaluation of the Support Link pilot by the Social Policy Agency that was ‘intended initially to confirm the positive picture presented by the locally collected data portrayed an entirely different story’; apparently supportive quantitative records were ‘substantially discredited’. Yet there were other organisational reasons for Income Support to introduce Customised Service: staff involved in its conception and implementation felt a large degree of ownership, and its ethos fitted with a desire to do more than simply pay benefits. Agencies such as the Accident Compensation Corporation and the New Zealand Employment Service were also introducing forms of case management, and Income Support had no wish to ‘be left off the pace’.

The franchise model and the Business Development Strategy

Barry Shea notes another reason for management enthusiasm for Customised Service: it ‘provided the leverage by which far wider organisational reform was to be achieved’. Between 1995 and 1997, Income Support once again re-engineered its operations, tightening up its management of service delivery. Whereas the first phase had focused on creating an efficient and professional service, the second phase aimed to increase ‘effectiveness’.
Strategic directions

By the mid-1990s, Income Support had established a strong service culture, grown in confidence, and begun to initiate changes in line with its new strategic vision: ‘improving people’s capacity to participate in NZ society’. However, it also faced a number of challenges. District managers had been given the freedom to determine their resources and priorities, and encouraged to be innovative. Senior management became concerned that this autonomy had led to variable levels of performance between regions, and also resulted in the neglect of more peripheral functions such as the detection of benefit crime and debt recovery. There remained concerns that ‘same-day service’ had been achieved at the expense of accuracy and other ‘more qualitative aspects of service’. While the Service had broadened its performance measures, there was ongoing suspicion about their integrity. The Service needed to address such issues while cutting costs to deliver the ‘internal efficiency dividends’ that the government had made it clear it expected.

In 1995 Income Support’s new General Manager, Christine Rankin, appointed Ray Smith, the acting manager of the Northern Region, to head a new business development unit and develop a national strategy for the Service. Between August 1995 and July 1996, the executive team developed six business cases for each element of an integrated vision, the ‘Business Development Strategy’, of which the centrepiece was the extension of Customised Service across the organisation. The new ‘face-to-face’ way of working with clients was to be complemented by a ‘distribution strategy’ which aimed to create a ‘friendly-feeling local shop environment’. Income Support offices would be replaced by ‘shops’ — smaller sites with window-display capabilities in places with more foot and vehicle traffic. The initiative also proposed dedicated ‘Super Centres’, separately branded offices that combined New Zealand Superannuation processing and payment with specialised services. Both new types of office would employ only Customer Service Officers (CSOs). From November 1996, telephonist facilities were centralised in four call centres in the major cities. Telephone Service Operators (TSOs) provided clients with information and advice about their benefits, and supported the CSOs in service centres by arranging appointments and updating customer records. They also assisted with administration, processing transactions and conducting mail-outs as well as offering a multilingual service.

Income Support implemented its new ‘Service Delivery Network’ in mid-1996. Regional and district managers were replaced by thirteen ‘area managers’ who functioned as ‘franchise operators’ for service delivery units focused on ‘the delivery of core products’. The Service also rolled out a new performance framework which included seven ‘Key Performance Indicators’ (KPIs), such as quality and budget management, that had not previously been given the same importance as ‘same-day service’. With monthly reports ranking the regions on each indicator, management performance was soon assessed against ‘one’s ability to scale the KPI hierarchy’. Managers replicated their performance agreements with their staff, so that each case manager ‘effectively owned a share of the organisation’s KPI targets’. With KPI achievement linked to performance pay, the service had both a transparent way of measuring performance and an incentive mechanism to encourage it. As the organisation ‘franchised’ best practices, the agency boasted of greater efficiency, more consistent performance, and an improved service experience. One official described the Service at the time as ‘tight. If you think McDonalds is tight, then you go and have a look at Income Support’.

The changes were not universally welcomed. Community groups criticised the resourcing of call centres and the size of the caseloads carried by front-line staff. Many observers were
POVERTY, INCOME ADEQUACY, AND SUPPLEMENTARY ASSISTANCE

Some of the most persistent criticisms of government policy in the 1990s related to the low incomes of beneficiaries, particularly the concern that many children in low-income families missed out on significant developmental opportunities. Apart from arguments that the level of direct financial support by government was inadequate, public debate in the mid-1990s centred on two related policy issues.

Firstly, the existence of poverty and its measurement became an object of political scrutiny. The government dismissed early community-based studies of poverty as unscientific, but in 1993 a study of the growth of food bank usage in the Auckland area was published and the New Zealand Poverty Management Project presented data on the prevalence of poverty to a DSW seminar. Noting the claims of such groups in 1994, the United Nations Committee on Economic, Social and Cultural Rights expressed regret that New Zealand did not collect statistics on the extent of malnutrition, hunger or homelessness. A senior SPA researcher, John Jensen, noted that with ‘very little useful systematic data’ the Agency could not make an ‘informed assessment’ of hardship and inequality or take ‘constructive initiatives in the public debates in this area of policy’. The Agency undertook studies of the level of income adequacy and food bank usage. The latter study reported an ‘explosion in demand’ for food parcels following the 1991 benefit reductions. Rather than increase benefit levels across the board, the government relaxed the criteria for some forms of supplementary assistance.

Secondly, community and beneficiary groups criticised NZISS’s delivery of supplementary assistance, a long-standing point of contention which had greater urgency following the 1990/91 reforms. With less assistance provided through the standard benefit, the benefit cuts had shifted the balance between the generic benefits and supplementary assistance. More beneficiaries now relied on special needs grants and the special benefit to meet their basic and ongoing needs.

The effect of reducing standard benefits on the number of applications was dramatic … [I]t was considered that unless some limit was placed on the Special Benefit provisions, the reductions in standard benefits would simply be offset by additional expenditure on Special Benefits …. As a result a direction was issued by the Minister prescribing that Special Benefits should not be granted or renewed for any deficiency of less than $45 per week unless there were ‘exceptional’ reasons [for doing so].

In March 1991, the Minister issued updated directions that required an applicant’s assessed commitments to exceed income by at least $20 a week for them to qualify for a special benefit.

Over four decades, the Department had progressively delegated decision-making about supplementary assistance: whereas in 1951 this rested with the three-person Social Security Commission at the top of the organisation, by 1991 assessments were administered by front-line staff members who entered personal details into a
Beneficiary advocacy groups argued that the Ministerial Directions were illegal because they ‘fettered’ the discretion of the Director-General, who was required by the Social Security Act to ‘have regard for the particular financial circumstances and commitments of applicants’. In September 1993, the Social Security Appeal Authority found against the Department in four cases brought by the Peoples Centre of Auckland, on the basis that the applicants’ wider circumstances should have been considered and individual discretion exercised. In 1995 the High Court ruled that the NZISS’s formulaic decision-making process for special benefits was illegal, and that its failure to consider special or exceptional circumstances was unreasonable and in breach of the rules of natural justice and the New Zealand Bill of Rights Act.

Following this decision, the Minister issued new directions which required an enhanced level of discretion on the part of staff. NZISS reassessed its decisions in relation to more than 10,000 applications for special benefits, issued new written instructions to staff, held training seminars on the use of discretion, updated SWIFT to enable exceptions due to special circumstances, and introduced decision summary sheets as a record of the process and to ensure compliance. Doubts remained, however, as to whether genuine discretion was being exercised, whether the Ministerial Direction was workable in practice, and whether it was compatible with Income Support’s organisational emphasis on adherence to rules and speedy processing.

External groups also continued to criticise the complexity of and stigma surrounding the application process, and the extent to which entitlements were publicised. In July 2000, Wellington advocacy groups released two reports on the administration of the special benefit, about which they were considering taking legal action. The Wellington People’s Centre’s ‘Special Benefit Report 1995–2000’ and the Downtown Ministry’s ‘Still Missing Out’ both held that nearly two-thirds of beneficiary households were now missing out on significant assistance to which they were entitled. Asserting that this was ‘almost certainly unlawful’, the reports argued that the Department of Work and Income should not only revise its practice, but also make back-payments to make up for previous erroneous assessments.

The Minister requested a review of the Department of Work and Income’s administration of the special benefit to ensure that practice was fair, consistent, and legal. The review found that applicants encountered ‘multiple barriers in gaining access to [the] Special Benefit’, which was ‘virtually invisible’ to the public. Arguing that this situation could be addressed by relatively small adjustments to practice and documentation, it recommended new procedures for audit, publicity, and training; the revision of processes set down in manuals; and revised policies on supplementary assistance and lump sums.
apprehensive about the increasing adoption of private-sector approaches in the public sector. The principal architect of the new service model, Ray Smith, acknowledges that the franchise notion was ‘frightening to many onlookers, and certainly foreign to the New Zealand Public Service’. Its increasingly commercial and corporate image contributed to a sense of a widening gulf between the Service and its clients, exacerbated by a new emphasis on the detection of benefit fraud and debt collection.

Income Support recognised that staff dedicated to the management of debt and benefit crime had different objectives from Customer Service Officers, whose role was to ‘create the best possible position for the customer within current policies’. In mid-1996 the Service approved new strategies which shifted these functions outside the main service delivery structure, allowing them to be pursued with renewed vigour. The Debt Management Strategy aimed to transform debt recovery from ‘mop-up action to front-end procedure’. Five regional debt units and a central collection unit would report to a national debt manager. Under the new model, CSOs made an initial attempt to arrange the repayment of debt through an ‘exit interview’. If this had not borne fruit after seven days, the collection process was transferred to a regional debt collection centre, which was assisted by new technology. Debts still unpaid after twelve months were pursued by the Central Collection Unit.

The Benefit Crime Strategy replaced 42 district-based teams with ten specialised ‘area crime teams’ which used tightly focused techniques such as risk-profiling and data-matching. Income Support’s new strategy also entailed a shift in approach from the detection of abuse to ‘deterrence and prevention’ activities. A team in national office developing a marketing campaign which aimed to change public attitudes towards benefit crime. In late 1997 and early 1998, Income Support ran a series of television advertisements designed to both brand benefit crime as socially unacceptable and show that it was very likely to be detected. These depicted a woman receiving the domestic purposes benefit while living with a working partner, and a man receiving the unemployment benefit while in paid work. In Hamilton, Income Support distributed a poster which showed a person having their pocket picked and the message, ‘A few cheats have their hands in your pocket. Help us to get your money back.’
Trying to change public attitudes was a fraught exercise: as the Service’s own business plan acknowledged, many people viewed fraud as either a ‘minor technical default’ or ‘not greed but meeting need’. The advertisements were widely labelled a ‘dob-in campaign’ and were accused of encouraging distrust and suspicion of all beneficiaries. Viewed as yet another ‘crackdown’ on beneficiaries, the marketing campaign raised the public profile of Income Support in a controversial manner, contributing to the increasingly prevalent view that the Service was insensitive to the plight of its clients. Such attitudes were to be reinforced by controversial policies adopted by the National government in the late 1990s.

Positive Income Support, Beyond Dependency and the Employment Strategy

As Income Support adopted a case management approach and became more of an intermediary between beneficiaries and employers, its activities increasingly encroached on the turf of the Department of Labour’s Employment Service, which had historically been responsible for providing employment assistance and monitoring unemployment beneficiaries’ attempts to find work. With a large number of clients in common, the relationship between Income Support and the Employment Service had always been marked by tension, particularly as the two agencies effectively shared the administration of the work-test for the unemployment benefit. The interface between the two departments had long frustrated both the public, who were required to visit separate offices, and officials, who experienced practical difficulties in administration.

One such official was Peter McCardle, a manager in the Employment Service in the late 1980s, who became concerned that government responsibility for unemployment was ‘totally unco-ordinated’ and split across ‘a wide range of departments and officials’. During his time with the Employment Service, McCardle developed ‘a very simplistic view that work is part of our nature, and [that it] is quite debilitating, almost unnatural, to say to someone: “We will pay you, but don’t do anything, just go away”.’ It was these concerns, combined with deep unease about the extent of the unemployment problem in New Zealand, which caused McCardle to enter politics, and in 1990 he was elected as the National Party MP for Heretaunga. In his maiden speech to Parliament, he lamented that ‘the unemployed person has to travel to a host of different departments and sections within departments to receive assistance’, including an Employment Service that concentrated on ‘the cream of job-seekers’ and a Department of Social Welfare which only provided income support. McCardle also argued that centrally determined employment programmes failed to take into account regional dynamics. He proposed that the unemployed should be ‘comprehensively assisted by one agency rather than by a random selection of staff in different departments’.

McCardle’s views on employment were largely dismissed by senior MPs within his party and had no influence on government policy. Largely ignored for six years, he quit National and joined New Zealand First in mid-1996, playing a key role in policy development and then in post-election coalition negotiations. He was widely seen as responsible for the agreement ‘in principle’ to:

The integration of the New Zealand Employment Service, the unemployment division of the New Zealand Income Support Service, the Community Employment Group, the Training Opportunities programme’s resources of the Education and Training Support Agency into one Employment Service.
Social Developments

Follow N’zera! I have learned of a grave new crisis that threatens the very fabric of our society! A plague so horrible few dare speak its name/ As Margaret Bazley, Director General of the Dept of Social Welfare says: “This crisis is equal to the Economic Crisis of 1964!” But fear not, gentle reader! A small army of politicians, bureaucrats and academics are already preparing to wage war on this evil scourge! The fight will be hard, the casualties will be many, but no quarter will be given... Join me now as we visit the front lines of this looming conflict and journey BEYOND POVERTY, BEYOND DEPENDENCY...

Lately the Dept of Social Welfare (DSW) has been focussing on welfare dependency - the idea that people become psychologically dependent on welfare, causing all kinds of behaviour problems. There’s even been a #200-a-head conference called ‘Beyond Dependency’.

Concerned that the DSW are trying to shift the blame for unemployment away from the economy and onto the dependency’ of beneficiaries, a group of academics, activists and others have organised an alternative conference ‘Beyond Poverty’. Held at Massey University’s Albany campus, it is priced at $150 - $250 a head...

PART ONE: BEYOND POVERTY...

Speakers include economists Susan St. John, Keith Rankin & Prue Hyman, writer Anne Else and a range of people who research and work with poverty: Sue Bradford, John Tamihere, Charles Walgrave...

Speaking as an economist who doesn’t like economics anymore...

Prue Hyman

Key words here are ‘Poverty’, ‘The New Right’ and ‘Deconstruction’! Even the ‘W’ word is being used openly and in public!"

GASP! Have they no shame!"

HEEGAHON!
PRUCLAX!
FRACULT!
FEMINISM!
MARX.

Sigh

STILL WAITING FOR THE GAY TRAIN

PART TWO: BEYOND DEPENDENCY...

At the Ritzy Sheraton Hotel... Free designer snacks and lunches... A well-stocked bar... Complimentary leather satchel...

They speak a different dialect here... "Dependency", "Welfarism", "entitlement", and "safety net" are all positives. Positives include "work", "obligations", "mandating" and "mainstreaming"...

Building a high performance welfare portfolio

Flexible product delivery

Investing against future liability

Active vs Passive receipt

The stars of the show are undoubtedly the Americans. And in particular the ‘Madonna’ of Welfare Reform - Jane Rogers, the head of Wisconsin’s controversial W2 welfare programme...

THANK YOU, THANK YOU...
IT’S VERY NICE TO BE HERE.

W2 has been studied closely by Margaret Bazley and her staff and there is a widespread expectation that it will be the blueprint for N.Z’s welfare reforms...

W2: Key Points:

- Compulsory work for welfare payments
- Job mothers must work
- When child is 12 weeks old
- No buyout in benefit for additional children
- No entitlement to benefit

Rogers’ presentation is full of what the Salvation Army’s Campbel Roberts later calls "bumper sticker social policy":

DON’T FIND WHAT YOU DON’T WANT MORE OF...
I REMEMBER A CLIENT WHO SAID “DON’T GIVE US TOO MUCH!

IT’S ABOUT BEING A CHEER-LEADER!

End all welfare!

But this is nothing on Sister Connie Driscoll (affectionately known as “the Nun from Hell”), who has been brought here by the Business Roundtable to push her own sophisticated brand of Welfare Reform...

In the strange world of Dependency Theory, WORK is God. It is the answer to all our problems; it gives meaning and structure to our lives. Without it we drift into bad habits, poverty, family breakdown and moral decay...

I THINK IT’S OUR CHRISTIAN DUTY THAT “NO WORK, NO PAY!”
The Coalition Agreement also committed the new government to ‘a more regionally driven approach to employment policy objectives’, establishing Regional Employment Commissioners, advised by Regional Employment Committees, responsible for Regional Employment Plans, and to the introduction of programmes that would replace the unemployment benefit with an ‘equivalent community wage or training allowance’. This would require registered unemployed to undertake a prescribed level of work or training in exchange for receiving a benefit. These measures bore a striking resemblance to the proposals McCardle had made in his maiden speech to Parliament six years earlier.

Richard Shaw notes that the eventual outcome of the Coalition Agreement’s Employment Strategy was quite different from what McCardle had envisaged. National ‘may well have experienced that concession as something of a capitulation’, Shaw notes, but the Coalition Agreement also provided National ‘with a guise under which it would aggressively pursue institutional change and policy reforms which far exceeded those which were originally stipulated by McCardle and New Zealand First’. This unanticipated outcome came to be seen as ‘the first institutional expression of coalition politics — the personal “dream” of a senior member of one of the coalition partners which was redesigned to fit with the agenda of the other partner’. Opportunism was not confined to politicians; the subsequent process was also ‘to demonstrate the extraordinary degree to which a highly motivated department can turn political serendipity to its advantage’.

The Employment Strategy set out in the Coalition Agreement overlapped with the Department of Social Welfare’s own proposals to more actively assist beneficiaries and better link the social security system to clear work expectations. An early indication of these ambitions was signalled in its 1995 strategy, ‘Positive Income Support’, which was developed as part of Welfare to Well-being. The strategy expressed concern with both the low quality of life available to long-term beneficiaries, and the likelihood that long-term receipt of a benefit would erode self-confidence and create a weakened sense of responsibility for oneself and others. The strategy proposed the development of a ‘positive income support system’ which would provide ‘incentive oriented entitlements’ reinforced by active assistance, with services customised to individual needs. As well as providing ‘social security’, the strategy argued that the system should ‘develop’ those receiving support. Notions of entitlement should give way to reciprocal obligation — those receiving assistance had a responsibility to make a contribution in return. The steady growth in the number of working-age people receiving benefits other than the unemployment benefit was a symptom of ‘disguised unemployment’; more active assistance should be directed towards all working-age beneficiaries.

In its 1996 Briefing to the Incoming Minister, the Department expanded further on its proposals for policy and administration, which by this time had developed both a harder edge and a more paternalistic flavour: ‘As in the education system, where teacher expectations have a marked impact on student achievement, the expectations of benefit administrators have a marked impact on beneficiary attitudes and responses’. The Briefing outlined two approaches to employment assistance, ‘helping’ and ‘hassling’, arguing that ‘a mix of the two was “optimal” … [T]here was “a balance to be struck”’. Opposite Dylan Horrocks’ 1997 cartoon strip depicts two rival conferences: the Department of Social Welfare’s ‘Beyond Dependency’ and ‘Beyond Poverty’, which was run by a group of dissenting academics and social activists.
In the mid-1990s, a group of staff within the Social Policy Agency and Income Support investigated other countries’ policies towards benefits. They took a particular interest in the work of some US academics and the ‘welfare-to-work’ programmes of Wisconsin and California. Not only did these provide a fully developed model that fitted with the emerging direction in New Zealand, those involved boasted of their success. As Mackay writes:

If one were to construct a plot of all overseas visits made during the 1990s by officials from the New Zealand Department of Social Welfare, it would show a heavy line, denoting significant traffic, between Wellington in New Zealand and California and Wisconsin in the United States .... Like the other visitors, the New Zealand observers came to witness the new ideas about welfare-to-work in action. To adapt the words of the poet Eliot, they came to verify, to instruct and to carry report.

The fact that the American reforms were based around simple concepts that were easily converted to promotable messages was particularly attractive to an organisation which was ‘riding the crest of its own wave of institutional reform and was seeking to find ways to focus its new-found energies and promote its ideas.” Increasingly convinced of the merits of such an approach, the Department of Social Welfare had a significant influence on its political masters, particularly through its Chief Executive, Margaret Bazley.

The promotion of any policy direction, let alone such a controversial one, was contentious for a public agency. This issue came to a head at a conference hosted by the Department in March 1997, ‘Beyond Dependency, a Watershed for Welfare’. Attended by academics and practitioners from eleven countries and both ends of the political spectrum, it aimed to both provoke debate about the issue and develop a ‘menu of initiatives’ that had been successful in other countries. Many of the visitors ‘preached the message about the need for new thinking about welfare and especially for a focus on welfare-to-work’.

One academic, Lawrence Mead, praised Bazley and the Department’s commitment to ‘get out front on welfare’ and pose ‘problems and possible solutions for the politicians as well as to the public’, though he acknowledged that this ‘adds controversy to the passions normally stirred by welfare, as the response to the conference showed’.

The conference was indeed controversial. As a focal point for a range of groups opposed to the government’s policy direction, it convened against a backdrop of protest, police and helicopters. A number of academics and advocates criticised the $1200-a-head conference fee, which prevented members of community groups and those on benefits or low wages attending. A rival conference, ‘Beyond Poverty’, was held by a group which claimed that this was the real issue to be addressed in New Zealand. The Auckland Unemployed Workers Rights Centre accused the conference’s organisers of wanting to ‘soften up’ the New Zealand public for more punitive policy directions. In her opening address, Bazley acknowledged that:

in mounting this conference, we have sustained our fair share of criticism, with claims that the conference is elitist and a vehicle for an emergent dsw ideology, whatever that might mean. For me this is an indicator that the topics that this conference is covering are, at long last, coming to the forefront of public thinking, that no longer is welfare an issue consigned to the backwaters of policy debate.

While this was going on, politicians and officials were locked in passionate debate about the precise shape of the institutional changes that had been agreed to. Crucially, the
Coalition Agreement had invoked a non-existent entity: Income Support had not had an ‘unemployment division’ for some years. DSW officials argued that the strategy should apply to all beneficiaries, as the unemployed would try to migrate to a non-work-tested benefit to avoid the stronger work-testing and other sanctions of the proposed ‘Community Wage’. In a pivotal decision on 15 September 1997, Cabinet decided to apply the Employment Strategy to all working-age beneficiaries, rather than merely the unemployed, as envisaged by the Coalition Agreement. This decision led naturally to a second: in December 1997, Cabinet agreed to the ‘full structural integration’ of the Employment Service, Income Support and the Community Employment Group into a stand-alone organisation.

By the time this decision was announced, the benefit reform process and the Employment Strategy had become closely connected. The government announced the results of both in the 1998 Budget. In addition to the creation of a Department of Work and Income, there would be a number of changes to social security benefits for working-age people. The unemployment, sickness and training benefits were to be merged into a Community Wage, applicants for which would need to sign a Job Seekers Agreement requiring them to actively seek work, or be available for training or up to twenty hours of community work weekly. Those who failed to comply risked the suspension of or a reduction in their benefit. Additional work expectations were placed on sole parents and the spouses of sickness and invalid’s beneficiaries, and there were changes to the administration of these benefits.

These ‘tougher sanctions-backed mandatory requirements’ meant that welfare became ‘contested terrain’ on which ‘the two main political parties staked out different ground’. A number of community groups and academics questioned the use of the total beneficiary population, or even just long-term benefit recipients, as a measure of the ‘dependency’ problem. Many disputed the potential conflation of benefit reliance (a lack of choice) with benefit dependency, which had connotations of more pathological or attitudinal problems. There was disagreement over the extent to which ‘dependency’ resulted from lack of motivation or lack of real opportunity, with some arguing that the concept ‘individualised’ a structural and economic issue. Some accused those involved with benefit reform of being more concerned with economic imperatives (cost-saving or increasing the labour supply) than with the well-being of the targets of the policy. Even among those not in principle opposed to measures to address dependency, there was widespread disagreement about the form those measures should take, particularly the more punitive steps such as stand-down periods, financial sanctions and community work. Linked to a package of controversial reforms and born out of political compromise, the Department of Work and Income came into existence in October 1998 in a highly politicised environment.

Social Services

A striking feature of the creation of the New Zealand Children and Young Persons Service in 1992 was the absence of ‘families’ from its name. If, as Robin Wilson has stated, the main reason for this was that ‘it wouldn’t fit on the top of the letterhead’, the name nonetheless became increasingly symbolic, as the pressure of rising notifications and evolving public expectations shifted the Service’s focus towards the investigation of child abuse and away from supportive activities with families (‘preventative’ work).

Both the Department’s Strategic Plan for Crime Prevention (1994) and its Social Services Strategy (1996) encouraged greater support for ‘at-risk’ families and for activities that would
address the causes of abuse and offending. Such a focus, however, was not always compatible
with public expectations of the Service, particularly given its insistence that it lacked the
resources to meet its existing responsibilities. A change of name to Children Young Persons
and their Families Service in May 1996 marked an attempt to encourage a greater focus on the
family environment but contained an element of wishful thinking. Not until late in the decade
did the strategic approach begin to filter down to the local level with the implementation of
the ‘Strengthening Families’ strategy. Even then, the child welfare system continued to be
primarily dedicated to child protection and, to a lesser extent, youth justice. According to
John Angus, who managed SPA’s Social Services Division throughout this period, ‘the rhetoric
was about family support, but the reality of focus, prioritisation and resource allocation was
child protection’.73

Child protection and youth justice

The 1992 Mason Review encouraged a close focus on child protection. Weighing in on
some long-standing debates, it cited evidence of the prevalence and severity of child abuse
in the community and argued that the 1989 Act had placed too much emphasis on family
autonomy. With abuse at ‘a totally unacceptable level’, the government needed to show that
‘the community will no longer tolerate that state of affairs’. The Review expressed concern that
the Department’s position on mandatory reporting seemed more about resourcing than the
needs of children. It advocated a reassertion of children’s rights through a ‘clear, unequivocal
restatement of the paramountcy principle’ in legislation and the adoption of mandatory
reporting for doctors, teachers, nurses, police, and social workers.74

After reviewing the theoretical literature and overseas experience of mandatory reporting,
the Social Policy Agency presented a compelling counter-argument. While acknowledging
the symbolic value of mandatory reporting, it cited evidence that this could undermine a
sense of collective responsibility for the protection of children, and risked adding ‘complexity
to the system without necessarily resolving its problems’. To improve the care and protection
system, the SPA advocated better training of professionals, enhanced public education, and
better systems for collecting data.75

After ‘extensive deliberations’, Parliament’s Social Services Select Committee recom-
mended against the introduction of mandatory reporting. Instead, a 1994 amendment to the
Children, Young Persons, and Their Families Act included a new legal duty for the Director-
General of Social Welfare to promote awareness of the unacceptability of child abuse and
how to prevent, recognise, and report it. The Service developed protocols for (voluntary)
reporting by government agencies, and targeted the education of professionals and others
working with children, young people and their families. The most publicly visible aspect of
the new approach was a media campaign to raise awareness and educate the public. In May
1995, ‘Breaking the Cycle’ was launched through television, print and radio advertisements,
parenting booklets, and a free-phone counselling, information and referral service. The
campaign was conducted in four phases: emotional and verbal abuse (1995); physical abuse
(1996); verbal abuse and fighting or arguing in front of children (1997); and alternatives to

Opposite The New Zealand Children and Young Persons Service’s social marketing campaign ‘Breaking the
Cycle’ aimed to reduce abusive parenting. Launched in May 1995, the campaign was conducted through
advertisements on television and radio and in print.

MINISTRY OF SOCIAL DEVELOPMENT

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The abuse you yell at your kids will stay in your family for generations.

You are useless. You are dumb. I wish you’d never been born. There, now does that make you feel? Unfortunately many parents talk to their kids like that everyday. It is verbal abuse. And the emotional scars it can leave last much longer than those caused by physical abuse. These children often end up withdrawn and angry. Even more disturbing is the fact that it is highly likely they will become abusive parents themselves. It is a pattern that could continue for generations. We have to break it. If you feel trapped in this cycle we have a booklet that could help. Please call us free on 0800 222 599 for your free copy.
smacking (1998). The latter stages of the campaign were based on a social marketing model which aimed to guide behavioural change in the target audience. This approach was taken because of concerns that merely raising the profile of abuse might lead to indiscriminate reporting and place additional pressure on an already overburdened Service.\textsuperscript{76}

Public awareness of child abuse in New Zealand rose significantly in the 1990s, partly because of media reports of extreme instances of abuse, such as those resulting in the deaths of two-year old Delcelia Witika (1991) and eleven-year-old Craig Manakau (1992). The media also scrutinised NZCYPS’ actions for any suggestion of culpability. The 1993 Children’s Commissioner’s report into the Manakau case, which concluded that the death had been ‘foreseeable and possibly preventable’, was but one of a series of reviews of child deaths in the 1990s that drew public attention to problems within the Service.\textsuperscript{77} According to NZCYPS practice manager Craig Smith, these ‘painted a stark picture’ of ‘patterns of practice and organisational failure’, including:

Lack of clarity about statutory role, poor or absent supervision, breakdowns in communications between workers, sites and interagency, inadequate recording, an incident focus with failure to recognise abusive patterns, an inadequate knowledge base, an unstable organisational context, information-gathering with little analysis or assessment and failure to protect.

In 1994 the Service moved to remedy some of these organisational problems through a project to improve both risk assessment (the likelihood of harm to a child or young person) and risk management (intervention to reduce this risk). Measures included a ‘Risk Estimation System’ to guide and record decision-making, guidelines for the recognition of abuse and neglect, instruments to assess problem behaviour and self-harm, a supervision policy, and a research database. The new risk assessment system was introduced in September 1996.\textsuperscript{78}

Public pressure led to a departure from the 1989 Act’s emphasis on family decision-making, as ‘escalating community expectations that social workers must protect all children and never miss a single case of abuse’ drove social work practice ‘towards increasingly forensic (evidence gathering) investigations of any allegation of abuse or concern’.\textsuperscript{79} This trend was reinforced by the 1992 restructuring, which had encouraged a move away from ‘social work’ approaches which focused on a child’s situation within a family or community. Similarly, the agency’s accountability requirements broke ‘previously continuous protective processes’ into output classes and focused resources on the ‘hard end’ of protection, with non-urgent aspects of casework deemed ‘peripheral’ and of lesser priority. For Smith, these factors resulted in an incident-focused child protection service, with responses to abuse notifications designed to address that incident alone. As the agency rationalised its scarce resources, there were concerns that the Service had reduced its role to ‘the crisis intervention of an emergency service’ and developed ‘a kind of battlefield triage, where cases only receive attention when they get severe enough.’\textsuperscript{80} There were calls for the agency to address ‘underlying patterns of abuse’, and the beliefs, attitudes and behaviours that maintained them.

The Service continued to be of the view that it was not adequately funded to meet existing expectations and demands for child protection, let alone extend its services into more preventive approaches. In spite of a rapid increase in the number of notifications of abuse, the Service’s overall level of funding actually \textit{decreased} in the first half of the decade.\textsuperscript{81} In both 1995 and 1996 the Service stated that it was not adequately funded to meet its formal requirements and reported an acceptably high threshold for intervention, an unacceptably
high number of unallocated cases, slow turnaround times for family group conferences, an inability to adequately implement FGC plans, and significant pressure on residential services.\textsuperscript{82} Funding was increased, but not to the extent the Service considered necessary to address its core problems. In late 1996, the Ombudsman released a report in which area managers declared that they were forced to provide an inadequate service and working conditions in order to keep within budget.\textsuperscript{83} In its 1996 Briefing to the Incoming Minister, the Department took the radical step of publicly announcing that the Service had never been funded at a level that would enable it to implement the CYPF Act. This claim was reinforced by a briefing paper from the Children's Commissioner, who also argued that the Service was significantly under-resourced.\textsuperscript{84}

The Service's case for additional funding continued to be weakened by a lack of clear and objective statistical measures to support it; there was general acknowledgement that the number of notifications was affected by recording practices, definitions of abuse and neglect, societal attitudes, and 'gate-keeping' by individual offices. The restructuring following the Weeks Review included a range of measures to improve financial accountability and the ability to quantify workload and performance. The first six months of 1994 was 'a period of feverish activity' as the Service disestablished its four regions and 36 branches; sites now reported to one of fourteen area offices, which also took over responsibility for pay and accounts from a central processing centre. New processes for recording time and managing leave were rolled out across the country, and the beleaguered CYPFIS system was replaced by a Social Work Information System (SWis) that enhanced reporting on volume, timeliness and compliance.\textsuperscript{85} The restructuring also brought new key performance indicators for each output, and a new national office structure in which managers' responsibilities were aligned with output classes.\textsuperscript{86}

The case for additional resources was also not helped by doubts about the Service's management of its finances. A 1996 external review of the training and development process initiated following the Mason Review found that only about 100 staff had been trained to 'competency' level — area managers had diverted funding for training to deal with workload issues. For three consecutive years, the Audit Office refused to give DSW a 'clean bill of financial health' for its yearly accounts because of concerns about the 'costing of services and the accuracy of reports on how well service targets were achieved'. In 1996 a parliamentary select committee advised the government not to give the Service additional funding until its 'serious accountability problems' had been fixed.\textsuperscript{87}

Following a management audit in 1996, the Service established a new Service Delivery Manager position to monitor the performance of area managers, and realigned its reporting lines to separate policy from operations and devolve responsibility and accountability to the lowest level.\textsuperscript{88} When a new version of SWis incorporating financial features gave social workers more responsibility for financial planning and administration, they made it clear to Claudia Cunningham, an implementation manager for 'SWis 2', that 'clients were more important than the computer and would remain so … court reports and other client-related activities would take priority over computer training and financial data entry'.\textsuperscript{89}

NZCYPs' resourcing issues were felt most strongly in the Auckland area, which had the greatest concentration of clients, staff and resources, and was struggling to cope with major growth in client numbers.\textsuperscript{90} The Service's concerns about practice in Auckland included workload and staffing difficulties; inconsistent, slow or non-existent telephone responses to
enquiries and notifications; and reports of an inconsistent approach to the threshold for care and protection notifications across the city.  

A comprehensive study in 1995/6 confirmed that the growth in the client population in the Auckland Metropolitan Area had significantly outpaced that in the rest of the country. Site offices had been forced to adopt ‘protective coping measures’, including restricting intake to care and protection to high-risk cases and centralising youth justice operations. Morale was low; social workers dealt only with critical, difficult, and complex cases, and had a ‘distinct inward looking focus’ as a result of ‘high turn-over, work pressures, “death” reviews, and accompanying adverse publicity’.  

To address Auckland’s problems, in 1995 the Department introduced an ‘area budget allocation model’ which used demographic, financial and case volume information to allocate resources more equitably. To prevent offices accepting or rejecting notifications on the basis of their capacity to respond rather than the needs of the case, a call centre was set up in 1997 to co-ordinate the intake process in Auckland.

A major factor in the Service’s resourcing issues was the demands made by the most difficult cases. The Auckland Metropolitan Study noted that 10 percent of a social worker’s caseload could occupy more than half their time, primarily because of the lack of suitable programmes for adolescents with problems around conduct, sexual behaviour, mental health, and substance abuse. The Service often functioned as a ‘default mental health service’ for children and young people with severe problems. While the family group conference process was an effective mechanism for those whose offending was less entrenched and limited to adolescence, the Department became increasingly aware of a small minority of persistent offenders with multiple problems for whom repeated family group conferences had little impact. ‘Early-onset persistent offenders’ had often faced several detrimental situations early in life and developed attitudes which made them particularly susceptible to a pattern of repeated offending.

A 1995 NZCYPS needs analysis on care and custody resources confirmed staff complaints of difficulties in placing children in out-of-family care. The closure of residential services in the late 1980s had not been followed by the development of sufficient alternative resources to address the needs of ‘repeatedly offending’, ‘disturbed’, and otherwise ‘unmanageable’ children and young people. The government responded by allocating funding to a Juvenile Sexual Abuse Treatment facility in Christchurch (run jointly by NZCYPS and Barnardos) and a specialist Youth Horizons programme in Auckland for those with a diagnosable disorder.

In May 1996, Cabinet approved a five-year Residential Services Strategy to significantly increase capacity for residential placements and create more therapeutic and specialised environments. Care and protection facilities were to be smaller, enabling more time to be spent on individualised intervention. Youth justice residences were shifted to locations zoned non-residential and provided with enhanced security, enabling staff to spend less time ensuring residents did not abscond and more time addressing their needs. Following an interdepartmental review of recidivist offending, in 1998 the Service launched a ‘Youth Services Strategy’ which integrated earlier work on high-risk youth, enabled the development of specialist programmes and care options to complement the Residential Services Strategy, and introduced new tools for screening for risk of alcohol and drug abuse, psychological distress, and risk of suicide or self-harm.

The 1997 Budget included an announcement that $33 million would be allocated to the Service over the next three financial years, including an increase in baseline funding of $10
million to meet pressures on the Service. Additional funding in the 1998 Budget restored the Service’s per-capita funding to 1992/3 levels, enabling it to make essential improvements in its performance.\footnote{100} The government continued to have concerns about inadequate financial controls and performance management. It informed the Service that additional funding would be dependent on the achievement of specific performance targets, and tied the funding to specific initiatives, particularly the prevention of neglect and recidivism, and residential services.\footnote{101} The services provided under the Residential Services and Youth Services strategies were still largely remedial in nature and did not address the detrimental situations early in life that were often at the root of offending. Thanks to significant policy work in the early and mid-1990s, these detrimental situations were to become the Department’s main strategic focus by the end of the decade.

**Strategic directions: Crime Prevention, family violence and at-risk families**

Eager for the Department to contribute to the government’s strategic goals, Bazley established a team in the Social Policy Agency in March 1994 to develop a response to the new Crime Prevention Strategy, which outlined broad goals, tasks and objectives to guide state agencies in seven key areas. The DSW team developed five-year strategic plans for the two areas of particular relevance to the Department, family violence and at-risk families. Both fell primarily under the Department’s jurisdiction, but cut across agency boundaries and suffered from a lack of co-ordination.

The prevention of family violence was identified by senior management as the Department’s highest priority. The Crime Prevention Action Group found that there was no coherent approach to the issue, despite it being the ‘cradle’ for violence in the community and a major contributor to an individual’s probability of criminal offending. In conjunction with DSW’s Family Violence Unit, an interdepartmental Family Violence Focus Group developed a strategic plan. This work was undertaken in the context of a reassessment of the judicial system’s approach to domestic violence that led to the Domestic Violence Act 1995, which contained new measures to protect victims and broadened the definition of domestic violence to include psychological and sexual abuse.\footnote{102}

Following the New Zealand Government Statement of Policy on Family Violence (1996), the Department published good-practice guidelines for the co-ordination of family violence services following a police call-out or an application for a domestic protection order; these included assessment of the safety and protection needs of children and young people. The guidelines signalled growing awareness of the effect on children of violence between adult family members, including increased risk of abuse and of the inter-generational transmission of violence. Increasingly, child abuse began to be seen through the lens of family violence, and family violence through the wider lens of family dysfunction.\footnote{103}

DSW policy staff concluded that the best way to break such ‘cycles of violence’ was through early intervention and the provision of more support to families deemed to be at risk. This was the second area of the Crime Prevention Strategy for which DSW considered it should be the principal co-ordinating agency, particularly after a series of influential research studies underlined the plight of such families. A longitudinal study directed by Christchurch academic David Fergusson demonstrated the extent to which adolescents presenting ‘multiple problem behaviours’ came from home environments characterised by multiple sources of social disadvantage, family dysfunction and difficulties with parenting. Fergusson suggested
that government agencies should move from addressing ‘single causal factors of problem
behaviour’ to family dysfunction.104

on Fergusson’s research in asserting that the population could be divided into three categories
based on levels of risk: a no-risk group comprising about half the population; a group of about 45
percent of the population who were disadvantaged and ‘at-risk’; and a group of about 5 percent
of families who were trapped in ‘cycles of disadvantage’ and experienced ‘multiple and persistent
problems’.105 Rather than postulating a continuum between advantage and disadvantage, the
report argued that risk clusters could be ‘boundaried’, and that programmes should focus on the
‘transitions’ between groups, the ‘exit and entry points’ between different risk states. Policy and
programmes for families trapped in ‘cycles of disadvantage’ should take a ‘restorative’ approach,
whereas intervention for families ‘at risk’ should involve ‘preventative’ approaches.106

The Department’s emerging policy direction for social services was encapsulated in
its 1996 Social Services Strategy. Produced under the aegis of Welfare to Well-being, this
argued for a shift from a ‘residual welfare model’ — a ‘safety net’ approach focused on core
responsibilities such as child protection — to a model in which ‘overall social well being
is the focus’. The primary strategy to achieve a vision in which ‘[a]ll families are meeting
their care, control and support responsibilities’ was ‘to promote the strengthening of families’.
The strategy argued for a focus on families, with a preventive orientation that minimised
disruption to the home environment:

Every effort must be made to ensure that DSW involvement does not undermine family
strengths. Such an approach does not minimise the level of DSW responsibilities. The desired
result is less need for DSW direct intervention to remedy problems because DSW assists families
prior to the point where direct intervention is necessary [emphasis added].

The strategy recommended services which would relieve stress and enhance ‘family well-
being, through improved skills, self-esteem, and confidence and encouragement of social
contribution’, and ‘address scenarios before a crisis point is reached’.107

Although both the Crime Prevention Strategy and the Social Services Strategy
recommended that the Department reorient its social services towards preventative
programmes targeted at families, the practical influence of this strategic direction was
relatively limited. After members of the Crime Prevention team returned to their business
units in September 1995 to implement the plans, they reported that progress was marginal;
‘business as usual’ largely continued.108 The significant resource implications of the strategy
meant that it was seen as an additional burden by managers with competing priorities.109

Given the pressures on NZCYPs at this time, it is not surprising that the Welfare to Well-
being, Crime Prevention and Social Services strategies initially had relatively little impact
on the agency. Resourcing issues inhibited the adoption of a more preventative focus and
prevented an extension of services beyond the most urgent cases. The Service’s remedial focus
was also partly a result of the functional division — initiated in the previous decade and
cemented in the 1992 restructuring — under which the funding of local preventative services
was primarily the domain of the Community Funding Agency.
Family Support, Community Funding, and Strengthening Families

In spite of efforts to resolve the difficulties, problems at the interface between NZCYPS and NZCFA continued to limit the effectiveness of the Department’s social services. From November 1993, NZCFA acted as NZCYPS’s agent in purchasing care services from the community and voluntary sector. In 1995 the General Managers signed a service-level agreement, established processes for joint strategic planning and implementation, and developed a communications protocol to improve the working relationship. However, observance of the inter-agency protocols varied between regions, and the principal/agent model was ‘cumbersome and resource intensive’.

In an effort to get the two agencies to work together, Bazley set up a management board to supervise the purchasing relationship and ‘align the interests of the subordinate managements with the interests of the Department as a whole’.

The strained relationship between the two services was but one instance of a wider concern about the impact of the new state sector environment on relations between social service agencies. Many felt that limited funding and tighter accountability arrangements had caused ‘a breakdown in the habits and practices of interagency collaboration’ and encouraged a ‘silo mentality’. While this was of particular concern in the light of research on family dysfunction and multiple disadvantage, departmental data also suggested that welfare, health and education funding was going not just to the same areas, but to the same families.

Concluding that agencies should be able to use their resources more effectively by working together, Bazley and her counterparts in the Education and Health Ministries established a Chief Executives’ Group and initiated a shared work programme. In October 1995, Cabinet directed the three Ministries and Treasury to develop terms of reference for a long-term strategy to strengthen families at risk. Initially focused on a stocktake of current health, education and welfare policies and programmes, the exercise was subsequently expanded to look at their co-ordination. DSW chaired the inter-departmental ‘Strengthening Families Committee’ that was to develop the strategy.

Officials concluded that the services provided to at-risk children and families across the three sectors tended to assist two groups: a ‘wider risk group’ (up to 45 percent of all families), who were offered discrete and often unco-ordinated services, many of them reactive rather than preventive; and a small group (approximately 2 percent of all families) in which there was demonstrated evidence of abuse and neglect, who received ‘highly targeted reactive, remedial interventions’ such as those provided by CYFCS. As well as finding ‘evidence of a low uptake by Maori of preventive services’, officials argued that there was ‘a clear gap’ in the systematic provision of proactive early intervention services for the 15 percent of families most at risk.

At around this time, a group of professionals in West Auckland became increasingly frustrated at the inability of central government agencies to meet the needs of local young people and established the ‘Waitakere City Co-ordinating Group’ to develop a collaborative model to address youth problems. In early 1996, a posse of senior officials descended on the city and set up a ‘Waitakere City Effective Practice Management Group’ to establish a ‘best practice model’ for co-ordinating the work of front-line health, education and welfare staff and the local agencies they funded. The Group developed a protocol for case management where more than one agency was providing services to a young person. A ‘lead agency’ co-ordinated services and took primary responsibility for each client, monitoring action against a jointly agreed plan.
The government’s ‘Strengthening Families’ strategy announced in the 1997 Budget had three components: national initiatives to co-ordinate policy, funding and purchasing; local initiatives to improve collaboration in the delivery of services and allocation of resources; and initiatives focused on family skills and parental obligations. Rather than being a specific service or programme, Strengthening Families was ‘a process or way of working’ characterised by inter-agency collaboration and co-ordination in policy design, funding and local service delivery, on the basis of an early-intervention model. A national steering committee was chaired by Bazley, senior staff from each agency managed the project, and local management groups developed ‘case management protocols’ for local services and community groups.

Between 1997 and 1999, the Department helped establish 70 such groups, which comprised representatives from government agencies, local government, iwi, and community organisations. Funded through existing budgets, the groups facilitated co-operation between agencies and community groups, and provided a forum to network, gather information on policy and practice issues, and identify gaps in services. Each group was also to develop a protocol for inter-agency case management, generally on the basis of existing models such as the ‘best practice’ approach developed in Waitakere. In some districts, the groups appointed a local co-ordinator to facilitate case meetings and assist with organisation and reporting. In others, such a role was seen as not only unnecessary, but even as putting at risk one of the central tenets of the Strengthening Families strategy: that it was not just another government programme, but one intended to initiate a fundamental change in how each local staff member supported families.

Strengthening Families also enabled a more collaborative approach to the development of policy at the national level, and the Department worked with other agencies to implement new programmes based on an ‘early intervention’ approach to vulnerable families. This included funding in 1997 for ‘Early Start’, a programme linked to the Christchurch longitudinal study that had been in development since 1995 and provided home-based family support, including visits by trained family support workers. In 1998 the Department announced a similar programme, Family Start, funded jointly by Health, Education, and Social Welfare, which provided home visits to the 15 percent of families most at risk. Families with newborn children deemed to be at risk were referred to a Family Start provider who assessed their needs and invited eligible families to participate in the programme. The family and a family/whānau worker then developed an ‘individualised family plan’ as the basis for services which would be provided over a period of between one and five years. These could include assistance with transport, food, or parenting, or help with access to a wide range of government and community services.

Family Start was one of several preventative initiatives announced in 1998 and 1999 through which local management groups in ‘priority regions’ aimed to assist high-risk populations before they reached ‘crisis point’. In 1998 CYPFS piloted a Social Workers in Schools programme based on a Massey University project which aimed to use low-decile and intermediate schools in North Shore City to access families in need of social work intervention. Twelve social workers with strong links to their local communities delivered social work services through 56 schools in Hutt Valley/Porirua, the East Coast, and Northland. The following year, the programme was expanded to 175 schools across the country. Other Strengthening Families initiatives included services for children and young people with
severe mental health problems or severe disabilities, budgeting services, and a reintegration programme for prisoners with young families.\textsuperscript{124}

As a major government and departmental priority, the Strengthening Families Strategy had a significant impact on the Community Funding Agency. The Agency managed the contracts for the early intervention programmes and trialled new forms of inter-agency collaboration in the purchase of services.\textsuperscript{125} The Department also wished to shift its social services into a ‘Strengthening Families Framework’ in which CYPFS and CFA would focus on ‘the objectives of assisting high risk families exit disadvantage, and to prevent at-risk families entering this state’. As CYPFS dealt only with those most at risk, it had limited ability to prevent others from becoming its clients. CFA’s funding, on the other hand, was spread over a range of risk categories and had little bearing on the number of families entering high-risk status or coming to the attention of CYPFS.\textsuperscript{126}

Even leaving aside the influence of Strengthening Families, the Community Funding Agency was at a crossroads in terms of its role and purpose by the late 1990s. The size and range of its funding responsibilities had steadily diminished: by 1995, funding of disability support services had been completely transferred to the health sector; in 1996, the transfer to mainstream agencies of vocational services for people with disabilities began. A departmental report in 1997 identified two potential options for the future direction of NZCFA: ‘to increase its purchasing responsibility by diversifying into new areas, becoming a purchaser on behalf of agencies outside the Department of Social Welfare’; or ‘to concentrate and specialise in the services for families in need of support and the services to promote community welfare which together make up the bulk of the remaining NZCFA purchasing responsibilities’.\textsuperscript{127}

At this time the Department had a range of other concerns about the Community Funding Agency’s approach. Community providers continued to highlight the impact on them of CFA’s funding processes; the reaction of the voluntary sector ‘moved from an initial nervousness to a crescendo of complaint’.\textsuperscript{128} Central to this dissatisfaction was the cost of complying with contracting requirements; the agency’s service planning process also came in for criticism. Its ‘Needs Indicator Index’ was dubbed ‘the black box’ because of the lack of transparency around the information that went in and came out, and how the subsequent decisions were made.\textsuperscript{129} In 1996 an independent DSW-commissioned assessment found the not-for-profit sector to be ‘viable but vulnerable’. Improvements in service levels and quality had been ‘extracted at a price’: more than 80 percent of providers stated that the amount of time they spent applying for funding had increased, and more than half reported that their financial reserves had decreased.\textsuperscript{130}

Three reviews in 1998 suggested that the Community Funding Agency should significantly change how it did business. A review of contracting found that service providers were unhappy with existing processes, particularly the timing of funding decisions, which limited their ability to plan ahead. It also found that field staff increasingly managed contracts by mail and the telephone, rather than face-to-face visits. A review of the approval process also raised doubts about the efficacy of some outreach workers, including concerns that some lacked experience and knowledge in certain areas (particularly service standards and financial management), and that some had been ‘captured’ and were not sufficiently testing providers against the required standards. Aware of dissatisfaction with the service planning process, CFA began to review the funding allocation mechanism to better tie the process to the Strengthening Families Strategy, better involve the Strengthening Families Local Management Committees
IWI SOCIAL SERVICES

In the late 1980s, Puao-te-Ata-tu and the Children, Young Persons, and Their Families Act 1989 created considerable optimism amongst Māori that they would soon have greater control over social services directed towards them. Puao-te-Ata-tu recommended the inclusion of principles of whānaungatanga and whakapapa (‘incorporation of whanau/hapu/iwi into all processes dealing with children’), and led to the development of the Koha Placement and Whanau Development funding programmes. These principles were generalised with the passing of the Children, Young Persons, and Their Families Act, under which organisations approved as either an Iwi Authority or a Cultural Authority could exercise a range of powers and duties, including custody or guardianship. The Act also required the Director-General to assist such devolution by promoting the establishment of such services.

The Department made slow progress in developing guidelines for approving Iwi Authority Social Services, and faced mounting criticism, with accusations that iwi were being ‘coerced’ to apply instead as Child and Family Support Services, provided with less information and resources from business units than other applicants, and monitored more harshly. After the Department’s ‘failure’ in the area was criticised by the Mason Review, Cabinet directed officials to ‘report on how the role of Iwi and Cultural Authorities under the Act may be given better effect’. In October 1992, Cabinet agreed to amend the Act to address iwi concerns that the legislation empowered the Department rather than Iwi Māori to define a recognised ‘Iwi Authority’ — only for the amendment to be delayed after Minister Shipley expressed concerns about a ‘separatist provision’ for Māori, and a dispute as to whether such services should be able to act as sole guardians under a Family Court Order. After vigorous opposition from iwi, the restrictions on guardianship were reversed by Shipley’s successor, Peter Gresham, and a 1994 amendment to the Act replaced the terms ‘Iwi Authority’ and ‘Cultural Authority’ with ‘Iwi Social Service’ and ‘Cultural Social Service’. To receive such a status, a service required endorsement from iwi.

In late 1994, Bazley reaffirmed the Department’s commitment to bicultural principles through the release of the Te Punga strategy, and sponsored a project to have approved and resourced Iwi Social Services in place by 2000. The scheme would be implemented in three stages: approval of iwi social services; identification of outputs and resources for devolution; and a change management process (including marketing and development initiatives). The Department finally released draft Standards for Approval in 1995, and approved the first Iwi Social Service, Ngāti Ruanui in Hawera. But two years later, only Tainui in Waikato had joined them, and the Department had yet to approve standards for Cultural Social Services. National targets were set and an implementation manager responsible for meeting them was appointed, but in 1999 the Department acknowledged that ‘the target of contracting with all 54 priority iwi would not be met, “new models” of service delivery for Maori [had] not emerged, and frameworks for measuring outcomes for Maori were yet to be developed.”
The development of Iwi Social Services was a challenge for the Department. The strategy involved a significant transfer of resources from CYPFS to iwi, and there was a tension between the ‘partnership’ approach and the highly specified nature of contracting, which limited an Iwi Social Service’s ability to ‘deliver its services in its own unique way’.

A 1999 review of progress found that in spite of an expectation that an iwi driven Social Service would exhibit different and specifically Maori dimensions, the requirements of CYPFA outputs, CYPFA accountabilities, and CYPFA deliverables dictate the structure of iwi service patterns. For this reason, iwi viewed the rhetoric around ‘partnership’ with some scepticism; one iwi representative described their role as little more than putting ‘a brown face on a CYPFA service’.

The Iwi Social Services Strategy was dubbed ‘iwi fundamentalism’ by pan-iwi and non-kin-based Māori organisations which sought recognition as service providers under the 1989 Act. One such group, Te Whanau o Waipareira Trust, took its case to the Waitangi Tribunal, arguing that ‘because the Crown failed to preserve traditional social structures when urbanisation occurred, those Maori who did not identify with an iwi were effectively denied their rights under the Treaty’, and that approving only kin-based groups ‘divides Maori in a manner which is contrary to the reality of modern Maori life and contrary to the Treaty of Waitangi’. In a landmark decision in 1998, the Tribunal found in favour of Te Whanau o Waipareira; it should be granted the status of a Treaty partner, and the Crown had a duty to ‘protect the exercise of rangitiratanga wherever it is manifest, including in non-kin-based groups’. The government’s formal response in May 1999 was that it would amend the 1989 Act to remove discrimination against non-iwi-based providers, and develop a Maori Social Services strategy that would include both kin- and non-kin-based groups.

in decision-making, and better meet needs at the community level. The overall message was that as each area of activity required specialist skills, the CFA should abandon its generalist approach and establish specialist teams for each of its core functions.

The continued separation of CYPFS from the funding of community services was seen as less and less desirable, particularly after the merger of Income Support and the Employment Service seemed likely to leave behind a somewhat lopsided Department of Social Welfare. In September 1998, the Director-General announced her intention to amalgamate CYPFS and CFA to form a new agency within DSW as the first step towards a stand-alone ‘Department of Child and Family’. The new agency would focus on improving outcomes for children from at-risk and high-risk families by delivering ‘a comprehensive range of preventative and remedial services with a seamless boundary between direct and contracted services’. As well as providing remedial care and protection and youth justice services, it would take ‘an early intervention and prevention approach’ and ‘work to minimise harm to children and young people by ensuring appropriate services are provided to assist families to meet their care, control and support responsibilities’. On 1 January 1999, the Children, Young Persons and their Families Agency (CYPFA) merging CYPFS and CFA within DSW came into being.
During the next nine months the Agency continued to work on many of the proposals that had already been under way in its predecessor organisations. These addressed three significant areas. First, the overall funding and contracting process was overhauled, and shifted away from outreach workers with generic skills to centralised specialist teams. Outreach workers working from home were replaced by staff in site offices who were responsible for approvals, community liaison, and ‘high-risk’ contracting, and worked alongside CYFF staff to align direct and contracted services into a ‘seamless service’.134 Second, the merger was used as an opportunity to implement a range of changes to the delivery of services previously provided by CYPFS to address perceived practice deficiencies. A new service delivery structure for national office replaced the fourteen area managers with six business managers with a narrower focus on improving performance and accountability for core social work services. Third, functions other than direct social work delivery were to be managed nationally: payroll and some human resource and accounting functions were centralised, and co-ordinators were split off into an independent, nationally managed service. In mid-1999 a new vision for the Agency was announced: ‘Early Help’ would see the service attempt to focus more on prevention and, over time, reduce the level of intensive case management and crisis services required of it.135

On 1 October 1999, the Agency became a stand-alone Department of Child, Youth and Family Services (branded as ‘Child Youth and Family’), with a new structure and a plan to considerably change its orientation. The new Department, many hoped, would provide a better link between direct and contracted services, greater balance between preventative and remedial services, and play a stronger role in supporting families facing multiple problems. Significant uncertainty as to CYF’s primary purpose — child protection or broader family support — remained unresolved.136
Towards the Ministry of Social Policy

The strategic directions of the various services — which all involved an attempt to shift from narrowly defined efficiency to a longer-term focus on social effects — can be positioned within broader debates about the state sector. In an influential 1996 study initiated by the State Services Commission and Treasury, ‘The Spirit of Reform’, Professor Allen Schick argued that while the state sector reforms had ‘lived up to most of the lofty expectations held for them’, the results of the system of Strategic and Key Results Areas had been ‘patchy’ and the sector needed to move from management issues to policy objectives — it must ‘do for outcomes what has been accomplished for outputs’.

Schick’s analysis overlapped with concerns about the quality of policy advice expressed by Jenny Shipley, now the Minister of State Services, who argued that the public service struggled to define clear outcomes for the government to seek, let alone to propose sound policies to achieve these outcomes. In March 1997, Shipley and the State Services Commissioner agreed to a project to investigate the various influences on the quality of policy advice and propose ways in which this could be improved. The review attributed variable departmental performance to under-investment in capability development, as well as other systemic problems: ministerial statements about desired outcomes and policy directions were often unclear and ‘Strategic Result Areas’ inadequately specified. SRA’s were not linked to wider processes, and thus tended to “sit” over the top of government rather than driving its daily business. Chief executives lacked incentives to actively co-operate on cross-cutting policy issues, and, as no one was responsible for driving Strategic Result Areas or monitoring their achievement, they remained largely ineffective as a strategic mechanism.

These systemic deficiencies contributed to a second problem: inadequate ‘inputs’ to the production of policy advice. Short-term demands prevented the development of longer-term research and information strategies, leading to a shortage of in-house research capability and creating ‘departmental silos’ that inhibited information-sharing. Departments had not been required to analyse their ‘intervention logic’: how their outputs contributed to Strategic Result Areas. Without a rigorous evaluation process, Ministers were essentially making decisions about future strategy and expenditure in an information vacuum. The lack of capability for evaluating outcomes would only be resolved by greater demand for it: by Ministers communicating their expectations, and through mechanisms to introduce greater accountability for strategic management across the state sector. The review proposed the development of ‘SRA Networks’ which would break down each Strategic Result Area into specific, measurable and achievable outcomes and be championed by a senior Minister with responsibility to Cabinet for their achievement. Most significantly for the Social Policy Agency, the State Services Commission also proposed that a dedicated unit within a ‘lead agency’ be accountable to the Minister with primary responsibility for each Strategic Result Area.
Unlike the Strengthening Families project, a ‘bottom-up’ strategy which emerged from within the Department, the Code of Social and Family Responsibility is widely acknowledged to have had a political gestation. In June 1997, Treasurer Winston Peters’ Budget Statement included a section entitled, ‘Recognition of Social Responsibilities’. This proposed a plan for beneficiaries ‘that details what the government expects of them in exchange for the help they receive from taxpayers, a “code of social responsibility — a form of contract between a welfare recipient and the state”’. Political controversy erupted over whether the Code would apply to beneficiaries only, with Labour leader Helen Clark accusing the government of encouraging ‘a new atmosphere of beneficiary bashing’.

In late 1997, the government expanded the Code into a wider social initiative that would apply to all New Zealanders. Jenny Shipley, now Prime Minister, cast it as ‘an opportunity to stimulate a debate about the balance of responsibility between state and families/individuals’; Minister of Social Welfare Roger Sowry described it as a ‘bold step’ which had ‘the ability to act as a foundation for future social policy development, over all social portfolios’. In February 1998, the Department distributed copies of a discussion document to all 1.4 million households in the country. Towards a Code of Social and Family Responsibility described current laws and the role of government in relation to eleven issues, and posed questions that were intended to prompt discussion and stimulate feedback. The 94,000 formal responses were analysed by the Department and summarised in a report published in October 1998.

While this process of consultation was going on, the Social Policy Agency analysed the merits and feasibility of such a code as a basis for law, policy, administrative guidelines, or public education campaigns. The Agency advised Ministers that:

A code, as a coherent set of obligations akin to those in the public discussion document and given formal status as law or guidelines, was too blunt an instrument and too risky a venture for the Crown, to have merit as a social policy initiative for further development.
By the time officials completed an analysis of the consultation process, the proposal to use the Code as a formal or legal statement was a lost cause. In the midst of the Asian Economic Crisis, the coalition between New Zealand First and National dissolved and Peters moved to the opposition benches. In late October, Sowry announced that a legislated code was ‘neither required nor desirable’.

The Code was an attempt to establish social consensus on strongly contested ground, including the role of the state in families’ lives, the responsibilities of parents, and the boundary between public and private matters. While many of the responses to the discussion document were supportive, the Code also came in for trenchant criticism from intellectuals and community groups. Fears were expressed both that the government was attempting to absolve itself from responsibility for social outcomes and that the Code might be used to justify ‘coercive measures’ that impinged on civil liberties and infringed individual freedoms. John Angus and Maree Brown, the senior DSW officials responsible for analysing much of the public reaction to the Code, concluded that many of the negative responses were related less to the content of the proposal than to distrust of the government’s motives: ‘[M]any believe the Code is code for something’, they noted.

In December 1998, the government announced the replacement of the 1997–2000 SRAs by ‘The New Zealand Government’s Goals and Priorities’ — seven overarching goals and eight strategic priorities. The Prime Minister established ministerial teams with lead agencies to develop outcome indicators for each strategic priority against which achievements could be monitored. New initiatives for the 1999 Budget (outside of Health and Education) were submitted to ‘Gate-keeping Ministers’ and Cabinet by ministerial teams: DSW was designated the lead agency for the Social Responsibility and Strengthening Families Ministerial Team (the ‘Social team’), which co-ordinated Budget bids by social sector agencies and the development of social sector outcomes and KRA.

In 1996 Bazley had commissioned a study of the extent to which the Department’s structure and processes were aligned with those required to achieve the government’s strategic goals. The report found that both staff and stakeholders generally viewed the Department as reactive, making insufficient use of data and research in its advice, and lacking in attention to strategic policy issues. That year the research and evaluation group was shifted into the Strategic Policy Division, both to raise its profile and to align its work with the department’s strategic priorities.

The Social Policy Agency’s capacity for research and information analysis was also boosted in 1996. The new Information Analysis Platform (IAP) made data from various business systems accessible for analysis and provided an analytical toolkit with the ability to aggregate, analyse, model and present information. The IAP both improved the modelling of policy options and forecasting of expenditure, and enabled a new level of analysis that provided information not only on the use of services provided by the Department, but also on the characteristics of the clients who accessed them and the interdependencies between services. While the scope of the initial project was confined to data from SWIFT, FAMIS,
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CYPFIS (later SWis), and Statistics New Zealand, the project had the ability to include data from other agencies. It laid the foundation for a government-wide information base which could be analysed to support policy issues.

The government continued to have concerns about the capability available to it in relation to strategic social policy, in particular. Such concerns stemmed from ‘growing disquiet’ about ‘certain persistent negative and stagnant trends in key social indicators’ and ‘growing pressures on Government social services, despite significant increases in expenditure’. Many of the troubling policy issues cut across departments; they included community and social cohesion, income distribution, educational standards, health outcomes, disparities between Māori and non-Māori, family dynamics, and intergenerational ‘cycles of disadvantage’. The causes of social exclusion were often interrelated, and required a more long-term focus based on ‘demographic trends and evaluation of applied social policy over time’.

It was within this context that the government decided in December 1997 to merge Income Support and the Employment Service. In May 1998, Bazley proposed a reorganisation of the residual units of DSW into two further Departments: the combination of CYPFS and NZCFA in a Child and Family Department, and the establishment of the Social Policy Agency as a separate policy Ministry with a strategic stance that would provide robust advice on the purchase of social services from the delivery departments. This Ministry would prepare purchase and performance agreements for each delivery agency, allowing it to ‘exert greater influence’ over the agencies’ ‘direction, activity, and accountability’. The State Services Commission favoured an even broader role: following the creation of the stand-alone agencies, it proposed a six-month process to examine the feasibility of a Ministry of Strategic Social Welfare Policy or Equity with ‘a much wider purview of broad social policy’ as the locus for ‘broad cross-Government social policy analysis’.

While this proposal for a kind of ‘Social Treasury’ that would ‘mirror the economic policy role of Treasury’ did not proceed immediately, the government did establish an agency with a wider role than its predecessor. Having decided to set up two separate delivery-only organisations overseen by a third body with responsibility for policy, in November 1998 Cabinet agreed to merge the Ministry of Housing’s Policy Division with the Social Policy Agency. This integration was seen as a logical extension of the Strengthening Families initiative, as housing was often a critical issue for families at risk. The merger also resolved a long-standing split in the source of advice on the accommodation supplement, supplementary assistance and housing affordability.

In April 1999, Cabinet agreed not to proceed with structural changes that had been suggested with the aim of improving strategic social policy capability. Instead, it expected departments to take interim measures to improve the quality of strategic advice, and to report by February 2000 on progress, including the possibility of establishing a ‘lead agency with a broad strategic social policy mandate’. The decision to establish a Department of Child, Youth and Family Services in October would leave the remainder of the Department of Social Welfare as a policy and purchase advice Ministry. On 31 May 1999, the government agreed to rename DSW the Ministry of Social Policy, on the basis that ‘the term “welfare” had “pejorative implications that are out of line with Government policies emphasising a movement away from a welfare mentality by promoting incentives for self-reliance and work and stronger families”’. When the Social Policy Agency and the Corporate Office merged as the Ministry of Social Policy in October 1999, the Department of Social Welfare ceased to exist.
The 1998 merger between the Income Support Service and the New Zealand Employment Service (NZES) to form the Department of Work and Income fused together two previously independent functions: the administration of the benefit system and the provision of employment assistance. This integration was to become an accepted state of affairs in the first decade of the 21st century, but at the time it was controversial.

Many officials within the Employment Service and its parent organisation, the Department of Labour, worried that the new Department would be less a merger than a takeover. According to Roger Sowry, the Minister of Employment and Social Services, officials from the Department of Labour:

woke up very late in the day to realize that not only was this whole thing going to be a total merger, it wasn't about their Employment Service getting a whole lot of the easy bits of Social Welfare and toddling on as they were. It was actually about them losing the employment service. You know, the elephant and the snail merger, that's essentially what it was; the huge and little. Well, that created big nervousness in the Department of Labour. Then when they realized that that put at risk their ability to be in charge of it, they didn't take that very well, some of them.'

To understand some of the reasons for this nervousness, we must turn to the unique history of NZES, which was created in a restructuring of the Department of Labour in 1988 that had significant parallels with the 1992 ‘business unit’ restructuring of the Department of Social Welfare. The history of the New Zealand Employment Service has a number of other similarities with that of the Income Support Service. Both agencies went through a process of organisational transformation in which private sector methods were used to emphasise efficiency and public image. Both agencies employed commercial techniques which departed significantly from traditional public sector methods and sparked considerable public apprehension, but also achieved a dramatic improvement in organisational performance. And in both cases the catalyst for change was the same man: the former manager of marketing at Honda Motors, George Hickton. In NZES Hickton introduced the methods of organisational transformation he was to use four years later in the New Zealand Income Support Service.

By 1998, both agencies retained the strong sense of organisational identity they had developed under Hickton, but they had headed in very different directions. Having made initial gains in efficiency, both had attempted to broaden and refine their performance measures to focus on ‘quality’ as well as ‘quantity’, and both had tried to implement more personalised service as economic conditions improved. But whereas Income Support ‘tightened up’ its management via a ‘franchise’ model, NZES moved towards more delegated decision-making and greater regional flexibility. The result was very different management styles and organisational cultures.
The 1988 restructuring

Faced with rising unemployment and organisational difficulties (and no doubt aware that the government had begun to scrutinise the efficiency of government departments), in 1987 the newly appointed Secretary of Labour, Colin (‘Jas’) McKenzie, announced a fundamental review of his Department.

The review team found that the staff of the Department of Labour were suffering from confusion as to its fundamental purpose and the nature of its business, a confusion that was exacerbated by unclear accountability both for the management of resources and for performance. It argued that, over the previous decade, the Department had emphasised the administration of large-scale labour-market programmes at the expense of ‘core functions’ such as job placement, which had been ‘progressively sapped’. The Placement Service undertook insufficient screening and referral and, rather than assist clients, effectively did little more than ‘police the dole’ by administering the work-test. Employers viewed the Service as a ‘repository for the unemployment or underskilled’; for their part, many of the unemployed used it as a ‘staging post on the way to income maintenance’.

The review argued that the Service was too focused on those who were disadvantaged in the labour market, and should instead provide a placement service targeted at the general population. This was justified on both economic and social grounds. By speeding up the labour market’s response to significant structural change, the Department hoped to minimise the numbers of those who became unemployed for long periods, a fate which eroded work skills and self-esteem, had a negative impact on the well-being of individuals, families and communities, and reduced the productive capacity of the economy.

On the recommendation of the review team, McKenzie announced in March 1988 that the Labour Department would be restructured into five distinct services — New Zealand
Employment, Training Support, Occupational Safety and Health, New Zealand Immigration, and Industrial Relations — each with a general manager, a policy analysis unit, support services, and a regional network of offices. The five services would report to a corporate office which included a general management unit and a unit dedicated to labour market analysis. The Employment Service was restructured into six regional offices running a total of 73 employment centres. The Group Employment Liaison Service (GELS) operated outside the local office structure, reporting directly to the Employment Service’s General Manager. With training programmes separated out and reporting requirements for the work-test relaxed, the New Zealand Employment Service was expected to focus almost solely on getting people into work.4

Employers and placements (1988–90)

When George Hickton took up the role of General Manager of the Employment Service in October 1988, unemployment was high and job opportunities were scarce. Hickton quickly realised that the Service would be more useful to the unemployed if it had a better reputation with employers. He used his experience as a private sector employer to argue for a reorientation of the Service:

[T]he Department of Labour would ring me up and I would say, ‘You’ve got to be joking … I’m not going to hire anyone from there, they’d be hopeless. I was able to say to the organisation, ‘Your reputation is simply not good enough to get the job done. You can’t walk in the door credibly’…[W]e needed to change the approach to the way we treated our employers.

Hickton argued that better relations with employers would result in more vacancy notifications and placement opportunities. He took issue with the still-prevalent view that the Service’s ‘customer’ was the unemployed worker, arguing that ‘they’re … actually the product we work with, the customer is the employer’.5

Telling his staff that they ‘don’t have to look like the unemployed … to relate to them’, Hickton introduced new floor plans for the offices, made efforts to improve customer service, and underlined the importance of personal presentation by launching a corporate wardrobe. The Service launched ‘Employer Action 89’, a marketing campaign to promote its value for employers seeking staff; the new name and image was bolstered by an eight-month television and newspaper campaign. Teams set up in employment centres to actively seek out vacancies were given specialist training to help them make effective presentations to employers.

Staff were encouraged to innovate and given the freedom to do so. Tony Gavin recalls that:

If you looked at a newspaper in 1988, and looked at the employment page there would be five advertisements for a job, that’s all there would be …. We had people going out, talking to employers, really being proactive in a way that the organisation had never been before and no government employment agency had ever been before. George very much encouraged the local offices to be responsive to their labour market, and so you had a lot of innovation going on. People felt they were empowered to do things. He also brought an atmosphere of celebration to the organisation, and so results were recognised … People felt … that they were working for an organisation that really had a social objective.6

Merv Dacre, who managed the employment centre in Dunedin in the late 1980s, remembers coming away from the Employment Service’s first national conference with a sense that ‘the shackles had come off’, and feeling ‘huge excitement and fear, because he had huge
GELS, SPECIAL PROJECTS, CEDU AND THE COMMUNITY EMPLOYMENT GROUP

The New Zealand Employment Service’s focus on placements and emphasis on the benefits to employers was of little value to those living in isolated areas where few work opportunities were available. Public sector restructuring had a disproportionate impact on some communities, as the drive for efficiency in the new state-owned forestry, coal-mining and railway enterprises led to large-scale redundancies in areas such as Bay of Plenty, Whanganui and the West Coast of the South Island. The removal of subsidies and a stronger exchange rate put greater pressure on primary industries and combined with cutbacks in banking and postal services to depress many regional economies. The removal of import tariffs and export subsidies also had a negative impact on the manufacturing sector, which employed a high proportion of working-age Māori. In the three years to 1989, the number of Māori in employment fell by 25 percent.

Noting the ‘confusion and bitterness’ caused by the demise of the fully subsidised job-creation schemes, the 1987 Ministerial Inquiry into Violence (the ‘Roper Report’) recommended targeted assistance to ‘at-risk’ people who had previously benefited from the Contract Work Scheme. In mid-1988 NZES’s Group Employment Liaison Service (GELS) established a new ‘Group Development Assistance Programme’ that initiated projects to prepare gang associates and those with criminal records and drug or alcohol problems for training or employment.

From April 1989, a new Special Projects Unit within NZES implemented three new programmes: Community Restart, a voluntary programme which subsidised community organisations, local authorities, and government departments to employ job-seekers for nine months; Conservation Corps, which provided training and experience to young people through conservation projects; and the Local Employment and Enterprise Development Scheme (LEEDS), which supported local employment resource centres and enterprise agencies to encourage the development and upskilling of new local businesses. A ‘Community Work Scheme’ piloted between October 1989 and April 1990 in Kaitaia, Hastings, Nelson and Oamaru offered those who had received a benefit for at least eighteen months structured voluntary work in projects sponsored by community organisations, educational bodies and local authorities. There were few volunteers and the scheme was discontinued.

In March 1990, the LEEDS programme was transferred to a new Community Employment Development Unit set up to help the economic revival of communities. Established with a Director, Communications Co-ordinator, Training Co-ordinator, and eight regionally based Project Officers, the Unit aimed to stimulate local initiatives and encourage community-led responses to unemployment. While it provided some ‘seed funding’, it mainly offered resources, skills and support. As well as general guides, resource kits and other published information, it also had specific initiatives to help with small-town economic planning (‘Bootstraps’), and technical assistance, expertise...

In 1990 the government reviewed and rationalised its community and enterprise assistance programmes. Those which aimed to foster business growth would now be administered by the Ministry of Commerce, and those intended to generate additional employment opportunities by the Department of Labour. The Community Employment Group was rationalised as a new service unit in the Department of Labour, amalgamating the Community Employment Development Unit, the Group Employment Liaison Service, and the Department of Internal Affairs’ Alternative Employment programme, which helped disadvantaged groups establish their own businesses by providing loans and the services of a network of field workers. While each had different objectives and target groups, these agencies all operated outside the main delivery mechanisms and connected central government with the most disadvantaged and remote communities. Five regional offices and nearly 50 field advisers provided information, brokerage, advice and planning, and made recommendations for the funding and monitoring of projects. Head office developed strategy and policy, processed applications for grants, and conducted audits and evaluations.

Working closely with the most disadvantaged communities and thus operating in a high-risk environment, the Group developed a unique and specialised approach to community development. A subsequent review found that stakeholders saw it as achieving good outcomes for disadvantaged communities and as having developed ‘a high level of maturity as an organisation’. It had good accountability mechanisms and had successfully managed risk in diverse circumstances.

The recommendations of the Employment Task Force resulted in a refocusing of the business of the Community Employment Group. It disengaged from national strategies with a more general focus and redirected funding to initiatives aimed directly at disadvantaged groups. The Group placed a greater emphasis on working directly with communities, assisting with strategic planning and local initiatives for four priority groups: Māori, urban and rural disadvantaged communities, Pacific Islands people, and women.

expectations on us to make a difference’. A 1989 survey found ‘widespread support’ amongst staff for the corporate identity programme; they had become more committed to achieving organisational goals. For Dacre, the Service ‘suddenly went from a dowdy old department that nobody knew about to something that became quite relevant to the community’.

Hickton’s main tactic for changing the Service’s reputation with employers was to reorientate its focus from long-term to short-term unemployed, both to minimise the number of people who would get ‘trapped’ on the dole and ‘to give the business confidence that they could actually place people’. Hickton encouraged staff to place the best person for the job, using the number of placements achieved by officers as a measure of performance. As he would later at Income Support, Hickton sent offices daily reports on their progress towards targets and brought in ‘yardstick competition’.

Dacre recalls that:
in the early years, all George wanted from us, and all you were managed on, was how many people you placed into work. It didn’t really matter if it was an hour’s job or a year’s job, it was still seen as getting someone work …. There was intensity around the placement focus, for public servants it was almost like running a business — you had a clear measure of success. It was almost like replacing the words ‘dollar profits’ with the word ‘placements’. All your planning was around how you could maximise the number of placements you could make.\textsuperscript{11}

Staff from under-performing areas were sent to more successful offices to observe their practices.\textsuperscript{12} The best-performing office was recognised at national conferences in awards ceremonies that were compared to the film industry’s ‘Oscars’.\textsuperscript{13}

In May 1990, Hickton announced a restructuring of the area offices and the General Manager’s Office. This centralised the support services previously located in each regional office, reduced the number of regions from six to four, and pruned each regional office to just a manager and a personal assistant. The restructuring was intended to reduce costs, encourage a ‘clearer and sharper business focus’ on the part of regional managers, and remove a structure that, in his view, prevented a close relationship with centre managers and acted as an ‘unnecessary filter of communication’.\textsuperscript{14}

A 1990 performance review by the State Services Commission noted a ‘remarkable success’ for the Service: the number of placements it had made had jumped from 39,500 in 1988 to 68,276 in 1989.\textsuperscript{15} The review attributed this in part to greater employer satisfaction with the Service that was reflected in the number of vacancies notified to it: 66,452 in 1988/9, 102,838 in 1989/90, and 110,000 in 1990/1.\textsuperscript{16} The Service made 82,581 placements in 1989/90 and 100,430 in 1990/1.\textsuperscript{17}

While the ssc was largely positive about the Service’s improved performance, it expressed some reservations. The NZES appeared ‘to be predominantly targeting those who are more easily placed into work and might not need the specific intervention of the Employment Service’, and was possibly neglecting the long-term unemployed and other disadvantaged groups.\textsuperscript{18} There was no measure of the quality of the placements made, or the extent to which people were being placed in enduring employment. In late 1990, Hickton warned regional offices against ‘eccentric placement credit policies and practices’ such as counting self-placements and employer-arranged recruitment with no real NZES involvement, and recording multiple placements for a single relationship between an employer and a job-seeker, as when a worker performed a range of functions (pruning/picking, reception/typing), or moved between positions in a single workplace.\textsuperscript{19}

It should be noted that not only was the Service aware of the plight of the long-term unemployed, it saw its approach as the best way to respond to the problem. The focus on placements, it argued, reduced the number of people who would enter long-term unemployment by getting as many as possible of the newly unemployed back into work as soon as possible. It was also of the belief that the benefits of improved agency performance created by the short-term focus would have a flow-on effect for the long-term unemployed. The Service could ‘piggy-back’ on an improved reputation as a place to find staff to convince employers to take on the longer-term jobless (placements of whom rose from 2900 in 1987/8 to 8611 in 1988/9 and 16,445 in 1989/90).\textsuperscript{20}

In each employment centre, the service introduced ‘Job Clubs’, eight-day courses whose participants shared job-search techniques and supported one another to find employment. More condensed one- or two-day ‘Job Search Seminars’ were tailored to more ‘job ready’
clients. From June 1990, those who had been unemployed for at least 26 weeks were required to attend ‘work focus interviews’ or have their benefit suspended. For the 1990/1 year, the government required the Service to place 40,000 job-seekers who had been registered for 26 weeks or more, and 90,000 in all. It was also to place more women, Māori, Pacific Islanders and people with disabilities (no numerical targets were specified). The 32,817 long-term unemployed who were actually placed in 1990/1 represented an increase of 62 percent on the previous year. As the figure on page 192 shows, the total number of placements exceeded 100,000.

The long-term unemployed (1991–93)

While the Employment Service's focus on short-term placements significantly boosted its reputation, to some extent this strategy was underpinned by an assumption that the higher level of unemployment in 1988–9 was a short-term problem that would soon ease. Rather than fall, however, unemployment continued to rise, passing 7 percent in 1990 and exceeding 10 percent by early 1991. International evidence increasingly suggested that extended periods of high unemployment were self-reinforcing, with economic shocks followed by a ‘ratcheting up effect’ in which unemployment levels were higher each time growth returned. The long-term unemployed were less and less likely to regain employment as their work skills, job-search behaviours and self-esteem diminished and they became more isolated and impoverished.

After 1990, the Employment Service moved back towards the view that its primary ‘customer’ was the job-seeker rather than the employer, and focused its assistance more on servicing the needs of the long-term unemployed and a designated group of ‘priority job-seekers’. This shift in orientation was accelerated by the change of government in late 1990. National demanded a greater emphasis on work-testing, was more suspicious of the ‘voluntary unemployed’ and while in opposition had developed concerns that the Employment Service’s new approach was ‘crowding the market’.

As the Employment Service built up its reputation with employers, private sector recruitment agencies began to cry foul. Their protestations that a government agency providing a free service to employers was driving them out of business were received sympathetically in Treasury and by the new Minister of Labour, Bill Birch.

Directed to assess the impact of NZES and make recommendations as to its future role, officials from the Department of Labour and Treasury came up with contrasting advice. The Department of Labour argued that a public employment service prioritised the needs of the unemployed, whereas private agencies primarily served the interests of the employers who paid them. It argued that its services were provided to a distinct client group in specific areas of the country. Treasury, on the other hand, expressed skepticism that any ‘net social benefit’ arose when the government purchased placements of the short-term unemployed. The Employment Service should be restricted to placement of the long-term unemployed, and even this role should be opened up to competition, with private agencies allowed to tender to provide such assistance.

In March 1991, Cabinet noted that a government placement service both reduced the time it took the unemployed to find jobs and acted as an ‘advocate’ for the most disadvantaged; it primarily assisted those with relatively low skills and little education, and those who had experienced long periods of unemployment. Cabinet worried, however, that as the effects of the recession and restructuring were felt more deeply, the NZES was becoming involved
Social Developments

with more qualified older job-seekers, and that its higher profile was attracting those who would have previously engaged private agencies. Conceding that the government needed a placement service to assist the disadvantaged, Cabinet directed NZES to target its activities at the registered unemployed, while making ‘Job Self-Service’ displays available to unregistered unemployed and those seeking to change jobs. The Service was not to place professionals who were not registered as unemployed, or enter into exclusive recruitment contracts with national employers.26

The new government also emphasised that receipt of a benefit incurred ‘reciprocal obligations’. In early 1991, Cabinet agreed to a strengthened work-testing regime and required some long-term unemployed and youth beneficiaries to take part in new ‘work experience’ programmes administered by NZES. The ‘Community Taskforce’ provided people who had been unemployed for at least 26 weeks with work experience on short-term projects such as preparing bush tracks, restoring historic buildings, developing resources in schools, and helping care for the elderly and disabled.27 ‘Job Link’ paid people placed with an employer for four weeks only the unemployment benefit, not wages or an allowance.

While they were framed as ‘work experience’ schemes, there was an element of job-creation to these programmes, given the very high level of unemployment at the time. After the unemployment rate rose further, in January 1992 the government introduced ‘Taskforce Green’, which offered employers a wage subsidy to support projects of environmental and community benefit.28 The government also reoriented the wage subsidy programme ‘Job Plus’ to place more emphasis on the creation of additional jobs and target assistance to the long-term unemployed.29 Between January and April 1992, the number of people supported on Job Plus nearly doubled, rising from 4497 to 7927.30

The Service actively promoted the new schemes and introduced nationwide targets for the number of people participating.31 National office developed a range of marketing initiatives, distributing regular newsletters and pamphlets, and approaching the central offices of government departments. Projects were approved and administered by the Service’s Employment Programmes Division, which had offices in head office and in six regions (Northland, Auckland, Central, Wellington, Christchurch, and Dunedin). The Division’s 43 employment advisors sought out vacancies, supported sponsors and employers, helped project workers monitor projects, and identified opportunities for further work. Each Employment Project office was given a target for the number of positions on Taskforce Green and Community Taskforce projects which it pursued through telephone calls and newspaper and radio advertisements. While employment centres did not have specific targets for these schemes, they did have targets for placing the long-term unemployed, for which Job Plus subsidies were one of the main mechanisms. In the period July–September 1992, for example, more than 80 percent of full-time placements of people registered for over 26 weeks were assisted by Job Plus.32

While most programmes and services were targeted at the long-term unemployed, the government also introduced alternative eligibility criteria to assist others who faced significant barriers to re-entering the labour market. NZES staff could waive the duration hurdle for Job Plus and Taskforce Green for clients assessed as being ‘disadvantaged’.33 With evidence suggesting that employment and training assistance were most effective when ‘linked together’, alternative eligibility criteria introduced in early 1992 enabled people to ‘staircase’ from one form of assistance to another.34 A two-day seminar, ‘Job-Wise’, was introduced to ‘refocus and
motivate’ clients who had been unemployed for more than a year; they ‘staircased into Job Clubs’ once deemed ‘job-ready’.

Placement numbers reflected the Service’s changing emphasis. Placements of the long-term unemployed soared to 56,520 in 1991/2 and by a further 22.7 percent in 1992/3. Placements of job-seekers who had been registered for more than a year rose even more dramatically, from 3532 in 1991/2 to 20,667 in 1992/3, an increase of nearly 500 percent. Overall, the Service adopted an increasingly interventionist approach, becoming ever more focused on the long-term unemployed and more involved with the provision of work experience and ‘steps toward employment’.


By early 1993, the economy had begun to pick up and the demand for labour was rising. Local employment centres began to notice a significant and steady increase in the number of vacancies they were able to attract. Some vacancies became difficult to fill as skills and experience were in short supply. NZES began to shift the emphasis in employment assistance from job-creation/experience schemes towards services that encouraged active employment searching (case management, career counselling, job search seminars) or improved the employability of job-seekers (training, recruitment subsidies, mainstream work experience). Those who had been unemployed for short periods now often required only minimal assistance to move into employment. The Service became worried that an influx of new entrants into the labour market would leave the long-term unemployed stranded on the sidelines.

Aware of the broader context of a growing economy, the work of the Employment Task Force, and evolving expectations of government agencies, McKenzie told General Manager Sally Munro in March 1994 that the Employment Service needed to ‘move very quickly to case management and away from a focus on placements’:

Leading up to the establishment of the Taskforce, the Government made it clear that its primary focus was on the long-term unemployed. As the labour market improves these trends will accentuate, with those least disadvantaged being taken up first … [T]his will leave us with a group of clients with multiple disadvantage who will be much harder to service and who will be with us for a very long period. We have to adjust our initiatives to meet the individual needs of these clients and be seen to adjust quickly ….

McKenzie expressed concern that NZES was still perceived as ‘an employment agency committing major resources to the employer side of its business’, which was ‘not seen to sit well with the Service’s primary function to assist disadvantaged job seekers’. He instructed Munro to ‘ensure that there is a clear, publicly recognized focus within NZES on case management, so that attention is given to the individual needs of long term unemployed clients.’ In her report to Parliament for 1993/4, Munro announced that the Service had entered a major transition period, based around a new ‘vision statement’ — ‘Every encounter with us takes people closer to employment’ — which recognised the need to ‘offer jobseekers a more personalized service, particularly long-term job seekers’. NZES restructured its national office to ‘operationalise’ this new strategic direction, and renegotiated its performance agreement for 1994/5. The overall placement target was removed, and performance measures were broadened beyond placements of ‘long-term unemployed’ to include other ‘priority job-seekers’, including those
with disabilities, employment of ‘broken duration’, or who were being ‘stair-cased’ through employment programmes.42

In its final report in November 1994, the Employment Task Force concluded that the most effective response to unemployment was to provide intensive, individualised assistance to help job-seekers move into sustainable employment. This was particularly important for significantly disadvantaged groups such as the long-term unemployed, young people, women, and Māori and Pacific Island people. Services and programmes should respond to local labour markets, recognise the diversity of circumstances of the unemployed, and be appropriate to the needs of Māori and Pacific Islanders.43

In response, NZES shifted its focus away from the ‘front-end’ of the register and reduced its role in actively matching the newly enrolled to vacancies.44 It shortened the enrolment process, introduced seminars to provide information in a cost-effective way, and encouraged the newly enrolled to undertake their own job search, while providing them with information and advice on job-seeking and the labour market.45

Reduced involvement with the short-term unemployed allowed the Service to increase its level of contact with long-term job-seekers. Where previously it had had no formal or ongoing contact with job-seekers after the 52-week ‘work focus’ interview, NZES introduced a new ‘Job Action’ process. This required those who had been registered as unemployed for two years (104 weeks) to attend a one-to-one interview, followed by a compulsory week-long workshop — tendered out to a community or private organisation — with a focus on motivation, barriers and skills. On the last day of the workshop, the participant produced an individualised ‘Job Action Plan’ listing the steps they would take to find work, and arranged a follow-up interview with a case manager.46 A similar ‘Youth Action’ strategy targeted at recent school-leavers introduced intensive assistance after just thirteen weeks.47 Phased in across the country from September 1994, Job Action was also extended to those who had been unemployed for a year and were assessed as being at high risk of becoming very long-term unemployed.

From 1995 the Service developed a long-term strategy which incorporated the Job Action and Youth Action programmes within a model for all clients known as ‘Individualised Employment Assistance’ (IEA). Under this model, NZES staff conducted an assessment interview, helped the client develop a joint plan, referred them to agencies, monitored their adherence to plans, and provided post-placement support. As the duration of unemployment increased, NZES intensified its assistance. Seminars, self-service placement assistance and access to a careers information database would be supplemented by the provision of wage subsidies and training. The very long-term unemployed would be intensively case-managed through ‘Job Action’ or ‘Youth Action’, or assisted through fully subsidised wage schemes.48 The shift to IEA was to be supported by a major overhaul of information technology, including networked personal computers for all staff, an electronic link with Income Support, and a new ‘SOLO application’ to replace the mainframe application, ‘FASTMATCH’.49

NZES developed a range of seminars tailored to specific groups. To assist recipients of domestic purposes and widow’s benefits to identify their clearly transferable skills and work options, NZES piloted the Hikoi ki pae-rangi (New Horizons) Seminar in fourteen sites. To make employment assistance more culturally appropriate, the Service introduced new courses and seminars (‘Maori Youth Programme’, ‘Wahine Pakari’, ‘Tane Atawhai’) that were contracted out to external providers for delivery in a culturally appropriate manner.50
The Department also developed a new seminar-based programme for unemployed Pacific Island men (‘Tama Tane o le Pasefika’). The Service established two internal funds, the Maori Employment Project Fund and a more general Employment Innovations Fund, so that employment centres could develop new services and delivery methods in response to the needs of specific client groups and local labour markets.  

The Employment Task Force recommended more flexibility in the design and delivery of employment programmes, and better co-ordination of these programmes at the local level. In 1996 NZES developed more detailed national-level protocols with key agencies, and established in the Corporate Office a new ‘Local Employment Co-ordination Group’ with oversight of a national network of Local Employment Co-ordinators and Committees. By mid-1996, NZES had established 30 LECs, which initially focused on inter-agency co-ordination, before extending their membership to the community and becoming more involved with local employment initiatives.

These responses to the Employment Task Force expanded the range of assistance available to clients, but also generated significant organisational problems. NZES staff found themselves working in an increasingly complex operational environment, with multiple programmes, services and target client groups. Subsequent evaluations of these programmes revealed problems with their implementation which were attributed to ‘a large increase in the number of products and services available for clients’ combined with substantial changes to NZES’s operation. Employment advisors’ lack of familiarity with programmes also caused ‘some ongoing difficulties with recruitment for the seminar based programmes’. It was also found that staff had less commitment to programmes delivered by external providers. In late 1996, a review of the Employment Assistance Fund identified a tension between the employment centres and national office, whose emphasis on managing risk was seen as stifling local innovation.

In 1996 arguing that the operations of NZES required ‘major adjustments’ to accommodate recent changes, senior management launched a major business re-engineering project, ‘Operation Future’. This project aimed to review all processes, structures and systems with a view to creating a more flexible service able to respond to the individual needs of diverse clients, provide a wider range of supporting activities, and place greater emphasis on ‘quality’ measures of performance, particularly client outcomes. The project occurred in tandem with a Department-wide change programme, ‘Along the Management Road’, which aimed to restructure management roles and delegate decision-making authority as close to the client as possible.

In early 1997, Individualised Employment Assistance (IEA) was adopted by front-line staff in all employment centres as the model for transactions with clients. The new employment management information system (SOLO) was implemented at the same time, along with a new ‘streamlined work-test regime’. Previously, NZES had informed Income Support of those who had failed the work-test, and Income Support decided whether the beneficiary lost entitlement. Under the new process, NZES staff assessed whether a client had a ‘good and sufficient reason’ for not undertaking work or training, and applied a new regime of sanctions. This test also applied to newly enrolled members of groups which had previously not been work-tested: recipients of the domestic purposes or widow’s benefit, and the spouses of unemployment beneficiaries with no children or a youngest child aged fourteen or over. An evaluation of the implementation of the new streamlined work-test showed that employment
advisors held differing beliefs about its value. Some were strongly supportive, but others argued that it worked against both the long-term interests of the job-seeker and ‘the mission and values’ of NZES and IEA.59

According to the evaluation, staff struggled to adjust to the various changes that had been simultaneously adopted:

Before many of them had fully understood and integrated the streamlined test into their work they were required to move to an IEA philosophy. How the new philosophy and business processes would affect their existing understandings of the relationships they ought to have with job seekers was not immediately clear .... As EAs sought to understand and integrate the IEA business process into their work practices they were also required to understand, use and integrate the electronic file, IEA management and data collection technology, SOLO, into their daily work. But the language of SOLO’s screens was not the same as the language used in previous guides to the administration of the Work Test .... Staff were faced with a growing number of guidelines, up to six flowcharts ... for administering the Work Test within a technical platform which was itself in an incomplete state.

The work of employment advisors, the evaluation argued, was ‘best done through the quality of the relationships staff form with each other, with employers, and with the job seekers they come to know’. An NZES culture of ‘responsible autonomy’ was reflected in the discretion and ‘professionalism’ of staff and their ability to balance clients’ needs with the requirements of the organisation for which they worked. It would be important to preserve this capability if the proposed merger with Income Support, which had just been announced, went ahead.60

The Employment Strategy

Still bedding down the initiatives arising from the Employment Task Force, and halfway through several major re-engineering exercises which completely changed numerous aspects of its business processes, NZES suddenly faced significant pressure to implement the transitional phase of the employment strategy embodied in the 1996 Coalition Agreement between National and New Zealand First. This pressure coincided with a sudden increase in workload as New Zealand’s economic position deteriorated in 1997–8, due to a combination of serious drought in parts of the country with what came to be known as the Asian Economic Crisis.61 In June 1997, the number of registered job-seekers jumped by 8336 (5.4 percent) in a single month.62 The transitional phase of the new employment strategy required those registered as unemployed to undertake a prescribed level of work or training in exchange for receipt of the benefit. While NZES increased the number of places in community work and training programmes to double existing levels (to about 7900), it failed to meet government targets, which rose to between 13,000 and 17,500.63

The Service struggled to manage a complex and expanding workload against a backdrop of considerable uncertainty about its future. Some expressed doubts about the wisdom of the proposed Community Wage and the expansion of community work, particularly in terms of displacement effects and impact on job search ability. Noting that implementation of the Community Wage carried particular risks, NZES General Manager Tony Gavin conceded in his 1998 annual report that at least this provided ‘a welcome diversion from integration’.64 The precise shape of the integration with the Income Support Service specified in the Coalition Agreement was a source of considerable apprehension for many NZES officials. The inevitable frustrations in trying to co-ordinate related services to common clients had led to a level of
tension between the two agencies that was probably accentuated by the strong internal culture and sense of corporate identity both possessed. This tension had been strengthened further by Income Support’s recent foray into case management, which had resulted in competition between the two agencies over resources and the development of strategy.55

In an echo of debates at the time of the 1972 merger that had created DSW, some NZES staff worried that the more complex aspects of their work (responsiveness to labour market conditions, assistance to the long-term unemployed) would be swamped by the procedural demands of benefit administration. NZES officials argued that comprehensive structural integration would make one person ‘accountable for both a function which is centrally specified and requires consistent application (benefit administration) and another which requires responsiveness and flexibility (employment services).’ In its advice to Ministers, the Department of Labour expressed a clear preference for co-location or ‘virtual’ integration as ‘a stable endpoint in itself’. Officials from the Department of Social Welfare, on the other hand, argued strongly for merging benefit administration with employment assistance in a way that would make a stronger connection between receipt of a benefit and expectations of work.66

In his report to Parliament in June 1998, Gavin addressed the decision to proceed with full structural integration in terms that suggested it was far from universally welcomed by his staff: the release of the decision had ‘had an influence on output and behaviour’.67 Merv Dacre, then the manager of NZES operations, recalls that:

There was something about growing up together through the early days of George Hickton, a self-belief, and a feeling of [a] kind of family. People believed in what they were doing in that organisation, the culture was very strong…. The merger was a very challenging time for us and for many it felt like a precious organisation and whole sense of community that was going to be lost by being absorbed into a much bigger organisation.68

Both the Employment Service and the Income Support Service had established strong organisational cultures, but had gone in different directions in the years immediately preceding the merger. Whereas Income Support had tightened up its business processes and standardised its image, the Employment Service had endorsed greater discretion and flexibility. The fact that both retained a strong sense of corporate identity was to have significant consequences for the new Department of Work and Income that came into existence in October 1998.
PART V

Turning the corner: The separate agencies 1999–2001
ew strategic directions in social welfare policy and delivery foreshadowed significant changes in the machinery of government in the last years of the twentieth century. During 1998 and 1999, officials steadily dismantled the quarter-century-old Department of Social Welfare and replaced it with three stand-alone agencies. From October 1998, a Department of Work and Income delivered integrated income support and employment assistance with an unprecedented emphasis on employment obligations. From January 1999, the Children, Young Persons and their Families Agency began to integrate its direct services with its funding role to provide more effective support to families; an independent Department of Child, Youth and Family Services was created in October 1999. With its service-delivery functions detached, DSW’s policy and research functions were given greater autonomy through the creation of a Ministry of Social Policy which assumed responsibility for housing policy and played a broader cross-sectoral role.

These major changes within the bureaucracy were immediately followed by changes in the political environment. Less than two months after the arrangements were formally implemented, a general election resulted in the formation of a coalition government by two parties — Labour and Alliance — which had criticised aspects of the new strategic directions from the opposition benches. Agencies established to implement the policies of the previous government were required to adapt rapidly to new expectations.

The Department of Work and Income (‘WINZ’) had a particularly political gestation: not only was it the direct result of a policy process criticised vociferously by Labour, the new Department’s corporate style became a key political target in the lead-up to the general election. On taking office, the Labour–Alliance government demanded immediate changes in WINZ’s policy, processes and organisational culture. After two years of reviews, change programmes, and an awkward relationship between government and senior management, WINZ was disestablished.

There was also occasional tension between the new government and senior officials of the Ministry of Social Policy, some of whom had been responsible for the social policy reforms of the 1990s that had been vehemently opposed by the opposition. Demanding a new approach to policy development and attempting to resurrect the state from the residual role to which National had confined it, the new government boosted the profile of recent attempts to develop capacity for strategic social policy, and supported a greater role for research, evaluation, and social monitoring. The Ministry also developed a more participatory approach to the development of policy and strategy, with greater consultation with community representatives, social scientists, and beneficiary advocacy groups. This more inclusive approach was encouraged by the new Minister of Social Services and Employment, Steve Maharey, who viewed such relationships as going beyond ensuring co-operation with community organisations to building confidence in the government and fostering ‘social capital’.
While in opposition, the Labour Party had also criticised the Strengthening Families initiative, which was closely linked to the policy process which created the Department of Child, Youth and Family Services. Arguing that the strategy ‘individualised’ social failure, Maharey lowered its profile and tried to extend the Department’s role beyond ‘strengthening families’ to ‘strengthening communities’. The government boosted funding for Child Youth and Family and encouraged a major change programme intended to resolve the Department’s long-standing problems. Many of those problems refused to go away; while CYF lasted much longer than WINZ, it too had a torrid experience as a stand-alone agency. CYF was forced to respond to a number of high-profile child deaths, critical reviews of its performance, frequent changes of Chief Executive, and spiralling demand for its care and protection services.

Long-standing concerns about the impact of the state sector reforms were seen to have contributed to problems in all three agencies. For MSP, these concerns were that policy met short-term demands at the expense of systematic research and long-term strategic social policy. WINZ seemed to be subject to insufficient external checks on an internally focused ‘corporate’ culture which did not always serve the public interest, while CYF’s accountability system was focused on short-term activities rather than long-term outcomes for children. The government wanted all three agencies to break with past approaches and place greater emphasis on longer-term social outcomes.
STUDENT ALLOWANCES AND LOANS (1989–98)

As part of a review of the ‘machinery of government’ arrangements for employment and income maintenance, in August 1997 the Ministers of Education and Social Welfare directed officials to prepare a formal business case on the costs and benefits of transferring the administration of student allowances from the Ministry of Education to the New Zealand Income Support Service. The scheme had been beset by problems caused largely by its ad hoc development over the course of a decade.

Until 1989, tertiary education in New Zealand was inexpensive. With providers heavily subsidised, course fees were generally low. The new government introduced a standard fee for the 1990 academic year, with a subsidy for students from low-income families. A new scheme of student allowances provided targeted allowances for 16- and 17-year-olds, a combination of targeted and universal allowances for 18- and 19-year-olds, and universal allowances for older students. The Ministry of Education was given responsibility for the allowance scheme, including assessments of eligibility, payment of allowances, recovery of debt, and investigation of abuse. Each of the seven universities developed computerised assessment and payment systems which were incorporated into their systems for enrolments and student records. Each participating institution was linked to a central database (grafted onto the Teacher Payroll System) through which the Ministry paid the allowances to students.

As part of the changes announced in the 1991 Budget, the National government introduced a more tightly targeted form of tertiary assistance, means-testing the allowances of those aged between 16 and 24, allowing tertiary institutions to set their own fees, and introducing a new loans scheme for the 1992 year which allowed students to borrow from the state to cover fees, course costs, and living expenses. The Ministry of Education was responsible for the policy aspects of the scheme, and for student loan accounts until these were transferred to the Inland Revenue Department, which managed the eventual repayment of the loans. The Ministry contracted tertiary institutions to assess student eligibility and entitlement; Eduserve, a business unit of Christchurch Polytechnic, performed this task for those enrolled at private training establishments. Loan accounts were administered through a centralised system contracted out to ‘Student Loan Account Manager’ (SLAM), a business unit of EDS New Zealand Limited.

The fact that this delivery structure involved eight different systems meant that there was a lack of centralised data on students, payments and courses, and considerable difficulty in monitoring operational performance. The government became concerned about inconsistencies between providers in the assessment of entitlements, variable internal controls, rising costs, and the use of loans as a marketing tool for courses.

By the mid-1990s, the student allowances software was more than a decade old and maintained by the only staff member who had the necessary expertise. The system was not Year 2000 compliant, and the Ministry was unable to satisfy the
government that a replacement system could be delivered in time. Development of a new student allowances system was suspended in late 1996 amid technical problems with the software provider. When the 1996 Coalition Agreement included the goal of a universal system of living allowances for tertiary students, moves towards a new system to manage allowances were put on hold.

The Ministry of Education admitted that it would ‘always have difficulty obtaining and retaining the competencies required to develop maintain and manage and audit the student loans and allowances systems and processes as there is no equivalent function elsewhere within the Ministry’. Officials recommended that the government shift responsibility for loans and allowances to Income Support, which had experience in providing financial transfers.  

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13. The Department of Work and Income

The proposed department

The decision in 1998 to create a stand-alone Department of Work and Income initiated one of the largest processes of organisational change in the history of the New Zealand public sector. The new agency merged the Department of Social Welfare’s Income Support Service (ISS) with three service units of the Department of Labour (DoL): the New Zealand Employment Service (NZES), the Community Employment Group, and the network of committees of the Local Employment Co-ordination Group. The timeframe for amalgamation was particularly tight — and while redesigning the core business processes of its predecessor agencies, the new Department had to both maintain its services as unemployment rose to a four-year high and implement controversial new government policies. The new Department was also required to reduce its overall staff by several hundred and reconcile imported salary differences. As if this wasn’t enough, Cabinet also made Work and Income responsible for the administration of a system of student loans and allowances which had become plagued with administrative difficulties.

The complex issues raised by the merger were not helped by a lack of consensus among senior officials, the Chief Executives’ Steering Group overseeing the process, and Ministers. According to subsequent reviews of the process, officials from ISS and NZES brought ‘strong organisational cultures and different priorities to the establishment process’ and ‘disagreed or competed on most aspects, often vigorously.’ The two key Ministers involved — Peter McCardle and Roger Sowry — also had competing expectations. To provide an independent perspective on key issues, the Chief Executives’ Steering Group appointed an external Integration Transition Team (ITT), most of the members of which were private sector consultants. This caused further tensions, as the ITT and the chief executives of DSW and DoL had conflicting briefs and competing demands as the launch of the new Department neared.

The Integration Transition Team proposed to integrate the Department in three phases. During the first ‘One Stop Shop’ phase, job-seekers would be able to obtain information, register, and make appointments at any site. NZES staff formerly employed as employment advisors would continue to provide the same range of services, but all staff and IT support would be relocated to offices with common branding. During the second ‘Integrated Service’ phase, processes within each office would be fully integrated, with each client (customer or employer) receiving all services from a single case manager. ‘Telephone Service Operators’ in call centres would be trained to handle all enquiries, and work providers would be assisted by specialist staff members at all sites. Over four years, the 131 Income Support and 88 NZES front-line sites would be converted to 134 Work and Income NZ sites. All sites would be rebranded and refitted, staff and property would be ‘rationalised’, and the emergent organisational culture would be actively monitored and managed. During a third ‘Service
Enhancement’ phase, the implementation of a series of IT initiatives would improve efficiency and the quality of service.³

WINZ services would be delivered through thirteen regions, each headed by a Regional Commissioner based in a regional office. Regional offices would define the focus of each region, with resources such as training, subsidies, work experience and job-search advice provided on the basis of regional needs. The functions of the former Local Employment Co-ordination Group aligned relatively neatly with the Regional Commissioners, who were to develop more flexible approaches based on regional plans. Work and Income NZ also managed the Community Employment Group’s field workers through a separate regional network, with reporting to a head office team. While the Integration Transition Team noted some overlap between Regional Commissioners and the Community Employment Group, it argued that full integration of the CEG into the regional structure would be ‘inappropriate’.⁴

Also operating outside the service delivery structure was Specialist Services, established during the 1996 restructuring of Income Support, which administered specific functions on a centralised basis: Community Services Cards, International Affairs, Benefit Crime and Debt Management. It was Specialist Services that would take on student allowances and loans, which were to be transferred in two stages: allowances for the 1999 academic year and loans for the 2000 academic year. The Department would centralise the administration of student allowances and loans in a central processing unit and call centre in Palmerston North, and design and build a computer system (‘SAL’) to assess and pay the allowances; interfaces with the Ministry of Education and tertiary providers would determine eligibility. A centralised approach would enable a less disruptive transfer of functions during the transitional period when WINZ’s organisational structures and systems were still being settled.⁵

Integration

Formally commencing operations in October 1998, Work and Income NZ initially branded services at its former NZES and ISS sites as either ‘work’ or ‘income’ while testing its new ‘single case manager integrated approach’ at six front-line ‘concept sites’.⁶ There were twenty such sites by the end of January 1999, but meanwhile problems had been encountered. An increase in the number and complexity of calls to call centres created difficulties, and problems with the two computer networks meant that staff often had to enter the same information twice. With both staff and clients impatient at the slow pace of integration, the division of tasks in offices contributed to difficulties establishing a shared organisational culture.⁷ Senior management decided to accelerate the process to provide an integrated service considerably earlier than planned. All staff had been appointed to their new positions in the organisation by 30 April and received initial training in their new roles by 31 May. By June, 69 sites were integrated and most customers were receiving integrated services from a single case manager.⁸

The Department released its ‘Service Delivery Blueprint’ in mid-1999. The plan was to combine the components of Work and Income into a single operating framework organised around the interaction between ‘case managers’ and ‘work brokers’. Case managers collected a client’s details, assessed their abilities and needs, and provided them with information about their obligations. Once a client had signed a Job Seeker Contract they developed a ‘customer plan’, a ‘shared commitment to activity’ to move towards independent employment which covered referral to training or other services, financial subsidies, or other activities.⁹ Work brokers acted as the interface between clients and the labour market, searching for
opportunities for specific clients, marketing clients to employers, and brokering work and training subsidies. The Department introduced an ‘Employers Line’ for employers to ring with enquiries and to notify vacancies, and publicised its new services to employers through a television advertising campaign in June 1999.

By this time, the Department of Work and Income was on track to achieve in twelve months an enormous process of organisational change that had been initially expected to take some years. But the issues around integration had by no means been resolved, and efforts to develop a shared sense of purpose, identity and culture continued to be problematic. As we have seen, NZES and ISS had been very different organisations, and their staff had had a strong sense of corporate identity and passionate views about the services they provided. The State Services Commission’s report on integration noted ‘an element of competitiveness and mutual hostility’ and pointed out that ‘the appointment of a CE from either IS or ES would, regardless of the merits of the person appointed, be initially perceived as a victory and a loss’. The new leadership team, dominated by staff from the Income Support Service, embraced the style of that organisation, combining highly visible leadership with tightly specified business processes. WINZ’s Chief Executive, Christine Rankin, promoted the new direction, values and vision through videos, conferences, role plays, and team exercises. Her senior management team actively promoted a new corporate identity, rebranding offices and publications in bold colours, and setting out its expectations for the work environment. These attempts to establish a new organisational culture were by no means universally endorsed by former NZES staff, who sensed that they had been taken over rather than merged. A number of key ex-NZES staff resigned, taking with them a degree of institutional memory.

It was in this context that the Department introduced one of the more contentious staff development programmes in the recent history of the public sector. In May 1999, senior management initiated ‘Reach 2004’, a programme to encourage performance and motivate the Department’s newly appointed work brokers (most of whom were former NZES staff). Six two-day training courses (dubbed ‘boot camps’ by some participants) were held at Okataina Lodge, near Rotorua. Rankin aimed to improve work brokers’ leadership skills and understanding of how their role contributed to the achievement of the Department’s overall goals.

However, some work brokers found that when they attempted to put into practice the lessons they had learned, service centre managers had a different understanding of their role. As a result, senior management organised a course for service centre managers at Wairakei Resort Hotel in June 1999. Its purpose was to ensure that they understood that their role in the new model included allowing their staff greater discretion and promoting the message that there were to be ‘no boundaries’. This course and its organisation soon made headlines in newspapers around the country. The focus of senior management now shifted increasingly away from internal issues as the organisation was beset by controversy and became a target for media and politicians alike.

Media controversy and public scrutiny

From the moment of its conception, the culture and management of the new Department attracted media interest. This was first piqued by the controversial ‘dob in a beneficiary’ campaign, and sustained by a number of incidents in late 1998 in which the confidentiality and security of clients’ personal information was found to have been compromised. Though
an investigation by the State Services Commissioner concluded that the Department’s information was ‘generally secure’, these incidents had an impact on its external reputation, particularly set alongside the benefit fraud advertisements, concerns about applicants receiving their entitlements, and the government’s tough new ‘work-first’ expectations. While there may have been an element of ‘shoot the messenger’ syndrome here, a perception that the Department was insensitive to the needs of its clients was now widespread.

In February 1999, the Department made headlines again over major problems processing student allowance applications for the new academic year. Students complained of a lack of communication from Work and Income staff; having to wait for up to six weeks for their payments placed many in significant financial strife. For their part, universities reported a significant increase in requests for emergency assistance and accused Work and Income of incompetence. When \textit{WINZ} denied that any major problem existed, Parliament’s Social Services Select Committee initiated an enquiry. Only then did \textit{WINZ} publicly acknowledge that problems had occurred, in particular because it had underestimated the demand for services through its call centre.

In an effort to counter the negative publicity, \textit{WINZ} took out full-page advertisements in 22 daily newspapers that acknowledged ‘teething problems’ while attempting to ‘set the record straight’. The campaign became counterproductive when it was revealed that the advertisements had cost a total of $237,000. This sparked off more political criticism and launched a second media narrative about the misuse of public funds and corporate extravagance.

This reputation was cemented in mid-1999 by one of the largest ever election-year scandals. On 6 July, Labour spokesperson Steve Maharey lodged a written parliamentary question that asked if Work and Income had chartered flights to travel to a training course, and if so, at what cost. It was subsequently revealed that \textit{WINZ} had indeed chartered flights through a private provider, at a cost of $165,000, and that the flights included a Whisper jet and a Dash-8 belonging to Ansett, an airline which did not normally fly to Taupo. The training course — for the 140 service centre managers — had been held at the Wairakei Resort Hotel, which had a nine-hole golf course, heated pool, gym, sauna, and tennis and squash courts; the standard room rate was $174 a night.

The media and opposition politicians now trawled for any expenditure by \textit{WINZ} that could be seen as extravagant. Examples soon surfaced: $2.3 million had been spent on branding (including $810,000 for a new corporate identity and $1.4 million for signs), $79,000 on a corporate wardrobe, $250,000 on publicity to overcome bad publicity, $656,000 on fourteen new public relations advisers, $1.3 million on a television campaign to encourage employers to use its services, and $600,000 on domestic airfares for staff. The media also highlighted \textit{WINZ}’s use of private sector consultants, alleging that the Department had responded to allegations of overspending by hiring ‘two public relations firms, a private eye and a firm of business consultants’. Each revelation was treated as a sign of corporate excess, and of a business culture that had lost touch with what was appropriate for a public agency. It is difficult to assess the veracity of these claims; the Auditor-General subsequently concluded that the chartering was an isolated incident, but that the Department’s financial controls and delegations had weaknesses.

By the time the report was released, the focus of the media had turned to the operating style of the Department, in particular that of its Chief Executive, Christine Rankin. With her
individual dress sense and emphasis on ‘inspirational’ leadership, she was easy to portray as the embodiment of a ‘culture of extravagance’, a carrier of a broader ‘sickness’ that had ‘crept into state sector management’. Maharey declared that Work and Income’s ‘all-glitz style’ was inappropriate for an agency that dealt with the most vulnerable, described Rankin’s motivational conferences as having ‘the appearance of indoctrination’, and released details of other organisation-building exercises which he argued were evidence of eccentricity. These included a performance in which Rankin was lowered into a conference venue wearing a silver suit while pictures of Mahatma Gandhi and Martin Luther King were projected onto a screen in the background.

In the middle of the drama, winz attracted further controversy over its proposal to restructure the Community Employment Group and bring its staff under the control of the Regional Commissioners. The Department of Labour warned that this risked a loss of community development focus and expertise, and of the ‘non-bureaucratic’ reputation of ceg which helped it gain access to alienated groups and provided a line of communication between central government and the most disadvantaged communities. In October 1999, a select committee review of these changes was critical of what it viewed as the inadequate level of consultation undertaken by the Department. Many Community Employment Group staff opposed the move: as the restructuring was carried out, nearly a third of them resigned, including a number of experienced field workers.

**Change of government and ‘culture change’**

In case it was not already abundantly clear that the election of a Labour–Alliance government in 1999 would have a significant impact on Work and Income, the new administration announced that it would restore a ‘public service ethic’ to the Department. In its 1999 Briefing to the Incoming Government, the Department declared that the required changes were already under way; it had implemented new financial policies and procedures, and established a ‘Probity’ project which defined expected standards of behaviour when spending public money. The briefing paper itself, however, was criticised by the new government; not for its content, but for the fact that the Department had contracted consultants to provide editorial assistance. The new Prime Minister, Helen Clark, expressed amazement that the Department lacked the capacity to write a briefing paper, and suggested that ‘if winz spent as much on core analysis as they do on public relations, the public interest might be better served’.

The new Minister of Social Services and Employment, Steve Maharey, declared his determination to change the operating style of the Department and ensure that its culture appropriately reflected its role as a core public service department. Maharey demanded a change in the language it used: the Department was to be known as ‘Work and Income’, not ‘winz’; beneficiaries were ‘clients’, not ‘customers’. Maharey initiated an extended process of consultation with senior staff from Work and Income, the Ministry of Social Policy and beneficiary advocacy groups which resulted in changes to administrative processes and eligibility criteria. Benefit Crime Units were renamed Benefit Control Units, and their procedures, practices and reporting methods were examined to ensure they were as fair as possible. Cabinet decided to conduct a Ministerial Inquiry into the Department of Work and Income — releasing the terms of reference in February 2000, Minister of State Services Trevor Mallard announced that the new government was ‘driving a culture change in the
public sector; Work and Income was under the spotlight because it had ‘a reputation for wastage and extravagance that the public find unacceptable from a government agency’.39

Conducted by former State Services Commissioner Don Hunn, the Ministerial Review was released in May 2000. Considering the position of the Department after its first eighteen months, Hunn found himself ‘confronted with a paradox’. On the one hand:

the organisation has achieved a great deal in a relatively short time, given the size of the task and the period of years normally required for a major restructuring of this kind to succeed … DWI has fulfilled its organisation integration goals before time and within budget, it has put together the largest government department in the country with extraordinarily difficult tasks to perform, it has introduced significant new policies and accepted additions to its responsibilities and it has done all this while covering the Government’s main risk, namely the possible failure of the benefit system.

On the other hand:

the organisation finds itself the object of severe criticism and ridicule around the country. In twelve months it has managed to alienate the public, parliamentarians, colleagues, clients and their advocates, tertiary students, and university administrations, the media and members of its own staff. It is not surprising that Ministers had concerns as to the Department’s ability to implement their decisions. The cost of success has been very high indeed.40

Hunn argued that the constant stream of news stories had ‘overshadowed’ the Department’s achievements and damaged its credibility with the public. Its ‘can-do’ attitude to problems, while contributing to focused management and a strong drive to succeed, encouraged a tendency towards over-confidence: the Department was ‘insufficiently analytical when it is faced with problems’ and tended ‘to say “just leave it with us and we’ll get it done our way”’. According to Hunn, the Department’s inward focus was more than just a response to the challenges of integration:

It is a result of both the corporate business culture and of inexperience in what the rest of the country calls ‘the Wellington game’. The corporate approach tends to emphasise the importance of the single organisation as it strives to compete in an unforgiving world. It stresses difference, taking charge of one’s own destiny, a unique mission, vision and strategy, all of which are aimed at the bottom line. There is less emphasis on collegiality, the collective interest, and a shared set of values across many organisations, which are essential to the running of the Public Service.41

The Hunn Review argued that the corporate business model adopted by Work and Income had been reinforced by the decision to establish it with limited policy functions. The Department required large-scale ‘reconfiguration’ to address ‘serious problems of public credibility and parliamentary confidence’. Hunn found little evidence to suggest ‘serious administrative failure of a kind which would imply the organisation is incapable of doing its job’; the integrated ‘case management’ approach had ‘considerable promise’ and widespread support amongst staff. To increase the focus on employment, he recommended that the Department shift away from its ‘one size fits all’ model and devolve greater responsibility for service delivery to the Regional Commissioners.42

The findings of the Hunn Review were reinforced by an evaluation of the processing of student loans released in June 2000. Work and Income had once again attracted media attention when there were major delays in processing student loans for the 2000 academic year, in spite of a number of assurances to the government that the problems experienced in
For students, these delays resulted in ‘difficulties paying for rent, food, [and] course materials and caused frustration, stress and hardship’. The independent evaluation attributed the problems to the Department’s ‘remote, automated, and segmented’ system, and also made observations about overconfidence and inadequate consultation and co-operation.

Releasing its response to the Hunn Review in June 2000, the government announced that a line had been drawn under the Department’s first eighteen months. It would be required to implement an integrated plan to change its culture and approach that would immediately strengthen its focus on employment, its relationships with stakeholders, and the flexibility of regional decision-making. The Department was to better tailor its services to the needs of regions, specific clients and client groups, particularly Māori and Pacific job-seekers. The government also announced that it would move the Community Employment Group to the Department of Labour, where it would be re-established as a separate service delivery unit.

In November 2000, the Department initiated a Regional Flexibility Strategy which gave Regional Commissioners the authority to specify the structure and roles of regional and local offices and reviewed the delegations for decision-making on funding and resources. ‘Regional flexibility plans’ allowed for specialisation by benefit type or priority group, the centralisation of some functions, new regional roles, and greater partnership with community and Māori organisations. The Department aligned the performance agreements of Regional
Commissioners with the Chief Executive’s performance agreement and the purchase agreement, and developed key performance indicators with ‘balanced score card measures’ that were incorporated in staff performance appraisals. DWI also developed a ‘Māori Strategy’ which featured strengthened reporting mechanisms, extended services, and a greater emphasis on ‘contracting out’, ‘joint venture’ and other partnership approaches.46

To restore public and stakeholder confidence, the Department implemented changes based on its discussions with beneficiary advocacy groups and developed a ‘Service Charter’ which set out service standards and clients’ rights. DWI attempted to reduce its use of corporate and business language, and initiated a ‘relationship management programme’ at both regional and national levels. After analysing its internal policy capacity it established three Operational Policy teams: Income, Employment, and Programmes and Operations. It also initiated work to increase its capacity to provide advice on macro-level labour market policy. In September, the chief executives of DWI and DoL signed a joint work programme for fourteen projects across four broad policy areas: ‘closing the gaps’, ‘regional flexibility’, ‘value for money’, and ‘labour market analysis’.47

The confluence of various forces led to the demise of ‘WINZ’ in 2001, less than three years after its creation. In December 2000, State Services Commissioner Michael Wintringham formally informed Christine Rankin that she would not be reappointed as Chief Executive when her contract expired in July 2001, on the grounds that she had failed to establish either a good working relationship with the Minister or adequate policy capability within her Department.48 On 9 April 2001, Cabinet agreed to merge the Department of Work and Income with the Ministry of Social Policy to form a Ministry of Social Development. The following day, Rankin’s lawyer filed papers with the Employment Relations Authority, claiming political interference in the State Services Commissioner’s decision not to reappoint her and accusing the government of creating the Ministry to disestablish her position and thereby limit the amount of damages she could be awarded.49

The precise reasons for the creation of the Ministry of Social Development remain open to interpretation. Some have speculated that the merger was indeed little more than a cynical strategy to resolve the ‘problem’ of Christine Rankin, avoiding the need to pay her a ‘golden handshake’ that would have embarrassed the government.50 To reduce this decision solely to a political manoeuvre, however, would be to gloss over important developments within the Ministry of Social Policy. Here the government’s attempts to achieve greater co-ordination and leadership in the social sector were based around a new approach, ‘social development’.
While the Department of Work and Income initiated a major process of change to meet the expectations of the new government, the Ministry of Social Policy also faced a period of readjustment, in its case played out primarily behind closed doors. As MSP came into being at the time of the general election, the new government had a significant influence on the shape of the new agency. In some areas, this led to significant policy reversals and changes in approach; in others, processes which were already under way received a significant boost in profile as the government attempted to achieve a greater balance between economic and social objectives. While MSP was to be in existence for only two years, its work was to provide foundations for the subsequent approach of the Ministry of Social Development.

The new ministry

Even before the change of government, it was clear that the shift from the Social Policy Agency to the Ministry of Social Policy was going to involve more than mere rebranding. Not only were its staff shifting from an organisation with nearly 7000 employees to one with only about 200, the agency was being transformed from a policy unit within a primarily operational agency dedicated mainly to service delivery, to a specialist policy ministry. Separating policy and delivery was seen as enabling each to focus on its core functions, but also carried some risk, given the prevailing concern about the ‘silo mentality’ of public agencies and the need to coordinate their work to achieve the government’s strategic goals. As a result, the new Ministry was established with some unique organisational arrangements designed to ensure that the operational approaches of the delivery agencies were aligned with government strategy. Not only would the Ministry of Social Policy provide policy advice on the programmes and services of WINZ, CYFS, HCNZ and Housing New Zealand, it would also provide ‘purchase and monitoring advice’ to these agencies. MSP would help them prepare purchase agreements and advise the Minister on service priorities and value for money, as well as performance. Under a Purchase and Monitoring Framework agreed in August 1999, the service delivery agencies were required to report each quarter on the extent to which they had met their purchase agreements, with the Ministry providing an independent commentary.¹

These experimental organisational arrangements are attributed by many to the influence of Margaret Bazley, the Chief Executive of the new Ministry, who had previously headed the Department of Social Welfare. A firm believer in the need to maintain a level of operational influence, Bazley also moved to constrain the operational autonomy of the new departments by managing the information technology ‘social services infrastructure’ of Work and Income and Child Youth and Family through an Information Systems Co-ordination Unit. This would ensure the maintenance of common standards and access to information through an Information Analysis Platform which was being expanded to network with databases from...
other agencies and provide a single repository for information drawn from the entire social sector.

When the new Ministry was established, the focus of the Agency had already shifted away from its home turf (welfare) towards wider strategic policy advice focused on medium-to long-term issues, particularly those which cut across particular sectors such as health, welfare and education. Its role in this area had been expanded significantly through the Strengthening Families process: SPA was the lead agency for the Strengthening Families ministerial team, convened the SFSR Chief Executives Group, and led several multi-agency groups of senior officials, including Welfare and Employment (wersog), Health, Education and Welfare (hewsoG), and Youth Justice (yjsog).

An interdepartmental Strategic Social Policy Senior Officials Group established recently to improve the quality of strategic advice had begun to build cross-sectoral frameworks and models for specific policy areas such as housing need and ethnic disparity, extending reporting on outcomes across the social sector. A group of officials were also tasked with reporting on structural measures to boost the role of strategic social policy, such as establishing a ‘lead agency’ with a ‘broad strategic social policy mandate’. In late 1999, they outlined a range of possible structural options and indicated their preference for either a ‘Social Strategy Unit’ located in the Ministry of Social Policy or the Department of Prime Minister and Cabinet, or an ‘enhanced’ Ministry of Social Policy. While the details of MSP’s ongoing role were yet to be determined, a greater role in strategic social policy seemed likely.

To prepare for its new role, the Ministry of Social Policy commissioned a review of the quality of policy advice provided by the Social Policy Agency. Released in November 1999, this found SPA to have been a ‘high performing policy unit’ well-regarded for its collaborative approach to interdepartmental issues. However, improvement was required in some areas: the new Ministry needed to build capability to address issues of youth justice and family violence, develop better human resource strategies, and clarify its ‘project management’ approach, which aimed to open up ‘silos’ and make staff more flexible by allocating them to specific projects. Drawing on the State Services Commission’s recent work on policy advice, the review also recommended that policy, research and strategic planning should be guided by an ‘outcomes focus’; the new Ministry should develop ‘succinct, explicit and interconnected’ outcomes frameworks for all policy areas, and better link its strategic plan to its work programmes for policy and its four ‘information provider groups’: Forecasting and Modelling Unit, Information and Analysis Group, Research Unit, and Evaluation Unit. More longer-term research should be undertaken, in the context of a ‘broad, cross-sectoral, integrated policy-research agenda’.

The new Ministry’s predecessor had already begun to expand its scope beyond traditional welfare matters and adopt a broader role in social policy which cut across traditional service sectors. This role received a substantial boost with the election of the Labour–Alliance government, which had a new set of priorities and aimed to chart a new course for social policy.

The policy direction of the Labour–Alliance government

The new Ministry of Social Policy had assumed responsibility for the housing policy unit of the Ministry of Housing, but this arrangement didn’t last long under the new government. Believing that the position of state house tenants had deteriorated rapidly after the housing reforms of the early 1990s, the new government was committed to an immediate redirection of
housing policy. The transfer of this function to MSP was consistent with the broad thrust of the previous policy, which had focused on the provision of housing assistance through ‘demand-side’ targeted income support. According to senior officials, the desire for immediate change was the source of tension between government and MSP officials who had been involved in the initial reform process and still accepted some of the rationale for it. In its first year, the government reinstated income-related rents for state house tenants and halted the ‘Homebuy’ programme which had allowed such tenants to buy the house in which they were living at market rates. The Ministry’s housing policy functions were transferred to Housing New Zealand Corporation, a new integrated agency for public housing, in July the following year.

The government was also committed to major changes in benefit and employment policy. Steve Maharey initiated quarterly meetings between beneficiary advocacy groups, the Ministry of Social Policy, and the Department of Work and Income, and demanded changes to policy, operational procedures, and the management of debt and fraud. In its first Budget in June 2000, the new government softened the more coercive measures of the previous government’s employment policy, shifting the emphasis (in DSW’s earlier terms) from ‘hasling’ to ‘helping’. The compulsory community work regime was replaced by programmes for optional placement in voluntary work; participants in such programmes became eligible for wage subsidies which boosted their income above the level of the Community Wage, and were subject to a less punitive sanctions regime. New post-placement support services were piloted for newly employed clients. In mid-2001 the various Community Wage benefits were renamed and the imposed job-seeker contract was replaced by a negotiated job-seeker agreement, changing the power relationship between the state and beneficiaries.

In Maharey, MSP had a Minister with his own thoughts on social policy. Formerly a lecturer in sociology and business administration, he was an advocate of an approach championed by the Blair Labour government in the United Kingdom, the Clinton administration in the United States, and social democratic parties in Europe. This ‘Third Way’ referred to attempts to implement left-wing values without being constrained by either socialism or neoliberalism. Maharey was particularly enthusiastic about the ideas of the US academic James Midgley, who challenged the conventional treatment of social welfare and economic development as compartmentalised and even antithetical, instead treating social programmes as a form of investment with the potential to complement economic goals. He had also displayed some sympathy with the arguments of the Australian Labor Party MP Mark Latham, who viewed long-term benefit receipt as the product of ‘a problem in the relationships between people’. Rather than use ‘the welfare state as a substitute for social relationships’, Latham argued, the state should develop ‘social entrepreneurs’ with the ability to ‘generate local, ground-up initiatives that create social capital’.

The Ministry of Social Policy began to explore theories of ‘social capital’ — the networks of trust and reciprocity that are generated by voluntary interaction and association. Driven by a concern that rural areas were in a cycle of decline as a result of two decades of economic restructuring, the new government placed particular emphasis on community and regional development. For the pre-eminent theorist of social capital, Robert Putnam, ‘the costs of closing factories and destroying communities’ went ‘beyond the personal trauma borne by individuals’. ‘Shred enough of the social fabric and we all pay’, he argued. Policy work was initiated on ‘bottom-up’ actions to foster local innovation and investment by developing the specific strengths of particular regions. ‘Capacity building’ initiatives from the Community
Employment Group were complemented by Child Youth and Family’s introduction of ‘devolved funding pilots’ for socially and materially disadvantaged communities that would benefit both from additional funding and from ‘the social cohesion arising from participation in the decision making process’. Along with a range of other regional development initiatives, in November 2000 Cabinet approved ‘Heartland Services’, ‘one-stop shops’ in rural areas providing better access to government services, support for community and voluntary agencies, and improved links between rural communities and government.

‘Restore trust in Government and provide strong social services’ was agreed by Cabinet in February 2000 as one of its ‘key goals to guide the public sector’. According to Maharey, one of the government’s key priorities was to rebuild confidence in the state through a more open and participatory approach to governance which involved the clear articulation of strategy and policy prior to implementation, and working in partnership with those affected. Accordingly, a community policy team was established to build a framework for community policy, examine the role of local government in social policy, and improve the administration of the funding arrangements between government and community-based providers. The government appointed a Community and Voluntary Sector Working Party comprising officials and non-government representatives to consider a potential agreement between the state and Māori community and voluntary organisations. The working party’s report, ‘Communities and Government: Potential for Partnership / Whakatōpū Whakaaro’, was published in May 2001. It embodied a range of frustrations and concerns from the sector — a message of ‘frustration, mistrust, cynicism, anger and burnout’. The impetus to develop a strong community and voluntary sector arose not merely from a belief that the provision of additional services would help rectify social problems; it was also based on a belief that a stronger community and voluntary sector would have social benefits in and of itself.

The Ministry’s new inclusive approach to consultation was most evident in the process for the development of policy towards children. It began developing a five-year agenda for children’s policy and research through a process which included outside researchers and organisations. At a seminar on future directions for children’s policy in July 2000, officials encountered a widespread belief that the country needed a more strategic and systematic approach to child policy and research, incorporating desired outcomes, research principles, and ‘clear conceptions of the purpose and relevance of the research undertaken’. Many also argued that existing approaches focused too much on social problems and ‘individualized failure’, neglecting systemic issues. A number of groups also argued for greater recognition of the rights of children, who should be treated not as ‘passive dependents’ but as social actors whose perspectives should be taken into account. A children’s policy reference group was established to provide advice on the development of a new ‘Agenda for Children’. In April 2001, officials began a national consultation process to establish priority areas for government action. The process enabled children as well as adults to tell policy-makers what was important to them. Indeed, consultation with children was the primary focus of the consultation process.

A more consultative approach was also evident in policy for older people, particularly in the development of the Positive Ageing Strategy. As part of the United Nations International Year of Older Persons 1999, officials developed a national strategy with two main objectives: to prepare for an ageing population and to promote positive attitudes to ageing and older people. The Advisory Council for Senior Citizens developed a draft set of ‘positive ageing principles’ as a framework for public policies and services, and did a stocktake of existing
policies and services. ‘Volunteer Community Co-ordinators’ hosted focus group meetings across the country and generated a list of ‘priority issues’, and Age Concern organised a forum for the non-government and aged-care sectors which developed thirteen ‘points of action’. The priority issues and points of action identified through this process were used as the basis for the Positive Ageing Strategy.

A second social policy goal of the government would prove to be particularly controversial: to ‘close the gaps for Māori and Pacific people in Health, Education, Employment and Housing’. While ‘Closing the Gaps’ is associated with the Labour–Alliance government in public memory, it had earlier origins. In 1998 and 2000, Te Puni Kōkiri released reports which used statistical indicators to build a picture of the overall social and economic disparity between Māori and non-Māori. ‘Progress towards Closing Social and Economic Gaps between Māori and non-Māori’ found significant disparities in education, employment, economic and health status that were either stable or widening. In early 2000, Prime Minister Helen Clark announced that she would chair a ‘Closing the Gaps’ Cabinet Committee and carefully monitor the effectiveness of programmes for Māori run by government departments.

The 2000 Budget grouped a range of new and existing initiatives for social services and employment into a four-year $243 million ‘Closing the Gaps’ package containing 39 policies aimed at Māori and Pacific Islanders and 33 targeted at the disadvantaged more broadly.

In September 2000, Simon Chapple, a Senior Research Analyst in the Department of Labour, produced a paper for the Ministry of Social Policy which challenged the rationale behind aspects of the ‘Closing the Gaps’ strategy. Chapple disputed the widespread belief that the relative position of Māori was deteriorating: while there was indeed disparity on average, he argued, this reflected the over-representation of those who identified as Māori amongst poorer socio-economic classes; disparities were greater at a ‘sub-cultural’ socio-economic level. ‘Socio-economic differences amongst Māori as a group overwhelm socio-economic differences between Māori and other groups’, he asserted. Policies to close the gaps would be most effective if targeted at the most disadvantaged; policies targeted at the Māori population as a whole risked ‘being captured by the considerable number of Māori who already have jobs, skills, high incomes, and good prospects’. The paper was released to the public and used by opposition MPs to encourage a backlash against ‘Closing the Gaps’. The government’s response was to replace the ‘closing the gaps’ brand with ‘reducing inequalities’, a strategy which focused more on general social and economic disadvantage.

While it proved politically unpopular, ‘Closing the Gaps’ was part of an early attempt by government and policy agencies to undertake high-level, strategic thinking in social policy, thinking which went beyond ‘welfare’ and conventional social services, and made use of statistical indicators to consider the social position and well-being of particular sections of the population. It can be seen within the context of a wider attempt by the Ministry of Social Policy to develop its capability in strategic social policy and address issues of social exclusion.

Strategic social policy

Given the new government’s desire that the state play a more active role in reducing social exclusion, proposals to expand the Ministry’s strategic social policy capability found favour with Maharey, who embraced the concept of the Ministry of Social Policy adopting a role akin to that of central agencies such as the Department of Prime Minister and Cabinet and the State Services Commission by providing second-order advice as a kind of ‘Social Treasury’.
This was part of an attempt by the government to depart from the policy approach of the previous two decades under which, it was argued, non-economic objectives such as social and environmental goals had been pursued solely through economic means. From April 2000, MSP began outlining plans for a more holistic approach to social policy which would place it on an equal footing with economic policy. All policies would be examined through a ‘social lens’: governments would explicitly state their social policy objectives and report on progress; all policy proposals would be assessed for their impact on social exclusion; and all non-social policy would be tested against both social and economic frameworks.\(^3\)

The shift to a broader focus on social well-being and social exclusion increased the demand for high-quality social research that would enhance understanding of the causes of negative social outcomes and the impact of government policies, and provide measures of individual and collective well-being.\(^3\) In August 2000, an internal MSP review found frustration among research staff that senior managers and analysts rarely attended research presentations or read reports, and exhibited a lack of understanding of how research could contribute to policy. Research by the Information Provider Groups was treated as merely inputs to policy development rather than as major strategic outputs. The fact that the Ministry was in the early stages of a radical shift in orientation towards strategic policy only increased the need for change. The review argued that the Information Provider Groups should ring-fence specific
resources for tasks that would generate strategic and cyclical knowledge.\textsuperscript{34} Furthermore, the Ministry should enhance its expertise in both research and policy, and place greater emphasis on quantitative knowledge, ‘deeper’ analysis of research evidence, and engagement with academia.

The Ministry of Social Policy’s research capacity was boosted when it assumed responsibility for the study and research programme of the disbanded Super 2000 Taskforce. This included studies of the impact of labour market trends on retirement income, and of the living standards of older New Zealanders, which involved a large survey of people aged between 18 and 64.\textsuperscript{35} Previously held back from monitoring poverty and living standards on the grounds that the issue was too politically sensitive, MSP used the project as an opportunity to initiate a broader Living Standards Research Programme which centred on the development of a more direct measure of living standards, the Economic Living Standards Index. This used data from the national survey to provide ‘an extensive descriptive analysis’ of living standards. In conducting formal analysis of deprivation and inequality, the research programme provided both an informed perspective on the often heated debate about the impact of the social and economic reforms of the previous two decades, and an information base on which to develop policies for social protection and the prevention of material hardship.\textsuperscript{36}

The Ministers of Social Services and Employment and of Research, Science and Technology agreed to a review of the knowledge needed to underpin social policy that was dubbed ‘Improving the Knowledge Base’. In August 2001 Cabinet accepted a modest package of initiatives focused on addressing existing problems. Seven ‘priority knowledge theme areas’ would be identified and Statistics New Zealand would review the official data available to social researchers. It also agreed to introduce mechanisms to improve the relationship between MSP and external researchers, including a social policy research conference, a website, and a ‘social policy linkages’ programme.\textsuperscript{37}

In late 2000, the Ministry set up a six-person Strategic Social Policy Group and a ‘Knowledge Management Group’ under a new general manager. The Ministers of Social Services and Employment and of State Services agreed that MSP should take ‘a leadership role in building the foundations for the provision of strategic social policy advice’. Developing strategic capability would involve constructing frameworks for research findings and assumptions about underlying social problems, outcome indicators, an agreed knowledge strategy, and an improved basis for cross-sector collaboration. Over the next six months, the Strategic Social Policy Group initiated projects on the conceptual basis for strategic social policy analysis, a framework for social policy, reporting on social indicators and other knowledge requirements, issues around measuring poverty and hardship, and the causes of ‘good’ and ‘bad’ social outcomes.\textsuperscript{38}

In 2001 the Ministry of Social Policy published ‘The Social Development Approach’, a document containing a conceptual framework for cross-sectoral social policy and a proposed strategy for addressing social exclusion. Drawing on the Royal Commission on Social Policy, it stated that the overall aim of government should be to improve ‘well-being’, a notion which went beyond the standard of living to include criteria such as basic freedoms, health and life expectancy, social and cultural ‘connectedness’, and political participation. The government should aim to improve both overall well-being and its equitable distribution. This framework provided the basis for a strategy for social policy focused on ‘social exclusion’, the state in which people ‘fall below some minimum threshold of well-being and are hindered from fully...
participating in society’. To reduce social exclusion, the strategy argued, government policies should focus on both protection and prevention so as to improve the distribution of well-being and the productive capacity of the economy, and reduce the need for expenditure on healthcare and other remedial services.39

The Strategic Social Policy and Knowledge Management groups also published a prototype ‘Social Report’ on the overall state of New Zealand society. Announced as the first step in a regular programme, this was intended to complement economic indicators by monitoring measures of well-being and quality of life over time to identify areas in which action was required and assist with government planning and decision-making.40

In April 2001, an independent review of MSP’s progress in developing capability in strategic social policy found that considerable work on high-level frameworks was under way, but that the Strategic Social Policy Group needed to boost its capacity to address ‘policy alignment and co-ordination’. In addition to being an ‘ideas factory’, the Group should adopt a ‘long-term alignment role’ of ‘working with specific sector policy groups to encourage their policy making to be outcomes driven, causally informed, and longitudinally focused’. Playing this role would require staff able to ‘get alongside other agencies, develop a sophisticated understanding of the policies, strategies and programmes they are running, and help align these with other initiatives being run by other agencies and with the overall strategic social policy goal’.41

The need to align strategic policy with the strategies of other departments was yet another reason to reverse the separation of policy and delivery between MSP and Work and Income. Policy staff found WINZ difficult to co-operate with, and departments surveyed for the Hunn Review reported confusion around the policy boundaries between WINZ, the Ministry of Social Policy, and the Department of Labour. Hunn also observed a belief that WINZ’s lack of policy capability contributed to its excessively ‘internal’ orientation; the Department was under pressure to improve relationships with its Minister in a way that would inevitably involve policy advice. With Margaret Bazley scheduled to retire and Rankin not to be reappointed, there was a window of opportunity in mid-2001 to resolve the institutional arrangements. On 9 April, Cabinet agreed to move the functions of the Ministry of Social Policy into the Department of Work and Income, which (renamed the Ministry of Social Development) would be ‘refocused to become the Government’s primary advisor on strategic and cross-sectoral social policy’. While the timing of this decision was politically expedient, it also came just a week after the review of strategic social policy capability found a need for better alignment and co-ordination.

The experiment of completely separating policy and operations had lasted little more than two years. However, the new Ministry of Social Development was not a recreation of the Department of Social Welfare. The Department of Child, Youth and Family Services remained separate and set about developing its own policy capacity and providing its own advice to the Minister, managing a large programme that was intended to address its long-standing problems.
Strengthening communities?

When it came into being in October 1999, the Department of Child, Youth and Family Services (CYF) faced an identity crisis. Over the past nine months, its immediate predecessor, the Children Young Persons and their Families Agency, had structured its services around the objective set for it by the National government: integration of the delivery and purchase of services for at-risk and high-risk families as part of the Strengthening Families strategy. By December 1999, the new Labour–Alliance government had lowered the profile of Strengthening Families and committed the new Department to a new direction; it was to broaden its focus to supporting and strengthening not just families but also communities.

In early 2000, Minister Maharey set out his expectation that the Department would facilitate greater community involvement in decision-making and services as part of a strategy to build ‘community capacity to sustain the families that live in them’. This would not only result in greater ‘buy-in’ from voluntary and community groups, the process would itself foster social capital and strengthen communities. Accordingly, the new Department’s first Strategic Business Plan aimed to increase collaboration in the delivery of services, with new consultation processes for the planning of services, and better information-sharing and ‘partnership’ relationships with voluntary sector providers.

To get ‘runs on the board’, the 2000 Budget allocated $1.6 million to a ‘Stronger Communities Action Fund’, with seven communities piloting devolved approaches to funding through a mix of iwi authorities, Pacific community structures, and territorial local authorities. Over time, this model was intended to be merged into CYF’s main funding system for non-departmental outputs, with more money allocated at the discretion of the community.

A greater emphasis on community development would also help achieve the government’s second priority: reducing inequalities between Pākehā, Māori and Pacific Islanders. The Strategic Business Plan affirmed ‘closing the gaps’ as a key departmental priority. This would involve further building the capacity of Māori providers, developing broad departmental strategies for Māori and Pacific Islanders and involving Māori communities in needs-analysis and the planning of services and resources. CYF initiated a consultation process with Māori service providers. It received $6.3 million in ‘closing the gaps’ funding which was used to develop the capability of Māori and Pacific Island providers, and for initiatives developed by Māori communities in relation to youth offending, parenting, relationship-building and mentoring, and community education.

Contracted services now had:

a dual focus, the effective delivery of statutory services and other Government specified services (such as Family Start, SWIS) under specified contracts, and the effective support of wider community social services. The latter includes movement towards increasing community influence in decisions about the funding and delivery of social services in communities.
The Department’s strategic plan acknowledged the existence of tensions between the move towards devolution and ‘closing the gaps’ for Māori and Pacific people on the one hand, and the pressing need to improve the delivery of core services on the other. The Department’s strategy was developed in the context of a growing crisis within its care and protection services, as a ‘fall off in key aspects of Child Youth and Family performance and a decline in public confidence in our ability to deliver our statutory services’ was combined with escalating numbers of notifications and public concern about child abuse.

James Whakaruru, the backlog and the Brown Review

In April 1999, the media devoted considerable coverage to the case of four-year-old James Whakaruru, who had been beaten to death by his stepfather despite his family having previously come to the attention of public agencies several times. Accounts of problems across agencies made for familiar reading in the Commissioner for Children’s report on the case. This found that the agencies who had dealt with James and his family had ‘worked without reference to each other, and ended their involvement assuming that other parts of the system would protect James’; they ‘seemed unaware of the indicators of a child at risk, or did not appreciate the role they needed to play to ensure his safety and well being’.

At this time, the Department was having difficulty responding to a sudden increase in the number of notifications, a situation that was exacerbated by significant problems with staff recruitment and retention in some regions. CYF began to report a substantial backlog of cases deemed to require further action. In April 2000, when the Commissioner for Children reported to the government on James Whakaruru’s death, nearly 10 percent of all cases were not yet allocated to a social worker, a situation which caused serious concern about the extent to which children were being left without protection in potentially dangerous situations. Throughout 2000, the number of unallocated cases continued to rise. The public release of the Children’s Commissioner’s report in June was soon followed by media reports of the deaths of several more children, including Lillybing Karaitiana-Matiaha (June), Hoana Rose Matiu (August) and Sade Trembath (August).

In August, the Department received a record number of notifications. The proportion of unallocated cases had soared to 15.2 percent and the situation was critical.

Minister Maharey responded by appointing Judge Michael Brown to review departmental procedures for care and protection. Released in December 2000, the ‘Brown Report’ provided a sympathetic but highly critical account of the Department’s position. In the submissions he received, Brown reported, grievances towards the Department were ubiquitous and criticism unanimous. There was a widely shared view that the service was seriously under-resourced, under-skilled and inexperienced, inadequately supervised and supported, and demoralised. Systemic problems with the quality and professionalism of social work were heightened by the growing number of notifications, a diminishing number of placement options, and a client group that presented multiple and complex problems, many of them intergenerational in nature. Unable to handle its workload, the service had resorted to ‘reactive, crisis-driven social work’. Front-line staff faced dangerous professional situations and were required to make difficult and complex decisions while coping with the consequences of their poor reputation with the public. ‘This is a Government Department’, Brown argued, ‘to which has been abdicated to a large extent the ills and casualties of our contemporary society’.
Brown reported that systemic issues limited Child Youth and Family’s ability to operate effectively, particularly within the state sector environment. There was a mismatch between the expectations of the government and the public, and the Department’s accountability arrangements. The Chief Executive was required to run a ‘demand-driven’ service with capped funding, and to manage expenditure in accordance with the Public Finance Act. \(^15\) Brown recommended that the Department’s funding be ‘demand-driven’; unacceptable numbers of cases remained unallocated when the volume of notifications exceeded the ability of staff and resources to respond in a timely manner (staff turnover was a major contributing factor).

According to Brown, the ‘efficiency drive’ of the 1990s had broken down the interface between government agencies, and the limited funding available to community organisations had led to a competitive approach which had inhibited co-operation and interaction. Brown argued that the public responsibility for care and protection should be more widely distributed; CYF needed to ‘share the load’ and co-operate more with other agencies, particularly in carrying out the non-statutory aspects of child welfare work. \(^16\) He urged the government to revisit the Puao-te-Ata-tu report, consider re-establishing the participatory mechanisms that had been set up in response to it, and evaluate the role, effectiveness and reporting lines of Care and Protection Resource Panels. In line with this ‘firm commitment’ to community
consultation and partnership, Brown recommended a ‘blue-print’ for a ‘care and protection sector’ able to help CYF change from a stand-alone agency to one which contributed to ‘a continuum of service’ developed through strong relationships with the community.\textsuperscript{17}

The findings of the Brown Review were incorporated in a broader strategic planning process which aimed to address the long-standing issues with capability and practice. In late 2000, the Department of Child Youth and Family Services began work to shift from a ‘risk-based, deficit model’ to practice and contracting models based on outcomes and on a strengths-based philosophy.\textsuperscript{18} The aim was to focus services on strengths rather than failings, and to guide practice through a clear understanding of the client outcomes towards which social workers and providers should be working. The Minister reportedly responded favourably to the concept of refocusing CYFS in this way, likening it to the ‘fresh path’ set out for DWI after the Hunn Report.\textsuperscript{19} A review by consultants found that the Department lacked the capability to become an ‘outcomes-focused organisation’; it recommended a major overhaul to address performance issues and build on strengths.\textsuperscript{20}

**New Directions (2001–3)**

In March 2001, the government approved ‘New Directions’, a comprehensive three-year programme to implement a ‘strengths-based, outcomes-focused’ approach to social work. Its 24 projects were grouped in five strategies: ‘implement practice improvement’, ‘strengthen the professional workforce’, ‘collaborate with the community’, ‘design and build a “joined-up” agency’, and ‘build leadership capability’. The programme was launched by the Minister in July 2001 as the government’s official response to the Brown Review. It would be supported by an additional $216 million of funding over four years. The programme aimed to achieve a renewed focus on quality outcomes for children, young people and their families, not just on seeking immediate solutions to immediate problems.\textsuperscript{21}

Complementing ‘New Directions’ was ‘Turning the Corner’, a short-term strategy which did seek to provide an immediate solution to an immediate problem. By March 2001 the number of allocated cases was 4278, an all-time high.\textsuperscript{22} ‘Turning the Corner’ required sites to outline how they intended to clear the backlog, and established mobile teams to be assigned to sites where resources were stretched and the backlog was particularly high, as well as teams in national office to focus on clearing long-standing cases. By June 2001, the initiative had reduced the number of unallocated cases to approximately 3000, and CYF extended the mobile team strategy.\textsuperscript{23} A year later, the Department had reduced the number of unallocated cases to 1203 and achieved a marked improvement in timeliness in dealing with the most urgent: 93 percent of critical notifications were now being responded to on the same day, and 90 percent of very urgent notifications within 24 hours.\textsuperscript{24}

By the Department’s own admission, this heavy focus on investigation and assessment came at a considerable cost. As the agency focused on the most urgent cases, it paid less attention to following up existing cases. There were concerns about an increasing trend to cease involvement once investigation had been carried out, about reduced responsiveness to less urgent notifications, and about the declining number of cases being referred to other services.\textsuperscript{25} As social workers focused on clearing the backlog of unallocated cases, they had less time to manage the exit of children and young people from the care system, and the average number of ‘bednights’ per case rose significantly. A review of care services by CYF and
MSP found that care was a major ‘hidden cost’ accounting for more than half of direct funding; it was difficult to track because it was spread over several output classes. As social workers’ time increasingly shifted to the ‘front end’ of the system — investigations and assessments — CYF’s resources increasingly moved to the ‘back end’ to pay for the cost of care. To manage demand for care, Child Youth and Family was often forced to divert funding from staff salaries and training, pay for it as a ‘special cost’, or not meet a client’s needs.

The Department’s 2001 Care Strategy aimed to reduce both re-entry to, and ‘drift’ within, care through better planning of permanent placements. CYF’s new care management structure included 24 caregiver liaison social workers to support caregivers and stabilise placements, and twelve locally based care specialists to make recommendations about how care plans could be better managed and permanency achieved. The strategy was not fully implemented until early 2003.

The emphasis on care and protection investigation and assessment of the most urgent cases also meant that the Department was forced to reduce its attention to servicing the courts. After reviewing its performance in the area, in April 2002 Child, Youth and Family released a youth justice plan which set out ‘priority areas’ for change. In the short term, it found an immediate need to improve its relationship with the Police and its performance in relation to basic processes, particularly in meeting statutory timeframes, and to shift its focus from managing processes to activities which delivered outcomes.
In the long term, the youth justice plan argued, the Department needed to implement more fundamental changes to address the over-representation of certain population groups (young males, Māori, Pacific young people) in offending statistics, and to target its services more effectively to a problematic minority of its clients who offended repeatedly and seemed relatively unaffected by the Department’s interventions. A Ministerial Taskforce on Youth Offending found inadequate resourcing of programmes and front-line staff, and a need for more sector leadership and more effective mechanisms for inter-agency practice, including local offending teams to co-ordinate services. A review of the Residential Services Strategy discovered variable practice in CYF’s five residences, which were still biased towards ‘containment’ rather than therapy, rehabilitation and reintegration.

The Department now moved to review its processes for intake and assessment. A 2001 evaluation of the Risk Estimation System found that it enabled more transparent and consistent decision-making and better outcomes for the child — but that it was under-used by staff. An evaluation of the Department’s call centre in September 2002 found that it had reduced the influence of local concerns about capacity on decisions about intake, but that the lack of access to local knowledge had created some additional work and inhibited collaboration with professionals and community groups. A 2002 review of CYF’s ‘criticality framework’ for prioritising cases discovered that while it was an effective tool for assessing the risk of abuse, it was less effective at guiding social work practice in cases where there was less risk of harm and an investigative focus was less appropriate.

The Department also reviewed the operation of the CYFF Act 1989 in relation to two areas of concern raised by submissions to the Brown Review: the extent to which decisions and plans were made with the interests of children as the paramount concern (the ‘paramountcy principle’), and the quality and timing of care reviews following placement (‘Family/Whānau Agreements’). The review came to similar conclusions in both areas: policy and principles were relatively sound, but practice was variable. While the interests of the child were the primary consideration during the initial assessment, this was less evident as the placement continued; little more than half of the children and young people in care were visited or consulted as regularly as policy required.

The New Directions programme included projects to boost the professionalism and capability of staff. The Department reviewed each of its sites and developed plans to make them sustainable. In an effort to reduce staff turnover, the Department implemented new salary ranges and a new competency-based progression system. In June 2001, CYF produced a Social Work Capability plan to improve the quality of staff by putting all new recruits through an induction programme, providing additional professional development training, and creating the positions of ‘practice manager’ and ‘senior practitioner’. The intention was that eventually all the professional staff would be registered social workers who had been assessed as competent and had a social work qualification. CYF began to limit the hiring of unqualified staff and assist existing staff with social work studies. It also engaged with other employers of social workers and the tertiary education sector to address its concerns about course content and a declining supply of qualified social workers.

On the recommendations of the Brown Review, CYF moved to redefine its relationship with community and voluntary organisations and spread responsibility for the well-being of children and young people across the care and protection sector. The Department introduced ‘Everyday Communities’, a public education programme of local events and
activities to encourage adults to act to achieve the safety and well-being of children, and to
share the social obligation to address child abuse.\textsuperscript{42} CYF reviewed its contracting processes
to reduce compliance costs and improve consultation, held conferences and fora to hear
community concerns, and implemented action plans to improve relationships with social
service providers and local bodies.\textsuperscript{43} In March 2002, the Department released its proposal for
Local Services Mapping, a collaborative process for matching services with community needs.
Every three to five years, CYF would undertake a stocktake of local needs with providers,
community groups and other government agencies, and collaborate on a ‘shared vision’ and
plan for funding, services, accountability, and information-sharing.\textsuperscript{44}

In advocating a more regional focus, Brown had expressed concerns about the lack
of integration between contracting and service delivery, and questioned the value of a
restructuring in late 2000 which had closed the twelve area offices and replaced the thirteen
area managers with six regional operations managers.\textsuperscript{45} In July 2002, the Department began
a second restructuring which aimed to ‘join up’ contracting and direct services through the
creation of a ‘Social Work and Community Service team’ headed by two General Managers
with shared responsibility for national support services and devolved regional services. The
restructuring provided the six regional managers with full financial and human resources
authority for each region; they were supported by regional services teams responsible for
funding advice, public education, and quality assurance.\textsuperscript{46}

Two years into the change programme, the influence of many of the New Directions
projects remained confined to head office; those intended to significantly change social work
practice had failed to bear fruit. Though it was the centrepiece of the New Directions strategy,
progress on a project to implement a ‘strengths-based, outcome-focused’ approach to social
work was slow. By late 2001 there was a design proposal, a project plan, and a report on best
practice models and tools — but more than a year later, little further had happened and New
Directions was behind schedule.\textsuperscript{47} A strategy for Māori, ‘Te Pounamu’, had been published
in 2001, but it is hard to reconcile its rhetoric with evidence of its practical impact. Though
it described itself as a ‘turning point in our history’, an implementation plan for this strategy
had still not been approved two years later.

It seems to have been ‘Turning the Corner’ rather than ‘New Directions’ that had the
greater impact on the practice of local sites. By the end of 2002, a number of voices were
expressing frustration with the lack of progress. A September 2002 survey of community
organisations by the New Zealand Council of Christian Social Services found a few ‘positive
signs’ around managerial relationships and contracting but reported a general sense of dismay
at the lack of improvement in social work practice on care and protection issues. Respondents
‘clearly indicated that there is yet to be any real change at the local level’ and had ‘no increase
in confidence to refer cases to CYF’.

Respondents reported a lack of consistency of services, poor referrals, and lack of ability by CYF
to provide access to the care and protection services needed. There was a strong feeling among
respondents that despite all the reports and rhetoric there was a fundamental lack of change at
the local level and that old patterns of behaviour and problems continue to exist at the frontline
level. The impression of respondents is that change has focused too much on the national level
and has yet to be translated to local changes in practice.\textsuperscript{48}
While the Department had improved its timeliness in dealing with critical notifications, other measures of performance remained of concern.49 Between 1999 and 2002, the annual funding of the Department of Child Youth and Family Services had increased by more than half, from $206.7 million to $314 million.50 Yet CYF continued to have difficulty meeting the demand for its services, and in late 2002 was forced to introduce a programme to contain costs.51 In both November and December 2002 it requested additional resources outside the Budget process to meet a shortfall in care services. The Department was reportedly unable to provide a clear picture of the extent of the shortfall, or the effect of the boost in funding.52 The government provided additional funding on condition that CYF agreed to an interdepartmental ‘first principles’ review of its role, capability and resourcing.

Child deaths and the Baseline Review
The findings of the resulting Baseline Review were released in October 2003, in the midst of the greatest media attention on CYF in its history.53 After Featherston schoolgirl Coral Burrows was killed in September 2003, her father’s solicitor asked for any records relating to a telephone call to the Department made by Mr Burrows several months before her death, during which, he claimed, he had expressed concern about her well-being. Child Youth and Family initially denied that any such call had been made, but later found that a phone call had in fact been handled by its national call centre. In October 2003, CYF admitted that it had received a call, apologised to Mr Burrows, and announced an urgent independent review into its handling. The ‘Duffy Report’ in December revealed that there was no record of the call because the social worker who received it had logged it as a ‘request for advice’ rather than a care and protection notification. Satisfied that enough had been said to warrant a notification, Duffy found that the call centre lacked resources, training, and oversight, and recommended that all future calls be recorded as a safeguard.54

In mid-November 2003, the Chief Social Worker and the Commissioner for Children released separate reports into the case of Olympia Jetson and Saliel Aplin, who had had considerable involvement with Child Youth and Family before being murdered by their mother’s partner in 2001. Both reports criticised the response of government agencies. The Chief Social Worker found that the ‘checks and balances’ of the care and protection system had failed to operate effectively, while the Commissioner for Children found that the practice of CYF workers involved in the case had been poor and that the agencies involved had failed to share their knowledge or take a co-ordinated approach to keeping the children safe.55

The day before it issued the findings of the ‘Duffy Report’, CYF released its reviews of the death of three-year-old Tamati Pokaia from internal injuries following an assault while he was in the care of CYF-approved caregivers, and of the case of twelve-year-old Kelly Gush, who had died on 5 August 2002 from head injuries inflicted by her mother’s partner. The Gush review found both systemic and practice problems with Child Youth and Family’s involvement, including a limited understanding of the dynamics of domestic violence and a failure to recognise the level of risk in the situation. It also found that CYF social workers were working in a ‘stressed and difficult’ environment with high workloads; ‘the need to respond to volume’ had ‘taken precedence over quality’. While some of these failures had occurred before the implementation of New Directions, the reports were treated as symptomatic
of fundamental problems in New Zealand’s care and protection system. This reaction was reinforced by the coincidental release of a UNICEF report which found New Zealand’s rate of preventable child deaths to be one of the worst in the developed world, and of the Baseline Review, which made extensive criticisms of the Department’s performance.56

The Baseline Review argued that the Department’s problems went beyond inadequate resourcing; they were ‘deep and systemic’. CYF’s priorities were unclear: both the outcomes towards which it was expected to contribute and the strategies it adopted to achieve them were too broad. Unrealistic expectations were placed on CYF: to single-handedly manage all problems of child abuse and neglect, act as an agency of last resort for children and young people in difficult circumstances, and solve all the problems of children and families, from truancy to marital disputes.57

Confused expectations had far-reaching consequences. Among the problems with the way the government supported the family and community sector identified by the Baseline Review were unclear responsibility, limited co-ordination, gaps in service delivery, and a lack of evaluation. The quality of the services provided by the Department varied because the organisational environment failed to systematically support quality practice in care and protection and youth justice. Much of this variability, the review argued, could be attributed to the pressure CYF was under to minimise the number of unallocated cases and improve the timeliness of investigations, which had led managers to privilege quantity over quality. Not only did this reinforce the perception of front-line staff that the organisation did not value quality social work practice, it also risked additional pressure through renotifications.58

Because of the volume of work, more time was being spent on investigation, at the expense of other areas of social work and with a cost in morale and staff turnover.

The review team concluded that to make sustainable improvements in performance, CYF must ‘focus hard on its priority outcomes, and on the systems and processes to achieve those outcomes’. The Department should not be expected to provide a broadly focused family support service, nor to lead community development. Rather than ‘general well-being’, it should focus on the ‘safety and security of children and young people’, prioritising its services towards preventing child and youth offending and the recurrence of harm (abuse, neglect, insecurity of care). This focus should drive CYF’s role both in services it provided directly to families and in community services that it funded indirectly.59

The review team also found the Department lacked information on key aspects of its operations, including the number of children in care, trends in client numbers, and finances. The organisation was unable to grasp the basics of how it operated; it lacked information on the ‘stocks and flows of clients, where staff time is spent and costs incurred’, and how its services affected outcomes for its clients. Among the improvements to systems and organisational capability needed were ‘the demand for, and availability of, basic management information, the integration of planning and budgeting, and workforce development’. Because of the lack of information, the review team was unable to establish a sustainable baseline for the Department. Such a baseline should be assessed only after the implementation of a two- to three-year package of initiatives to help CYF stabilise its position and improve both the quality of its services and its understanding of how it operated.60

These recommendations raised an immediate problem for Ministers: if CYF was not to have a role in supporting families and communities, then who was? In October 2003, the month the Baseline Review was released, the government approved the establishment of a
Family and Community Services Group within the Ministry of Social Development (MSD) to provide leadership and co-ordinate services for families. While this risked fragmenting the 'service continuum' and severing the link between the well-being of children and that of families and communities, a narrower scope for CYF would enable a greater focus on its core organisational responsibilities and 'primary' outcomes. Established as a service-delivery line of MSD in July 2004, the Family and Community Services Group assumed responsibility for funding broad family support services. Child Youth and Family was now to fund only organisations aligned with its two main areas of focus: care and protection, and youth justice.

Both the overall tone of the Baseline Review and the publicity about child deaths were a significant blow to a Department that had widely publicised a change programme which it had hoped would restore public confidence in it. In November 2003, Chief Executive Jackie Pivac resigned. A few days later, the Acting Chief Executive told a select committee that CYF had experienced another surge in the number of unallocated cases, from 1780 in June 2003 to 3132 in November.

Implementing the Baseline Review (2004–5)

After a six-month period during which retired LINZ Chief Executive Russ Ballard acted as Chief Executive of CYF, Paula Tyler was appointed to the position in mid-2004. Headhunted from the Children's Services Department in Alberta, Canada, she had been responsible for implementing the 'Alberta Response Model', which featured a 'differential response system' intended to link lower-risk families to support through community-based services and neighbourhood networks. By the time Tyler arrived, Ballard had already largely established governance mechanisms for implementing the Baseline Review's recommendations, restructuring the senior management team, establishing a Programme Management Office, and revising the Department's implementation plan. The projects were co-ordinated in two work streams, 'Improved Delivery of Services' and 'Developing Organisational Capability'.

Delivery of services

Attempts to improve the delivery of services were assisted by a boost in resources. The government provided additional funding to improve the implementation of social work plans and moved to relieve workload pressures, recruiting 125 additional field social workers and 28 'permanency workers'. This planned improvement in the quality of services was immediately threatened, however, by escalating demand for them.

In the period immediately after the report of the Baseline Review, the number of notifications reached unprecedented levels. The Department was unable to deal with many of the less urgent cases, and in the six months to March 2004 the number of unallocated cases nearly doubled, reaching 5200. As a large number of staff had just been recruited, the Department ruled out hiring even more social workers and declared itself unable to provide additional services or improve the efficiency of its processes. Instead, it proposed to 'buy time' by implementing an interim strategy.

The interim strategy was to manage demand by introducing more effective systems for prioritising cases and managing risk at intake. An analysis of the nature of demand evaluated the quality of notifications from agencies and professionals, their links with cases which required further action, the nature of those cases which were unallocated, and the reasons for any variations between sites. After reviewing its intake processes, the Department distributed
supplementary guidelines at call centres and sites. These set out additional criteria for assessing risk and ranking cases, and instructed staff to keep in contact with those for whom services could not be immediately provided and encourage them to help protect the child or young person in the meantime. The Department would also explore ways for non-government community services to become more involved in intake, investigation and assessment, and trial ‘fast track referrals’ for cases not requiring a statutory investigation. These initiatives were seen as potential long-term solutions to the workload problems.67

As more than two-thirds of the unallocated cases were located in just twelve sites, the Department focused on sites where significant numbers had been unallocated for a long period. A National ‘Unallocated Review Team’ examined these cases and either closed them or referred them back to the site for investigation, or to a non-governmental organisation (NGO) for assessment or support.68 In the medium term, the Department aimed to apply the lessons of the Intake Assessment Review, which had found considerable variation in the management of the intake process. Unsurprisingly, the review found that managing incoming work was helped by timely planning and decision-making, and that the ‘mind-set’ of social workers was significant in meeting timeframes. The sites with a ‘satisfactory throughput’ were those which focused on ‘assessing, managing risks, and co-ordinating responses’, rather than on providing ‘wider family support’. They also actively managed queues and shared risk across teams.69

After several influential NGOs reportedly indicated that they could potentially play a larger role in support of CYF, officials explored whether registered social workers employed by NGOs could be allowed to carry out statutory functions such as child protection investigations. Alternatively, would it be appropriate to amend the Children, Young Persons, and Their Families Act 1989 to allow CYF to pursue options other than a full social work investigation? A study of overseas care and protection systems found that no other government agency in these countries attempted to conduct a full social work investigation every time they were notified of a potential case. In September 2004, Cabinet agreed to amend the CYF Act to enable CYF to introduce a Differential Response Model (DRM) as a template for the intake
and assessment stages of the care and protection process. Following intake, a preliminary assessment would be made to help social workers determine whether the case required a full ‘investigation’ by CYF or the Police. Other potential ‘response pathways’ included a less intensive ‘child and family assessment’ by CYF or an NGO, and referral to another service. From late 2005, CYF focused on building the systems, structures and processes needed to test the DRM on actual notifications in site offices.70

Organisational capability

The Department’s 2004 Statement of Intent outlined a new strategic ‘vision statement’ focused on its core responsibilities for care and protection and youth justice, and outputs which would contribute to ‘priority outcomes’: preventing the reoccurrence of child abuse, neglect, and insecurity of care; addressing the effects of harm; and reducing the rate and severity of child and youth reoffending.71 From July 2004, the Department implemented a ‘planning cascade’ which connected the Statement of Intent, Output Plan, Business Plan, Group Business Plans and individual performance agreements with a performance measurement system for outcomes, outputs and services.72

Between mid-2004 and mid-2005, CYF introduced ‘Structuring for Success’, a set of structural changes designed to flatten the organisation, widen spans of control and strengthen the regional structure. The Baseline Review had found that the Department had gone only part-way down the path towards a regional approach to delivery, and needed a structure in which decisions about staffing and resources were made closer to the point of service delivery. To align boundaries with other agencies such as Police, the six regions were reduced to four and provided with additional management resources (Human Resources, Finance, Business Analysis) and specialist services (legal, family group conference co-ordination, youth justice, adoptions). A nationwide network of service centres provided management and administrative support for nearby sites, enabling the latter to focus on clients.73 Rather than quality control, there would be an emphasis on quality assurance, with a framework of standard operating procedures for processes for which consistency was critical. The Baseline Review had reminded CYF that successfully delivering its complex services required frontline workers to make difficult judgements; a ‘considerable management focus’ at the local level was needed.74

The Department also commissioned a review of its recent Workforce Development Strategy to ensure that this was still the best way to improve social work capability.75 Finding that there was likely to be a significant shortfall in the number of social workers available for recruitment, the review argued for the urgent development of sector-wide strategies. MSD should focus on building the overall capability of the social work profession, while CYF should address its internal problems, particularly capability and retention. Rather than seek more employees in an already tight market, the report argued, CYF should direct additional resources to the retention of experienced employees through better supervision and on-the-job support. High workloads were a factor in the loss of social workers; could these be reduced by assigning more ‘non-core’ functions to other staff? The review also recommended that CYF continue to develop internal career pathways, ensure its salaries were competitive, and make certain that the placement regime was of high quality and experienced positively by those involved in it. The Department decided to implement these recommendations through a Social Work Workforce Capability Development Plan incorporating measures to improve...
the experience of social workers and encourage them to stay by changing their perception of CYF as a place to work.76

Analytical capability

As well as improving its social work practice, the Baseline Review argued, CYF also needed to improve its performance by becoming a ‘learning organisation’.77 CYF initiated a ‘Management Information and Systems’ project to better support management decision-making by enabling information to be drawn from existing core systems, including a data warehouse which would provide analytical and reporting tools. CYF also developed a Research and Evaluation strategy and a long-term work programme linked to the ‘intervention logic’ that underpinned its work.78 The aim was to build knowledge about the effectiveness of services and finally resolve questions that had preoccupied the agency for decades.

To better forecast demand for its services, the Department began work to understand the ‘drivers’ that led to notifications. As officials noted in July 2004, this was a complex task: notifications and intake were only the most visible indicators of actual abuse, and ‘external demand’ was influenced by many variables: socio-economic and demographic changes; cultural definitions of abuse; attitudes towards reporting and towards government agencies; and capability and assessment practices at intake. Its analysis of demand patterns led the Department to believe that short- and medium-term fluctuations in the number of notifications were not driven by deprivation or other social or demographic considerations, but resulted from changes in ‘the behaviour of the child protection system itself’.79

The research suggested that the number of incidents that could involve CYF was much larger than the number of notifications actually received, which depended largely on attitudes, awareness and experience of abuse. Rather than being driven by an increase in child abuse and neglect per se, the recent increase in notifications had resulted partly from greater media awareness of child abuse and scrutiny of CYF. The proportion of clients deemed to require intervention had decreased; CYF was investigating more cases, but finding abuse less frequently. The Department had protected more clients from actual harm at the cost of undertaking a higher proportion of investigations that found no need for further action.80

The Baseline Review had also attempted to improve understanding of how clients moved through CYF’s processes, how these processes interacted, and to what extent they influenced outcomes for clients.81 The Department documented service process models for its interactions with clients related to care and protection, youth justice, adoptions, and funding and contracting. These models became the basis for a ‘cost the baseline’ project, which used data on volumes, costs and effort required to calculate standard unit costs for CYF’s outputs, enabling assessment of the Service’s efficiency at both local and national levels. A follow-up ‘Service Efficiency Next Steps and Effectiveness’ (SENSE) project then linked measures of economy and efficiency with those of effectiveness. The SENSE project aimed to connect outcome, output, and compliance and service quality data in a single framework in which ‘process quality indicators’ (timeliness, quality of decision-making) enabled analysis of any variation in service delivery on outcomes. This information, along with proposed practice changes and the costing analysis, would become the basis for a model of a sustainable baseline.82
Social Developments

Youth justice capability

According to the Baseline Review, the Department's focus on responding to care and protection demands had created significant problems for its other main function, youth justice. Resources had been redirected away from youth justice and activities in this area lacked focus and accountability. The review recommended that the Department make changes to leadership and management to lift youth justice's profile and performance, prioritise the implementation of the Youth Justice Plan; it should report to the Minister by June 2004 on progress in lifting capability. By September 2004, the Department had identified the key capability issues in need of attention and clarified the links between specific activities, outputs and outcomes. During 2005, CYF designed an outcomes framework, mapped its processes and defined its service standards; officials expected to report in 2006 on the actions and resources required to apply its new ‘Service Process Model’ consistently across the country.

By September 2004, the Department had identified the key capability issues in need of attention and clarified the links between specific activities, outputs and outcomes. During 2005, CYF designed an outcomes framework, mapped its processes and defined its service standards; officials expected to report in 2006 on the actions and resources required to apply its new ‘Service Process Model’ consistently across the country.

By the end of 2005, three years after the initiation of the Baseline Review, the project to improve capability around youth justice remained confined to head office. In 2005 the State Services Commission conducted a machinery of government review of CYF which found that, despite the ‘high degree of concern’ expressed by the judiciary, the Department continued to give care and protection a higher priority than youth justice. The SSC expressed concern that the Youth Justice Capability Review had been given a low priority and was significantly behind schedule. At the local level, youth justice plans were still not being implemented properly, and in some cases not at all. Faced with a choice between working with a fifteen-year-old youth offender and assisting a vulnerable fifteen-month-old baby, the review noted, front-line social workers typically gave priority to the baby.

The SSC review identified a number of other areas requiring immediate attention. Nationwide problems with the notifications and referrals system, the family group conference process, and the management of children in care needed to be addressed urgently. The SSC also criticised the continued lack of performance and management information and over-reliance on notification statistics. There was also ‘a culture of “resistance”’ within the Department; a history of ‘disconnected policy processes’ had led to a ‘professional disregard for management’ amongst front-line CYF staff. CYF was at the mercy of an inadequately co-ordinated policy process divorced from operational experience. Fixing these issues, the SSC argued, would require strong leadership.

However, the period of unsettled leadership was set to continue. In late 2005, Paula Tyler announced her resignation for personal reasons after just a year as Chief Executive. Shenagh Gleisner’s appointment in December 2005 to act in the role gave the Department its fifth head in just over two years. Given the ‘very challenging’ job description, the State Services Commissioner worried about the likely loss of momentum while a permanent appointee — particularly someone with ‘the range and depth of skill required to get the step-change needed’ — was being found. In March 2006, Annette King, the Minister of State Services, asked Cabinet to either approve a job description for the position or agree to merge CYF with the Ministry of Social Development. The latter option, she argued, would enable MSD to provide corporate support to CYF and allow management to focus on developing systems and improving processes. Cabinet agreed to this course of action, with effect from July.
PART VI

Managing for outcomes: The Ministry of Social Development 2001–11


WHILE THE GOVERNMENT PROVIDED FEW SPECIFIC INSTRUCTIONS ON THE SHAPE OF THE NEW MINISTRY, IT MADE ITS EXPECTATIONS CLEAR. FIRSTLY, MSD SHOULD MAINTAIN SERVICES THROUGHOUT THE CHANGE
process, reduce the level of media controversy and improve the agency’s reputation with the public. Secondly, MSD should advance the government’s policy priorities, particularly its emerging ‘social development approach’, which required the capability to lead the social sector, a more co-operative relationship with other agencies, and greater alignment between policy and operational functions (while maintaining the focus each had developed as a separate agency). Thirdly, the new structure should be flexible enough to be able to incorporate other service delivery functions in the future.6

Hughes appointed an internal design team tasked with creating a workable structure with a minimum of disruption.7 After a brief period of consultation, the new structure announced in November 2001 maintained existing teams where possible, offered any new positions to staff affected by the change, and restructured only the management layers in national office. The two management teams were merged into a single executive management team comprising nine General Managers. Senior management’s main strategy for establishing an integrated organisation was to change the way groups worked together, physically relocating teams to encourage relationships and establishing cross-functional project teams to work on specific issues.8

Structured as a ‘departmental platform’ or ‘holding company’, corporate services were provided to the policy and service delivery groups on a generic basis, although a partial internal separation between the two functions was maintained.9 Ministerial advice and operational policy teams were merged, but services were branded as discrete ‘service delivery lines’ and expected to develop delivery methods and goals specific to the needs of their clients. Most notably, the Department of Work and Income’s Student Services, which had finally resolved the issues that had resulted in high-profile processing problems in 1999 and 2000, was rebranded as ‘Studylink’, with a new logo, and six ‘Outreach sites’ located in the main university centres.10

As part of a range of measures to restore the Ministry’s image, Hughes instituted a process for actively managing risk, including twice-weekly meetings with senior managers and a ‘war room’ that sprang into action when specific issues emerged. Hughes claims that Work and Income had ‘a beat-up mentality about the media — they were so used to it they had come to expect it. I wanted to do something about it’: Hughes adopted a systematic approach to informing the Minister, Steve Maharey, of potential issues, encouraged internal transparency when mistakes were made, and adopted a more active approach to communications, issuing public statements when he felt that media reporting was inaccurate. For Hughes, a key part of his role was ‘managing context’: ‘You can be a high performing organisation but if your stakeholders do not believe this then you are dead in the water. Perception is a big part of reality.’11

Learning from DWI’s reputation for expensive marketing campaigns and office redevelopments, MSD adopted the Coat of Arms as its logo, a symbolic gesture reflecting the Department’s commitment to more traditional values of public service. Hughes attended meetings across the country where — introduced by the Minister as ‘the new face’ of the organisation — he explained that he intended to restore the trust and confidence of community groups.12 Though the structure of Work and Income outside head office was unchanged, new expectations were clearly communicated: a shift away from an ‘inward-looking’ focus to concentrate on clients’ outcomes.13 Hughes connected this with the new ‘social development’ brand; in November 2001, he told all staff: ‘When I was working on the frontline, the thing I found most frustrating
about the job was seeing the same people with the same issues and seeing the same thing happening to their kids. Social Development is about trying to do something about this.\textsuperscript{14}

Within a year, the Ministry had largely disappeared from media headlines, and Work and Income and its other specialist services had also improved their public reputation. An emphasis on managing reputation and risk remained a defining feature of the Ministry’s approach under Hughes. The incidents that did occur, such as a sophisticated piece of internal fraud in late 2003, and external fraud in late 2006, were responded to immediately and managed carefully.\textsuperscript{15} Hughes also continued to anticipate government priorities, leading internal organisational reviews to reduce expenditure and offering to host other public agencies which were struggling. As a result, the Ministry avoided externally led reviews of its operations, and even managed to experiment, albeit in cautious, incremental ways. With less public criticism and greater political confidence, the Ministry was able to focus on the government’s next priority: the new social development approach.
16. Social development and the Ministry, 2001–4

Given the initial management focus on settling the organisation down, some staff were initially unsure about the new Ministry’s overall purpose. A typical restructuring exercise promotes a long-term vision for an agency, which is then reshaped to achieve it. In this case, rather than implementing a new approach to social policy, the proposals focused on maintaining operations and minimising disruption to staff, and left Work and Income’s service delivery structure largely intact. The fact that ‘social development’ was a somewhat esoteric concept with less direct meaning than, say, ‘education’ or ‘health’ contributed to internal uncertainty about the new organisation’s direction.

Informed by MSP’s social development approach framework, MSD’s first purchase agreement set out a ‘challenge’ for the Ministry: to ‘move from social welfare to social development’. This would entail developing social policy and services that would ‘enhance social and individual investment’ and be linked to economic development. The emphasis on ‘investment’ indicated a greater focus on government actions with longer-term impacts, in contrast with ‘social welfare’, which was characterised as short-term actions to address immediate problems. The document marked a break with the approach of the previous decade. It committed the Ministry to a broader role than that set out in ‘Welfare that Works’ — to move beyond providing a ‘safety net’ to preventing the occurrence of social problems.

In terms of practical application within the agency, the term ‘social development’ came to be applied to a wide range of developments. At the highest level, ‘social development’ was linked to the development of a policy approach which fostered a closer relationship between economic and social planning to achieve ‘social well-being’. At a lower level, ‘social development’ referred to policy strategies which cut across agencies; the Ministry was now responsible for leading cross-sectoral policy in relation to specific sections of the population. This leadership role was also adopted at the local level through ‘regional social development’ (co-ordinated planning on local social issues), and through the integration of different services to address the complex social problems of individual clients. For the agency’s main service delivery arm, Work and Income, ‘social development’ entailed a greater emphasis on ‘investment’ in clients to achieve longer-term outcomes, in particular sustainable employment.

At its best, ‘social development’ served to unite a cluster of related concepts in a more strategic and long-term approach to policy and services that were better co-ordinated across different agencies and more focused on social outcomes. At its worst, ‘social development’ meant all things to all people and resulted in the production of numerous strategies, some of which did not lead to meaningful change.
Strategic social policy and social sector leadership

The social development approach placed particular demands on the new Ministry’s policy advisers. It required a closer relationship between policy and delivery, a greater emphasis on long-term outcomes, and the ability to provide strategic advice on general social well-being in MSD’s role as a kind of ‘Social Treasury’. This in turn required an expansion of research and evaluation capacity, both to monitor social trends and to better understand how government activities contributed to social outcomes. In 2002 MSD tripled the capacity of its Strategic Social Policy Unit and conducted reviews of the processes, structure and culture required to meet the expectations on the Ministry.4 MSD compiled an integrated programme for its research and policy work, established new senior staff policy positions, and restructured its three groups (Strategic Social Policy, Sector Policy, and Knowledge Management) to clarify their respective roles.

The Knowledge Management Group, relaunched as the Centre for Social Research and Evaluation, was to meet both the Ministry’s needs and those of the broader social sector.5 This rebranding was part of a suite of changes intended to mark a new dawn for research and evaluation within government and boost the use of research evidence to inform social policy. The new emphasis followed the 2001 review of the social policy ‘knowledge base’, which found a lack of demand for (and use of) good social research in the development of policy, a problem that was exacerbated by poor communication between policy analysts and researchers on the kind of information required.6 To provide a focal point for researchers and promote dialogue with academics, in November 2001 MSD established a Social Policy Evaluation and Research Committee (SPEaR) that brought together senior officials from 22 government agencies involved in social research and evaluation.7

SPEaR set up three subcommittees to guide specific aspects of the ‘Improving the Knowledge Base’ programme: a ‘social policy linkages’ programme of scholarships, exchanges, and funding for postgraduate research; an effort to identify research priorities shared by agencies to inform social policy with a broader perspective; and an effort to promote the use of evaluation tools across government.8 SPEaR established a website to provide updates on funding, jobs, events and best practice, and held a biennial conference as a networking and development opportunity for public sector researchers.9

The new emphasis on research and evaluation was consistent with the ‘Managing for Outcomes’ process that was being developed across the public sector. In 2001 the government communicated new planning expectations for state sector agencies: outputs should be aligned with the achievement of outcomes, and information gathered on the effectiveness of actions. There was now a greater role for evaluation of the impact of policies and services; under this system, chief executives were not accountable for the outcome itself, but for their contribution to it. In the crudest terms, managing for outcomes aimed to encourage a shift of focus from efficiency to effectiveness.10

‘Managing for Outcomes’ required agencies to be clear about the outcomes they were trying to achieve, and what they planned to do to make them happen. Departments were required to produce a ‘Statement of Intent’, a high-level document outlining ‘what their outcomes are, how they will be pursued, how risks and uncertainties will be managed and how departments will know they are making a difference.’ The Ministry’s first Statement of Intent, for 2003/4, was based around the social development concept. Each of the five high-
level outcomes for the institutions and population groups with which MSD worked were supported by lower-level ‘contributing outcomes’ that were to be the basis for the Ministry’s priorities for the next three years.11

The focus on social outcomes entailed greater development and use of indicators of social well-being, and MSD raised the profile of key research projects. MSD’s Living Standards research programme published descriptive accounts of the distribution of living standards in New Zealand, derived from consumption-based measures of ‘what people (want to) have and do’.12 A review by MSD found widespread and enthusiastic support amongst a range of stakeholders for MSP’s 2001 prototype ‘Social Report’, particularly for its impartial approach and political neutrality. A second Social Report was published in 2003, and the government then agreed to its routine production on an annual basis.13 Intended as a kind of ‘report card’ on the country’s social health, the Social Report complemented economic indicators by monitoring measures of well-being and quality of life over time and assessing how New Zealand compared with other countries.14 The aim was to identify areas where action was required and assist government planning and decision-making.15

To what extent, and precisely how, MSD was to ‘lead’ the social sector was at first unclear. Hughes chaired a range of chief executive groups, but with no clear mandate; this role often relied on a combination of diplomacy and moral suasion, and agencies had their own priorities to manage.16 While it began at the level of broad social outcomes, the Ministry’s Statement of Intent only applied to how it managed its own business, and its services remained confined to income support and employment assistance. Proposals to comment on other social sector agencies’ Statements of Intent and social sector chief executives’ performance agreements were dismissed. MSD’s Strategic Social Policy Group provided ‘second opinion’ advice on social policy, providing one-page briefings on the cross-sectoral social impact of all proposals in papers to Cabinet’s Social Development Committee, and on other Cabinet papers with social development implications.17 In its 2002 Briefing to the Incoming Minister, MSD proposed a ‘social development strategy’, loosely based on the United Kingdom’s ‘Opportunity for All’ programme, which would set out a broad direction for social policy and specify how different sectors would contribute to its achievement. The strategy would be used in conjunction with other ‘levers’ available to MSD for ‘operationalising’ social development.18

With the encouragement of its Minister, MSD also explored the possibility of a Social Reporting Bill, a kind of ‘managing for outcomes’ writ large, which would require not just public agencies but the government itself to publicly state its social policy objectives and report on the relevant outcomes. Just as the Fiscal Responsibility Act prevented governments from withholding fiscal information that did not paint them in a good light, a Social Reporting Act would bind governments to report transparently on social outcomes and state clearly what they were doing to address social issues.19 Together, Opportunity for All New Zealanders, the Social Report and the Social Reporting Bill became known as ‘The Troika’ (or ‘Triptych’); they were expected to anchor the role of the Ministry in leading social development.20

The bill was not universally supported. Agencies and Ministers consulted by MSD on draft Cabinet papers in mid-2003 expressed concerns about its implications, and about ‘a lack of specificity regarding the statement of social policy direction that was to be legislated for’. Work on the Social Reporting Bill was suspended in late 2003, when the government asked that an overall prototype strategy for the social sector be delivered first.21 The government launched this strategy, Opportunity for All New Zealanders, in December 2004 as a companion to its
economic strategy, the Growth and Innovation Framework. Conceived as a response to the 'state of the nation' depicted in the 2004 Social Report, Opportunity for All New Zealanders described what the government was doing to improve social outcomes across the Social Report's ten domains of well-being and identified five priorities for inter-agency action. More than 30 agencies signed up to the strategy, agreeing to organise their strategic planning and Statements of Intent around a common set of desired outcomes for the social sector.

As well as through the assumption of responsibility for high-level strategic planning for social outcomes, MSD's leadership role was also expressed through the development and monitoring of a number of strategies for particular 'population groups', many of which cut across traditional agency boundaries. The government's Agenda for Children, launched in June 2002, set out a programme of research and policy initiatives, and required all government agencies to consult with MSD on how to apply its vision and principles to policies which affected children. An equivalent framework for policy and services for young people, the Youth Development Strategy Aotearoa, was published by the Ministry of Youth Affairs at around the same time. With Youth Affairs deemed to lack the capability and status to influence other departments, the State Services Commission recommended that it be merged with the youth policy functions of MSD in a Ministry of Youth Development. This was established as a 'Ministry within a Ministry' in October 2003. The intention was that it retain a separate culture and identity while benefiting from 'the synergies and influence [that arise] from being linked to the major social sector player'.

The government established a number of other offices within MSD's 'organisational platform' to assist specific groups, and even act as advocates for them. In July 2002, an Office for Disability Issues was set up to encourage an approach to disability issues that viewed them through a social (rather than a health) lens, and promote the New Zealand Disability Strategy, which required government agencies 'to make New Zealand a society that is fully inclusive of people with disabilities, by the removal of barriers to their participation'. In December 2002, MSD rebranded its Senior Citizens' Unit as an Office for Senior Citizens with responsibility for reporting on progress against the Positive Ageing Strategy and an implied commitment to public dialogue. In late 2003, an Office for the Community and Voluntary Sector was set up to provide an accessible contact point for community and voluntary groups, and to monitor and report on the progress of government agencies in improving their relationships with the sector. In 2004 the government also established a small policy function within MSD to monitor the impact of government policies on gay, lesbian, bisexual, transgender, transsexual, fa'afine, takatāpui and intersex people ('GLBTI').

MSD's role in relation to these groups was based on broad principles of 'inclusion' and 'participation' that were both the results that the government wanted to achieve in society in general and principles which were to inform the way in which government behaved. A more collaborative approach to making and implementing policy, based around principles of partnership, was also evident in the Ministry's approach to other strategies, including the action plan for family violence prevention (released as 'Te Rito', a five-year strategy, in March 2002), and the plan to develop a 'care and protection sector' to support the Department of Child, Youth and Family Services (CYF), published in February 2003 as the 'Care and Protection Blueprint'.

In many cases, these strategies had more support and 'buy in' due to the high level of involvement of community and voluntary representatives; in others, attempts to implement
them was difficult and MSD’s ‘leadership role’ was resented. Principal Advisor David Bromell recalls MSD being ‘variously described as a juggernaut, Behemoth, or Mordor’, reflecting a perception that MSD was big, aggressive and liable to ‘gobble up’ other parts or functions of the social sector.\(^{30}\) By 2003, the Ministry began to notice symptoms of ‘strategy fatigue’, both in government agencies and among Ministers (including the Prime Minister).\(^{31}\) MSD’s influence over economic policy was limited, and its attempt to lead social development through policy and strategy was at times frustrated.

**Work and Income**

The social development approach extended beyond policy principles to make an impact on services. For the Ministry’s main service delivery arm, Work and Income, social development emphasised ‘investment’ in clients, meaning a greater focus on longer-term outcomes. As well as providing greater financial incentives and post-placement support services to help ‘make work pay’ for clients, Work and Income reformed its case management approach and the way it provided services, encouraging its staff to work towards achieving sustainable employment outcomes.

In 2001–2, the government softened the work-testing regime and directed that more attention be given to clients’ individual circumstances. As part of changes that removed the ‘community wage’ in 2001, the ‘Job Seeker Contract’ and ‘Client Plan’ were combined into a ‘Job Seeker Agreement’ detailing activities relevant to clients’ developmental needs. Only these activities could be work-tested, and the Job Seeker Agreement had to be reviewed before a work-test failure could be processed.\(^{32}\) In 2002 the rather blunt work-test for domestic purposes and widow’s benefits was replaced by a ‘Personal Development and Employment Planning Process’; annual plans set out the steps a client would take to re-enter the workforce, where their family responsibilities and personal circumstances allowed it. The reforms were supported by a higher case manager–client ratio that was intended to enable case managers...
WORKING FOR FAMILIES

The most significant policy work in the early years of the Ministry was the large-scale process which began in 2001 and culminated in the Working for Families package announced in 2004. Its genesis was the government’s 2001 strategy to keep people in the workforce, ‘Pathways to Opportunity.’ This strategy contextualised income and employment assistance for people of working age in a social development approach through which the state helped ‘make work pay’ by providing assistance with transition-to-work costs, other financial incentives, and less punitive benefit stand-down periods.1

In June 2002, officials produced a suite of papers, ‘Future Directions’, which set out ‘a vision of the welfare system’ and a ‘programme of action.’ They provided an overview of the current state of child poverty in New Zealand, the case for reform, and a programme of action. The government agreed to the overall approach in late 2002, and to the package’s basic elements in December 2003. Working for Families had dual objectives: to ensure that working families with children received adequate incomes, and to increase the monetary advantage to families of parents being in employment rather than on a benefit.2

By the time it was announced in mid-2004, the total cost of the package was $1.1 billion, nearly four times what had been envisaged eight months earlier.3 Its components were implemented in stages between October 2004 and April 2007. MSD administered the accommodation supplement and childcare assistance, while Inland Revenue administered Working for Families Tax Credits, which were paid by both departments. A multi-media communications strategy aimed to ensure eligible families were aware of their entitlements and encouraged them to apply.4

Working for Families became both MSD’s flagship policy and the ‘poster child’ for the benefits of integrating policy and delivery. During the Future Directions process, management required policy and service delivery staff to interact more, and established cross-functional teams to address particular issues.5 According to one policy manager:

We began by getting everyone together — policy, operational policy, Work and Income, IT, finance, HR, external agencies …. There were about 30 people in one room — very difficult — nobody really enjoyed it, but we knew we had to make it work. The policy people wanted to get together on their own and work through issues faster. I had to tell them not to — more than once. Then they said they would not come back. I think the IT and delivery people also found it difficult. We persevered and once we began to get some traction it became a lot easier. A better quality policy has resulted from that process.6

Senior manager Don Gray believes that if it was not for the input of delivery staff, agencies might have adopted a much smaller awareness campaign which may have resulted in lower levels of take-up, the problem that had scuppered previous attempts at in-work payments. The first evaluation of Working for Families described the strategy for the communication of the package to clients as successful and found that take-up had been greater than forecast.7
The decision to strengthen work incentives by not increasing the income of non-working families was strongly criticised by some academics and community groups, particularly the Child Poverty Action Group (CPAG). In November 2004, CPAG released ‘Cut Price Kids’, which argued that the Working for Families package was ‘a welcome first step’ in redistribution of income to low-income families with children, but had ‘major deficiencies’, including ’an undue, excessive emphasis on work’ which left ‘some 175,000 of the poorest children with little increase in their income for three more years’.

This greater focus on personal circumstances also led to a reassessment of Work and Income’s employment assistance, with more attention to the ‘quality’ of placements — matching people with jobs appropriate to their circumstances. Work and Income increasingly aimed to both address the personal factors which prevented people from remaining in employment and help them move into and remain in jobs with enduring prospects. A ‘sustainable employment outcome’ was placement in a job requiring more than entry-level skills that was fulfilling, provided security of tenure, and offered the prospect of rising disposable income over time.

On 1 July 2004 the Ministry introduced new measures to assess its performance in getting clients into work, replacing measures of ‘stable employment’ with indicators of ‘sustainable employment’. As well as counting the number of clients leaving a benefit (with a separate tally of those who had been receiving a benefit for at least six months), the service also measured its performance in keeping clients in work: the proportion who achieved six months’ continuous employment; and the average total time in employment during the year.

The shift to sustainable employment was a significant expansion in the expectations placed on a public employment service which had primarily played the role of a labour exchange and focused on the supply side — the motivation and employability of clients. To help remove barriers to remaining in employment, Work and Income trialled a range of post-placement support services for newly-employed clients, who were also financially rewarded through Working for Families. Work and Income also paid more attention to the ‘demand side’ of the equation, helping employers find suitable workers.

Alongside concern for beneficiaries, the new approach was also motivated by economic imperatives. Following the 1997/8 recession, the New Zealand economy enjoyed a long period of job-rich expansion. As emerging skill and labour shortages threatened to limit this growth, the Ministry began to enter partnerships with employers and industry groups. In 2003 Work and Income introduced Jobs Partnerships with Industry, under which its new Business Sector Unit developed formal partnerships with industries experiencing labour shortages. Under this scheme, Work and Income contracted service providers to select participants, train them, place them with employers, and provide post-placement support. Through job-specific training, clients were placed in positions for which more generic job-search assistance or training would not have qualified them. By 2004, Work and Income had signed partnership agreements with the Hospitality Association of New Zealand; the National Road Carriers...
Work and Income began to shift its service delivery processes towards a ‘Work Services’ approach. This focused on a client’s skills and experience rather than any barriers to their employment, and emphasised the value of sustainable employment. Case management interviews now included questions that would help align a client’s skills with the needs of employers. In July 2004, Work and Income implemented jobz4u, an application that captured information about a job-seeker’s skills, work history and qualifications and matched them to vacancies, and also helped the Department identify skills needed in the local labour market. With this information, the service could match clients to sustainable jobs and advise job-seekers on ways to improve their employability.

Favourable labour market conditions provided an opportunity to improve the employment prospects of those on benefits for whom getting work remained difficult. In 2002 MSD implemented a number of ‘demonstration projects’ (labelled ‘employABLE’) to trial measures to assist invalids’ and sickness beneficiaries into paid work, and supported and funded the Mayors Taskforce for Jobs, which aimed to address the high rate of inactivity amongst New Zealand youth. For Budget 2003, MSD developed ‘Jobs Jolt’ (see box), a $104.5 million package which combined short-term initiatives to address skill and labour shortages with medium-term measures focused on ‘hard to reach groups’ (sole-parent carers; sick and disabled people; certain categories of unemployed job-seekers).

Jobs Jolt also included more active case management and work-testing measures intended to provide ‘clear and strong’ messages about employment-seeking obligations. This marked a return to the ‘tough-love’ and ‘work-first’ approach that the government had largely banished from the Department of Work and Income’s operational policy on taking office in 1999. After trials in Wellington and Auckland, Work and Income rolled out WRK4U seminars in August 2003. Potential clients attended a 30-minute seminar on their rights and obligations before formally applying for an unemployment benefit. Attendance at the seminar was found to substantially reduce the number of people who chose to apply for the benefit (26 percent fewer applied and 19 percent fewer were granted the benefit). While this evaluation concluded that the seminar filtered out those who were either ineligible or found employment reasonably quickly, it could not rule out the possibility that some people in need of financial assistance were also discouraged from applying.

Such measures had been castigated as ‘beneficiary bashing’ by the Labour Party in opposition, and their return to official policy alarmed some beneficiary advocates. Green Party MP Sue Bradford, for example, described Jobs Jolt as a ‘massive lurch to the right’. ‘Whose side are you on?’ she asked Labour in a speech to the House in mid-2003. ‘I’m beginning to ask myself whether Steve Maharey and Peter Hughes are driving Labour’s welfare reforms, or whether the real drivers are the ghosts of Jenny Shipley and Christine Rankin.’

It should be acknowledged, however, that these measures were adopted during a period of low unemployment and widespread labour shortages. By the September 2004 quarter, the unemployment rate had fallen to 3.8 percent, the second lowest in the OECD and the lowest level in the eighteen-year history of the Household Labour Force survey.
JOBS JOLT

The Ministry of Social Development’s ‘Jobs Jolt’ package was one attempt to implement a ‘social investment’ approach which would demonstrate the complementary nature of social and economic goals. The package arose from a desire to both address skill shortages created by economic growth and make use of the ‘window of opportunity’ that had opened for those at a significant disadvantage in the labour market. The ‘Jobs Jolt’ package announced in the 2003 Budget included fifteen initiatives (some time-limited, others ongoing) to ‘jolt’ those remaining on benefits back into work.¹

As well as its large size, the Jobs Jolt package was notable for its attempt to apply a ‘fiscally neutral’ or ‘investment’ approach to employment services. On top of the social benefits of reduced unemployment, the additional funding for Jobs Jolt initiatives was justified on the basis of the expected decrease in government expenditure on income support. By linking outcomes from employment services (moving people into work) to their impact on other areas of spending (reducing benefit costs), the government could justify expenditure on the basis of anticipated future savings and show the complementary relationship between social and economic goals.²

Forecasting the amount of the savings, however, was difficult. Not only were many of the initiatives untested, they were targeted at clients with whom Work and Income had not previously worked intensively. Evaluating the overall impact of employment programmes was notoriously difficult, particularly when indirect effects on non-participants such as displacement and substitution were taken into account. How programmes were implemented also affected their success; and they were at the mercy of political and economic factors that included the nature of the labour market, the unemployment rate, the strength of the New Zealand dollar, and government policy.³

The Department of Labour (DoL), MSD and Treasury nevertheless agreed on the estimated savings from each initiative. The $104.5 million package was funded on the basis of a nearly one-for-one payback in reduced benefit spending ($91.2 million) over five years.⁴ A comprehensive evaluation and monitoring package would collect information on the outputs and efficiency of the policies, and measure outcomes. Cabinet directed MSD, DoL and Treasury to provide an annual overview that included recommendations for any changes needed to improve outcomes.

Jobs Jolt was in operation from October 2003 until mid-2006. The extent to which it succeeded was a matter of contention. The first evaluation report recorded that the package had been successfully implemented by March 2004 and estimated that its impact had been within 10 percent of the original forecast.⁵ MSD’s next report, in May 2005, noted that lower programme costs, system changes and lower-than-forecast participation numbers had resulted in an under-spend for the 2004/5 year. It recommended a revision of spending forecasts and changes to policies and programmes.⁶ The evaluation report for 2005 found that performance had been mixed.⁷ The impact of six initiatives was not measurable; of the other nine, only two were close to or ahead of forecast; two were lower than forecast (but had had positive effects), and five had had no significant effect on benefit rates.⁸
Social Developments

With a paper on the policy implications due to be sent to Ministers by the end of March 2006, there was robust discussion between the agencies involved, particularly over whether the results justified the ‘investment-based approach’. The report finally delivered in September 2006 declared that the three departments ‘could not measure all the fiscal impacts that were forecast, and significant uncertainty’ remained as to the actual savings resulting from the initiatives. To date, $53.87 million had been spent on Jobs Jolt, $15 million less than forecast for the first three years. The nine initiatives for which an impact could be estimated were now expected to save just $12.5 million over five years, though there was broad consensus that ‘a singular focus on the fiscal savings did not tell the whole story of the initiatives’. Of the eleven initiatives that were not one-off changes in policy and practice, seven were formally ended in June 2006 and the other four were declared to be ‘no longer practically distinct from business as usual’.9

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Integrated services and regional social development

Beyond high-level frameworks and policy co-ordination, the Ministry attempted to translate the social development approach into meaningful change by better co-ordinating and integrating services at the local level. MSD progressively expanded its role in regional social development by co-ordinating government and non-government responses to regional issues and undertaking localised strategic planning on social problems. It also aimed to integrate (or at least better co-ordinate) services provided by different agencies to the same individuals, in an effort to make meaningful changes in the lives of those with multiple, mutually-reinforcing problems.

The shift towards greater co-ordination and integration of services was boosted by the report of the Advisory Group on the Review of the Centre, released in November 2001. Established to examine practices and performance issues in the state sector, the Advisory Group found that while the existing public management system provided ‘a reasonable platform to work from’, but needed ‘some significant shifts in emphasis’. The system, the Advisory Group argued, was well-suited to delivering services which could be standardised, centrally determined, and required little interaction between agencies. It was less suited to delivering discretionary services that required staff to make case-by-case judgments and deal with issues cutting across portfolio, agency and reporting boundaries. The report argued that the government needed to better integrate services delivered by multiple agencies, and ensure that they were ‘citizen-focused’, in order to more effectively address complex social problems.46

This review prompted further efforts by the SSC to improve local and regional co-ordination. Cross-agency ‘circuit-breaker’ teams providing integrated services for ‘intractable’ problems such as truancy, domestic violence and the settlement of migrants were piloted, and a regional network was set up in Manawatu to explore how strategising and planning by central agencies could be aligned with that of regional and local authorities.47 Many of these initiatives lost momentum, and no systemic change resulted directly from the Review of the Centre work programme.48 The final report on integrated service delivery and regional co-ordination, released by MSD and the SSC in July 2003, argued that while there were potential benefits to be gained, collaboration was ‘not a panacea’, took up time and resources, and could not in itself:

- counter the effect of constrained funding, legislative limitations on agencies’ activities or a lack of skilled practitioners in a particular area ….
- [N]o single approach to developing collaboration … will work in all cases ….
- [D]ifferent models were needed to achieve specific objectives, and different approaches at various stages of the process.49

One of MSD’s earliest attempts to play a social development role at the local level was made in Northland, Eastern Bay of Plenty and East Coast after a number of fatal house fires in 2001 drew government attention to substandard housing in these areas. Cabinet asked that agencies not only repair or replace the unsafe housing, but also adopt a co-ordinated strategy to confront the ‘over-arching issues of poverty, opportunity and capacity’. Closely linked at the initial policy development stage, the rural housing and social development components eventually became separate streams of work as MSD decided to help regions develop their own strategies to ensure local ownership of the process.50
Greater local control meant that the success of the initiative varied from region to region. In Northland and East Coast, MSD helped establish local planning mechanisms (the Northland Inter-sectoral Forum and the Tairawhiti Taskforce Co-ordinating Group) and worked with local mayors and other representatives to expand the social components of their regional economic development strategies into separate strategies for social development. Progress was slower in Eastern Bay of Plenty, which had no pre-existing regional forum and no social component in its economic development strategy; local mayors reportedly made it clear that the region would ‘set the pace’.

Regional social development exercises were managed through the ‘Interagency Collaboration Unit’, which had been established in the Ministry of Social Policy to address the ‘local collaboration’ component of the Strengthening Families strategy. The Unit also set up Heartland Service Centres, an initiative in which government departments (primarily MSD, CYF, Inland Revenue and Housing New Zealand) shared infrastructure to extend government services to rural and provincial communities at risk of social isolation. Heartland Services Co-ordinators helped clients access government services and linked isolated individuals and families with agencies that might be available in the area for only a few days each month. Heartland Services was implemented relatively quickly through the networks and infrastructure built up by Strengthening Families.

Under Strengthening Families, agencies had begun simplifying funding arrangements involving multiple agencies; between 2000 and 2002, CYF had piloted a ‘lead funder’ arrangement with the Otago Youth Wellness Trust, a Dunedin not-for-profit organisation which provided ‘wrap-around’ case management in health, crime prevention and other social services for ‘at-risk’ young people. An evaluation by the Ministry of Social Policy found that the lead-funder contract, which replaced seven separate contracts, was not much more than a compilation of the service specifications and reporting requirements of each agency, and did little to reduce compliance costs. Pressure was building for more effective inter-agency arrangements for funding and the contracting of services. According to the Community and Voluntary Sector Working Party, many organisations in the sector — particularly those providing ‘holistic’ services funded through multiple agencies — wanted to simplify their funding relationships with government agencies. Iwi and other Māori organisations also continued to seek an approach to social services that was more consistent with the principles of the Treaty of Waitangi, with a more equal partnership between iwi and the Crown.

In September 2003, Cabinet acknowledged the importance of resolving the issues around integrated funding by approving a three-year ‘Funding for Outcomes’ project within MSD. The Ministry was to help broker contracts, advise and guide agencies on appropriate approaches to contracting in diverse circumstances, monitor the outcome of projects, and escalate concerns or obstacles to progress. The team would develop best-practice guidelines and approaches for ‘joined-up funding’, and help other agencies develop competencies and broker arrangements in this area. Draft kitsets to help agencies move from ‘bi-lateral output-focused contracts’ to ‘integrated outcome-focused agreements’ covered processes for engaging providers, protocols for working together, advice on balancing the needs of the parties, and a contract template. By June 2004, MSD and Te Puni Kōkiri aimed to develop ‘joined-up outcomes focused funding agreements’ with up to twenty significant community-based service providers, including eight Māori organisations. In the event, just three such agreements were in operation by this date.
Social planning at the local level was significantly boosted by the Local Government Amendment Act 2002, which required local authorities to embody their social, cultural, economic and environmental objectives in Long Term Council Community Plans (LTCCPs) that outlined how they would work with other local and regional organisations and how they would report on progress towards achieving their outcomes.57

Because of its size, ethnic diversity, and large number of Work and Income clients, the Auckland region was of particular significance to MSD’s policy and operations. In mid-2003 the Ministry restructured its Auckland operations, replacing the three semi-autonomous regional offices with a single Auckland regional office headed by two Regional Commissioners, and a single Auckland regional plan, purchase agreement targets and budget. The Ministry appointed a principal advisor reporting directly to the Chief Executive to provide a strategic overview of its Auckland activities, liaise with local government and other key stakeholders, and provide a ‘whole of MSD’ focus on issues particular to Auckland. The changes were intended to establish a distinct ‘MSD presence’ or ‘outpost’ in Auckland which provided a link between policy and delivery.58

With significant authority, knowledge of local conditions, access to funding, networks of staff, and other resources, Work and Income’s Regional Commissioners were the most senior public servants in some areas. They were thus the natural leaders of local exercises in inter-agency collaboration, and inevitably became the partners of local authorities in planning and service delivery. From 2003 Regional Commissioners’ performance agreements required them to not just represent Work and Income and focus on entitlements and employment, but also adopt a broader role in ‘social development’. In 2003 operational responsibility for the social development plans in Northland, Eastern Bay of Plenty and East Coast was transferred to Regional Commissioners and at the national level to Mike Smith, General Manager, Regional Operations. In 2004 MSD established a nationwide policy group to provide a ‘policy presence’ in the regions. Regional Policy Advisors advised Regional Commissioners and communicated regional policy issues to their General Manager, who was based in national office. Regional Social Development Managers were also appointed; they were to form ‘strategic alliances’ with local authorities, government agencies, community groups and enterprises.59

In 2005 Regional Commissioners for Work and Income were renamed Regional Commissioners for Social Development, formalising the gradual expansion of their role over the previous four years. Responding to issues beyond employment and income support that were unique to their region, they now had primary responsibility for relationships with councils, local communities, and other government social services.60 Work and Income Regional Plans were replaced by Social Development Plans with a ‘whole of Ministry view’ for each region, a broader mandate, and three strategic objectives: sustainable employment, ‘social development in action’, and participation. Regional Policy Advisors became involved with local governments in the development of Long Term Council Community Plans. The Regional Commissioners used Opportunity for All New Zealanders both as an organising framework for strategy and as a tool for working with other agencies on common issues, particularly through the various ‘intersectoral fora’ that had been established.61 The 2005 Social Report disaggregated national data to the regional and territorial authority level to show how social well-being varied across the country.62 The expanded role of the regions was the most concrete realisation of the Ministry’s emphasis on social development, which became increasingly subdued later in the decade.
By 2004, MSD had deployed a plethora of strategies and developed a variety of high-level concepts, principles, frameworks, and approaches. Yet it was difficult to see the effect of all this activity on the delivery of services. Not only did MSD’s influence on health, education and other agencies remain relatively marginal, even its impact on social services more traditionally linked to ‘welfare’ was limited at times. In spite of the Ministry’s efforts to promote a standard working definition of the term, ‘social development’ remained an elusive concept for public and staff alike, prompting internal debate over the extent to which it was merely old wine decanted into new bottles.¹

The government’s appetite for strategic social policy was also diminishing. Much of the work on the Social Reporting Bill and Opportunity for All New Zealanders had been championed by Minister Maharey, who went on bereavement leave in early 2004. The bill fell down the list of government priorities, and there was a gradual waning of commitment to Opportunity for All New Zealanders. In March 2006, the Labour–Progressive coalition agreed to three ‘priority themes’ for the next decade: ‘economic transformation’, ‘families — young and old’, and ‘national identity’. These loose concepts gave the government freedom to manoeuvre but were difficult to reconcile with the Opportunity for All New Zealanders strategy, which was effectively abandoned.²

In the second half of the decade, the political and fiscal climate changed. Commentators noted the increased size of the public sector and the government’s political opponents made accusations of ‘wasteful spending’ and ‘bloated bureaucracy’. With economic growth projected to slow, the growth in government expenditure was also expected to decrease. Anticipating deficits as wages and rents continued to rise, Peter Hughes initiated a ‘Value for Money’ exercise in late 2005. Each Deputy Chief Executive was required to review their functional area and find savings amounting to a total of nearly $150 million. A second review exercise in late 2007 sought further savings of nearly $250 million to meet cost pressures from salaries, property costs and increased demand for services.³

With the structure and processes of the Ministry firmly embedded, the expectations of its Chief Executive had also changed. By 2004, Hughes had become concerned that the flat structure of MSD’s senior management layer had resulted in each manager focusing on their individual area, with an inadequate organisation-wide focus on strategic issues. In mid-2004 he restructured the management of the organisation, replacing the large executive management team with a Leadership Team of eight Deputy Chief Executives mandated to take a broad strategic view across the Ministry and ensure that the different parts of the organisation worked together. Control and oversight were supported by a number of governance committees that met to discuss particular issues, and by an independent Audit Committee with an external perspective on emerging or hidden risks within the Ministry.⁴ These changes were designed to release the Chief Executive from day-to-day operational

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decision-making, ensure that the Ministry retained a common strategic purpose, and provide mechanisms for maintaining control, assessing risk and escalating issues.

Under the oversight of the new Leadership Team, MSD’s internal rhetoric gradually shifted from ‘social development’ to ‘managing for outcomes’ and ‘outcomes focus’. Whereas in its first four years the Ministry was primarily focused on strategic social policy, from around 2004 it focused to an increasing extent on service delivery. As the Ministry proved itself to be effective at managing political and administrative risk, it was given oversight of new functions, programmes and services. These new roles tilted the organisation towards service delivery and encouraged the development of policy to support this. Considerable overlap between ‘social development’ and an ‘outcomes focus’ remained, particularly with respect to reducing social expenditure and enabling people to make meaningful long-term changes in their lives. The primary difference was that a focus on outcomes was more clearly linked to specific changes in how services were delivered.

Family and Community Services

Although the Ministry’s first Statement of Intent identified families as key sites for the social ‘well-being’ outcomes towards which it was working, in its first three years it had only limited ability to influence the family environment. MSD extolled the virtues of rejoining policy and operations, but the two remained largely separate in areas related to children, young people, families and communities. In 2003 the Baseline Review found systemic weaknesses on both fronts. In one symptom of CYF’s ongoing identity crisis, services for families with children suffered from limited co-ordination, gaps in delivery (particularly of support for parents) and a lack of quality evaluation.

Following the Baseline Review, the government agreed to the creation of a Family Services Co-ordination Group, supported by a National Advisory Council of stakeholder organisations, to lead and co-ordinate the delivery of services to families by central and local government agencies, NGOs and iwi. The Group was established in June 2004 as Family and Community Services (FACS), based in national office and four regions.

With no funding responsibilities in its first year, FACS initially focused on improving the co-ordination of services. New Regional Relationship Managers assumed responsibility for CYF’s Local Services Mapping pilots, extending them nationwide to cover all funders and providers of family services. In Local Services Mapping, FACS regions reported on services, gaps and needs, and addressed the issues raised through a community action plan that was monitored by the service. FACS also established a ‘Family Services National Directory’, an online database of information on services and programmes across the country, and piloted in Bay of Plenty a ‘211 helpline’ as a central point of access for families seeking help or advice.

As this basic infrastructure was established, specific funding responsibilities were transferred to FACS. From 1 July 2005, it administered 300 funding agreements, 160 of them formerly handled by CYF. A second tranche of transfers from CYF a year later doubled the total number of contracts administered by FACS to 600. While CYF retained responsibility for funding more intensive services, particularly those which responded to events in which harm had occurred, FACS became responsible for the funding of more preventive and supportive services to families. These included budgeting advice, family service centres, co-ordination and capacity-building funding under Te Rito, family violence education and prevention, advice and information for refugees and migrants, and provider development.
As well as relieving the burden of expectation on CYF and enabling a focus on the management of contracts, the creation of FACS was intended to help the development of more effective support to families in two areas which had long been acknowledged to be neglected and under-resourced: family violence and early intervention.

**Family violence**

Arguments for a dedicated family services line had been strengthened in November 2003 by the Children's Commissioner's report into the murder of the Aplin sisters two years earlier. As noted in Part V, the Commissioner found that both the practice of the CYF workers involved in the case and the coordination between agencies had been poor. Emphasising the extent to which violence between adults in families was linked to the abuse of children and increased the risk to their safety, the Commissioner saw this as but one instance of a fragmented response to family violence and services to children. In particular, the government should move faster to improve inter-agency coordination.

FACS attempted to develop a more integrated response to violence within families, bringing together key projects which had developed alongside Te Rito. One step was to expand the Family Violence Intervention Project, which provided a safe and structured process for people to disclose family violence to their Work and Income case manager. Another was a three-year pilot of Family Safety Teams in four areas, a joint initiative of Justice, CYF and the Police which provided a formal mechanism at the local level for agencies to collaborate in responding to family violence incidents. The 2005 Budget also included funding for 45 full-time ‘child advocates’ based in non-government organisations, to support children who had witnessed family violence and increase their access to educational and therapeutic programmes, and to increase the hours of Strengthening Families Co-ordinators. Following a review, the government approved a ‘reinvigoration’ of the governance of Strengthening Families, to address a range of operational problems that had arisen with the initiative.

The United Nations Convention on the Rights of the Child, to which New Zealand was a signatory, recommended the prohibition of all forms of corporal punishment of children. The UN Committee on the Rights of the Child repeatedly expressed concern about section 59 of the Crimes Act 1961, which allowed a parent to use force ‘by way of correction’ towards a child, if the force used was ‘reasonable in the circumstances’. Cabinet decided to defer making a decision on the reform of section 59 until a public education strategy on alternatives to physical punishment had been carried out. In May 2004, FACS implemented ‘Strategies with Kids: Information for Parents’ (SKIP), a programme to provide knowledge about safe, effective, non-physical ways to discipline young children.

During 2004, various parties expressed concerns about the continuing high levels of family violence. In April, the executive group for the Te Rito strategy acknowledged that overall progress had been slower than anticipated; priority should be given to increasing capacity for family violence services and improving co-ordination between agencies and the integration of Te Rito and the Care and Protection Blueprint. In recognition of the crossover between the two strategies, and the links between partner abuse and child abuse and neglect, the two work programmes were subsequently merged. Nevertheless, in late 2004, the Children's Commissioner and other family violence stakeholders remained concerned about the co-ordination of family violence work across government agencies, arguing that more visible, high-level leadership on the issue was needed.
In early 2005, the Minister for Social Development and Employment appointed a Taskforce for Action on Violence within Families to take responsibility for elements of Te Rito and the Blueprint and give more impetus to work on family violence. The Taskforce’s first report, in 2006, identified four priorities for action: the development of national, regional and community leadership on family violence; a nationwide campaign to reduce society’s tolerance of violence and change behaviour in families; improvements to the justice sector’s response to family violence; and the provision of adequate and sustainable funding for family violence services. In the 2006 Budget, the government allocated $11 million over four years to a community prevention campaign with both national and local activities, including a series of television advertisements launched in September 2007 which carried the message that family violence was ‘not OK’.\(^\text{18}\)

While the campaign was visible evidence of the Taskforce’s work, the extent to which the three family violence strategies were successfully implemented remained in dispute. A 2008 masters thesis by Ruth Herbert examined the implementation of Te Rito, the Care and Protection Blueprint, and the Taskforce for Action. Herbert found that the Taskforce’s monitoring reports did not accurately reflect the real situation: fewer than half of the actions outlined in the three strategies had been implemented six months after their stated completion date, with ‘little or nothing’ done in several major areas.\(^\text{19}\) She found the greatest failures in implementing the strategies for Māori, and expressed significant concerns about progress in research, evaluation and monitoring, and increasing the capacity of services.\(^\text{20}\)

The capacity of family violence services remained a significant issue: between 2004/5 and 2008/9, the number of reports of family violence rose by 42 percent, from 51,516 to 73,240. An additional $9 million over four years for service providers in the 2006 Budget was widely acknowledged to merely address the shortfall for the previous ten years; funding had not kept pace with demand. By 2007, the National NGO Alliance Against Family Violence was so concerned about their lack of capacity to cope with the increased demand that they initially refused to support the ‘It’s Not OK’ campaign, worried that any profile-raising activities would result in existing services being overwhelmed. Cabinet responded by approving a one-off transfer out of MSD baselines to create a $5 million backstop fund for any services that struggled as a result of the campaign.\(^\text{21}\) Funding for family violence services was also increased in the 2007 Budget as part of an injection of $20.4 million to child and family service providers, the ‘Pathway to Partnership’ programme.

**Early intervention**

The Ministry continued to argue that the best way to achieve a sustainable reduction in family violence was through supporting parents and making ‘early interventions’ in families with young children to address factors that placed them at risk. Ministers asked MSD to explore ways to build on its early intervention programme, ‘Family Start’, and to expand its role in high-intensity parent support and development programmes. Funding in the 2004 Budget enabled Family Start to operate from an additional nine sites over two years, and made 20 hours per week of early childhood education free for all three- and four-year-olds. The 2005 Budget provided $25 million over four years to pilot five initiatives as the foundation for a longer-term, cross-sectoral early intervention programme. The 2005 package made Family Start available to an additional 300 families in small towns and rural areas, provided funding for a National Training Co-ordinator and part-time study awards for existing Family/Whānau workers,
and introduced a programme to make early childhood education affordable for Family Start and Early Start families. The government also piloted an initiative that used the Ministry of Education’s early childhood education centres as community hubs for parent education, social support and outreach activities. A parental support service, Toddlers Without Tears, was designed to build on the Ministry of Health’s universal ‘Well Child’ primary health service.

In 2006 MSD delivered Kia Puāwai (‘The Blossoming’), an early intervention strategy which aimed to shift the emphasis of family services from ‘remedial action to upfront investment and prevention’. This was to be achieved through a large-scale ‘Early Years System’ of early intervention, arranged along a continuum from preventative services provided on a universal basis to more targeted and remedial services for the most vulnerable.

In early 2006, the government approved a package of ‘early years’ services, including seven Early Years service hubs, eight Teenage Parent Service Co-ordinators, the expansion of Early Start and Family Start, and the trial of a ‘Roots of Empathy’ programme which aimed to increase empathy and pro-social behaviour amongst primary and intermediate schoolchildren. Six more Early Years service hubs were approved in 2007, when MSD’s role was consolidated further with the transfer of Parent Support and Development programmes from the Ministry of Education.

In June 2007, MSD briefed the Families Young and Old Ministerial Group on capacity issues facing family support services. These organisations were operating in an increasingly challenging environment, coping with a wider range of complex needs, and suffered from constrained funding, a shortage of skilled and qualified workers, and a lack of organisational infrastructure. Over the past decade, government-funded social service providers had received no funding increases in real terms, other than one-off payments in 2002 and 2006. They had become more dependent on community and philanthropic contributions, and on staff willing to work for comparatively low pay.

Working with a steering group of representatives from child and family services, MSD developed ‘Pathway to Partnership’ as a basis for the provision of more sustainable services. Approved by Cabinet in mid-2007, the plan envisaged partnerships between providers in the planning of services, the replacement of smaller contracts with conditional grants, and additional support for larger organisations, including a shift from part- to full-funding of

One of the four priorities of the Taskforce for Action on Violence within Families was a nationwide campaign to reduce society’s tolerance of violence, and to change behaviour within families. A series of advertisements launched in 2007 carried the message that family violence was ‘not OK’.
‘essential services’ (services the government would have to provide directly if community organisations didn’t), with an initial focus on family violence and early intervention. Following the one-off investment of $20.4 million in 2007 to relieve the ‘acute pressure’ on the sector, the government announced in February 2008 a package of $446 million which would see ‘essential services’ fully funded by 2012.

The Pathway to Partnership strategy was consistent with the findings of a major review of the sustainability of the care and protection system, which argued that the key to resolving the ‘demand’ problems of Child, Youth and Family was to increase support for family and community services. In February 2006, Cabinet directed MSD and CYF to review ‘External and Internal Drivers to lifting the Department’s Performance’ (later renamed ‘Whole of Government Responses to Demand’). Released when notifications to CYF had doubled in just four years, the Demand Review argued that there were many more cases of neglect, abuse and family violence than came to the attention of statutory agencies. Estimating the actual rate of abuse as three to five times that recorded by Child, Youth and Family, it attributed the increase in notifications primarily to changes in the behaviour of those working in the care and protection system. Increasing the statutory role of social services was ‘not the answer’; in many cases examined by the reviewers, an investigation was not the most appropriate response. Instead, the underlying causes of abuse and neglect should be addressed through early intervention, and the recurrence of problems prevented by the provision of more intensive support, especially to families that had been involved with Child, Youth and Family. The long-term sustainability of the child protection system depended on the development of such services within the wider family support sector, and on partnerships with community services and NGOs to minimise the number of families reaching this point.

This greater focus on prevention and ‘early intervention’ was one manifestation of the Ministry’s focus on outcomes. The creation of FACS enabled both a greater emphasis on improving co-ordination between agencies in responding to family violence, and the expansion of support beyond reactive services for a small minority of families with multiple problems to provide earlier assistance to families with less severe problems.

Child, Youth and Family

As we have seen, a machinery of government review by the State Services Commission following Paula Tyler’s resignation as Chief Executive of the Department of Child, Youth and Family Services in late 2005, just fourteen months into her three-year contract, found CYF to be in urgent need of strong leadership and suffering from systemic organisational problems. Cabinet’s response, in March 2006, was to agree to a merger of CYF and MSD, with effect from July. This decision was not universally supported within the two organisations. Some CYF staff worried that it would in effect recreate the Department of Social Welfare, in which social work had been neglected and under-funded. For those who worried about a loss of organisational identity, Hughes also made a controversial appointment, naming Ray Smith, who had been a senior manager in Work and Income for more than a decade, as Deputy Chief Executive in charge of Child, Youth and Family.

According to Smith, CYF was in big trouble when he took up this position. Fifteen of its performance criteria were not being achieved at the time of the merger, and there were significant cultural problems within the organisation. Staff lacked trust, a sense of direction and unity; in his view, any progress in improving performance was largely the result of
'victories of individual leaders rather than the effort of a team with a common purpose'. Many projects were being advanced in national office without co-ordination or an overarching strategy. The unfinished ‘Structuring for Success’ reform programme was already $4 million over budget, and CYF was expecting its overall budget for the year to be between $20 million and $27 million in the red because of a blowout in the cost of leasing offices and the cessation of funding for some initiatives.  

When CYF and MSD merged formally in July 2006, CYF’s service delivery functions became a service line of MSD; the CYF ‘brand’ was largely retained. Some $12 million was saved elsewhere in the Ministry to meet CYF’s funding shortfall and ensure that critical projects continued. While policy and research staff were incorporated in MSD’s policy groups, the Operations and Service Development groups and the Office of the Chief Social Worker were ‘ring-fenced’. Some corporate support teams were merged, but Directors for Information Technology and Finance were created to allay fears that CYF’s needs might be neglected. Access to the wider corporate infrastructure allowed the service to concentrate on core performance and take control of its key processes.

Rather than follow the pattern of the previous decade by bringing in another round of projects and initiatives, Smith focused on a few priorities and the development of a sense of shared purpose. In March 2007, he launched ‘Leading for Outcomes’, a strategy to focus CYF around key messages, a core story, and six organisational priorities: quality social work practice, youth offending, permanency for children, community expectations, ‘outcome-focused’ residential facilities, and leadership. Smith had a reputation as a business process ‘engineer’ and a manager with a close working knowledge of how his agency operated.

Under his leadership, CYF actively managed the rise in notifications. CYF’s main strategy for improving front-line performance was to subject sites to an unprecedented level of scrutiny from senior management and use published performance indicators as motivational tools. CYF’s new data warehouse, ‘Te Pakoro’, provided managers with more relevant information, including monthly reports which measured performance against the MSD output plan, with indicators broken out by area and site — not unlike Hickton’s 9 O’clock news. The new executive team set goals for regions and sites, aimed to ‘benchmark’ the performance of the highest-achieving sites, and scrutinised managers’ financial practices. The systems and processes used in consistently underperforming sites were closely scrutinised.

CYF also worked to develop a consistent approach to its ‘threshold’, the point at which social workers decided the level of risk required further action (‘FAR’). A new resource allocation model introduced in mid-2008 funded sites for rates within one standard deviation of the FAR average — in effect, a ‘ceiling’ and a ‘floor’. Sites with FAR rates below the floor received additional resourcing, while those operating above the ceiling were expected to review their approach to estimating risk.

CYF experienced a sudden rise in notifications after Family Violence Co-ordinators were appointed in each Police district. In the year prior to the merger, the number of notifications from Police had more than doubled to 20,113. CYF, the Police and the National Collective of Independent Women’s Refuges reacted by developing a Family Violence Interagency Response System (FVIARS) to systematise responses to events of family violence involving children that were reported to the Police. Implemented nationwide in December 2006, FVIARS used existing local mechanisms to co-ordinate action, with regular meetings to review the
situation of children living in potentially violent homes and make collective decisions on the basis of the apparent level of risk.\(^39\)

A ‘Differential Response Model’ was tested in three sites from July 2006 and rolled out in seventeen ‘concept sites’ from July 2008. On receiving a ‘report of concern’, CYF made a ‘preliminary assessment’ of safety and security, classified the case according to its urgency, and chose one or more of five ‘response pathways’: a care and protection investigation by CYF or the Police; a child and family assessment by CYF or an NGO; referral to a service provided by another NGO or government agency; another action under the CYPF Act; or no further action.\(^40\) Non-statutory service providers in effect provided a safety net for cases which were wrongly assessed at the initial stage, reducing the risk in child protection decision-making. But ‘differential response’ also restored the link between child protection and wider issues of family support. Initiated as a way to manage overwhelming demand, it increasingly became seen as a potential gateway to assistance for families unlikely to benefit from a statutory intervention but in need of further support.\(^41\)

CYF also finally implemented the findings of its Youth Justice Capability Review, a process which was significantly behind schedule at the time of the merger.\(^42\) In February 2007, CYF released ‘Youth Justice — The Way Forward’. In a new structure for managing youth justice, 25 multi-disciplinary teams were established, one for each Youth Court. These comprised dedicated youth justice social workers and co-ordinators, and court officers and supervisors. The new approach aimed to balance ‘holding young people to account’ with addressing the causes of their offending. Where Police did not intend to charge a young person but had cause for concern, youth justice team members were to facilitate access to care and protection services, or to services which would help prevent offending. Sub-teams were to focus on ‘communities of interest’, working with social service providers, Police youth aid officers and council youth workers to better understand local issues and help prevent reoffending.\(^43\)

Like the rest of MSD, CYF took its public image seriously. A new system for managing complaints included a charter setting out the minimum service standards that clients could expect, an internal system for responding to complaints about social work practice and administration, and an independent external Complaints Review Panel. CYF embarked on a programme to create an organisation with a more positive culture in which the public and other external parties had more confidence. CYF aimed to bring ‘colour and life’ to its internal and external communications, and promote a more positive perception of the agency. In a ‘site refresh’ refurbishment programme, waiting and meeting areas were upgraded to create more welcoming spaces better suited to families with children, and improve security for staff. Seven new offices were opened in Auckland to combat overcrowding and increase contact with key communities: Orewa, Westgate, Panmure, Onehunga, Mangere, Clendon, and Pukekohe.\(^44\) CYF upgraded its residential facilities, softening their presentation to give a sense of a more rehabilitative environment. New Regional Communications Advisors helped source ‘good news’ stories and media opportunities, and contributed to internal communications.

In its second year (2007/8), Leading for Outcomes was focused on issues of care and permanency. This reorientation was significantly influenced by the findings of the Cabinet Committee on Government Expenditure and Administration’s ‘Permanency Review’, which was tasked with finding ways to increase success in moving children from foster care to stable care arrangements with permanent guardians.\(^45\) The review proposed a work programme across social sector agencies to meet the health, disability and education needs of children and
young people about whom there were care and protection concerns, and changes to ensure that the Family Court had greater confidence in the levels of support available after Child, Youth and Family had relinquished its custody and/or guardianship responsibilities. The latter measures included greater support and advice to caregivers, and reforms to the delivery of care services to clarify reimbursement practices and ensure that caregivers understood the needs of the child for whom they were caring and tailored their approach accordingly.46

CYF implemented a national programme to improve outcomes for children and young people in care, including a structured framework to help front-line social workers prepare permanency plans for children and young people, and new recording and reporting functionality in its casework recording system, CYRAS. Goals were set for each site to reduce the length of time in care, with formal reviews where care had lasted more than twelve months and particular emphasis on durations of more than two years. A comprehensive health, education and psychological assessment framework for use with all children entering the care system was introduced in five district health boards and nine sites in 2008. CYF also implemented a national programme to raise awareness of and support access to permanency, and a national recruitment campaign to attract more caregivers. From March 2008, a 24-hour ‘Carers Helpline’ provided support and advice to caregivers, and Regional Disability Advisors supported children and young people with disabilities.47 CYF also attempted to resolve issues around benefits for parents resuming the care of their children, and to help caregivers who wished to care permanently for a child or young person gain reimbursement for legal costs and ongoing financial support.48

CYF’s annual report for 2008/9 reported significant improvements in its performance measures. The service had met or exceeded the standard response time for cases assessed as ‘critical’ and significantly improved its completion of youth justice family group conference plans, a measure on which it had historically underperformed. Although the number of notifications had increased by more than a third since the merger (from 66,210 to 89,461), fewer children and young people were in care.49 Only 254 cases remained unallocated, a reduction of 75 percent since 2005.

Work and Income

By 2004, the Department of Labour’s Community Employment Group (CEG) was under unprecedented scrutiny. A review of its overall direction initiated by Minister Maharey the previous year was soon followed by a second review after an investigation by the Auditor-General criticised its governance and accountability arrangements.50 In early 2004, the group hit the media, after it was discovered that CEG had provided $26,000 from its Social Entrepreneur Fund to help a woman and her daughter travel overseas to research the feasibility of using hip-hop culture as a tool for the development of Pacific community youth. This ‘hip-hop tour’ — along with other ‘tours’ to study ‘gay and lesbian sports participation’ and ‘disabled arts festivals’ — became a major political embarrassment for the government.51 Prime Minister Helen Clark described some of the funding decisions as ‘loopy’ or ‘odd, to say the least’. When it was revealed that the organisation had provided $115,000 from another funding programme to set up a Māori television station in Northland, Clark opined that CEG’s problems went beyond the Social Entrepreneur Fund: ‘Never in my wildest dreams would I have thought that CEG in the Department of Labour was trying to fund a television station. That’s what I mean about sticking to your knitting … ’52
In September 2004, the government decided to transfer the Group’s ‘Community-Based Labour Market Development’ function to MSD, arguing that in a time of labour shortage the best way to assist ‘pockets of disadvantage’ was to focus on local labour markets. The function was transferred to Regional Commissioners in early 2005. A new dedicated manager in each of the twelve regions was supported by a small team of Community Labour Market Development Advisors. All existing projects and funding were transferred to MSD under the ‘Enterprising Communities programme’, and capacity-building funding was reallocated to ‘Local Industry Partnerships’. A counterpart of the ‘Jobs Partnership with Industry’ initiative, Local Industry Partnerships focused on developing skills relevant to local employment opportunities. In February 2005, Work and Income’s executive team approved further expansion of its Business Sector Unit, which had been established to identify the skills clients needed and to improve relationships with employers by involving them in the design and implementation of employment strategies.

By the end of 2004, the unemployment rate had fallen to 3.8 percent, its lowest level in nearly two decades. Reported skill and labour shortages were at a 30-year high, and the demand for workers was now one of the biggest obstacles to continued economic growth. ‘Our challenge is no longer providing jobs for workers’, a Work and Income report noted; ‘it is providing workers for jobs’. As the pool of general unemployed shrank, Work and Income encouraged employers to consider hiring people on other benefits, particularly those in ill health or with disabilities, or who were caring for children. At an Employers Summit
in March 2005, Minister Maharey touted such clients as one solution to the growing labour shortage; they had ‘a wealth of untapped potential’.56

The steady rise in the number of people receiving invalid’s and sickness benefits had become a central preoccupation for Ministry policy and research. The trend had begun in the 1980s, accelerated in the 1990s, and showed little sign of abating in the early 2000s, despite the surge in vacancies. In the decade to 2004, the number of people receiving the sickness benefit as a primary benefit rose by more than a third (from 32,000 to 44,000), while the number on the invalid’s benefit nearly doubled (from 37,000 to 72,000).57 In the year to May 2004 alone, the number of sickness beneficiaries increased by 10.6 percent and of invalid’s beneficiaries by 5.6 percent.58 Between them the two categories now made up about a third of working-age beneficiaries; only a fifth were receiving the unemployment benefit.59

While some of this growth could be explained by an ageing population and the increased age of eligibility for New Zealand Superannuation, most of it could not. MSD suggested a range of possible causes: increased prevalence of some mental and physical problems, fewer employment opportunities for people with such problems, and low institutional expectations as to their employability.60 Much of the growth was linked to specific medical conditions, in particular musculo-skeletal disorders, depression, stress and anxiety. A related factor was a
rise in obesity which brought with it other health problems such as diabetes, heart disease, musculo-skeletal problems and clinical depression.\textsuperscript{61}

In early 2004, Work and Income launched a new strategy for those in ill health or with a disability. To enable more time to be spent assisting clients towards employment, a target of reducing caseloads to one case manager to 160 clients at fourteen sites, and one to 225 at all other sites, was set. Sites also began trialling a ‘Preparing for Work’ vocational assessment process to identify clients’ skills and abilities, along with an ‘enhanced case management’ approach in which clients recorded their activities in a journal. MSD also reviewed its guidelines for employment programmes, developed new measures of sustainable employment outcomes for non-work-tested clients, and explored the potential for new programmes tailored to their unique circumstances. These included the new approaches that were trialled as Innovative Employment Assistance (IEA) projects and funded under Jobs Jolt. MSD extended the Providing Access to Health Solutions (PATHS) programme to a further five regions in late 2004 and early 2005.\textsuperscript{62}

By beginning to develop a platform of assistance for people in ill health or with a disability, and moving towards providing employment assistance regardless of benefit category, MSD’s new service strategy anticipated broader policy developments, in particular the planned implementation of a single benefit for those of working age.\textsuperscript{63} While the first major phase of reform under the New Directions programme, Working for Families, was implemented between 2004 and 2006, a second phase had been proposed in the initial ‘Case for Change’. This would focus on the structure and delivery of benefits, to reduce the complexity of the system (enabling more time to be spent on case management) and remove from the system obsolete values such as the implication that people with disabilities or older women were incapable of working. In 2004 MSD began work to redesign the benefit system on the basis of a ‘single core benefit’ with a unified set of rates, a single application process, and ‘premia’ linked to health and disability status and caregiving responsibilities.\textsuperscript{64}

In 2005 Cabinet agreed in principle to the introduction of the single core benefit and to pilots of an accompanying service model which included ‘Work Focused Services’. From June 2005, Work and Income trialled a prototype of this new service model in twelve service centres and two contact centres, providing employment assistance earlier in the process and regardless of benefit category. All clients were given access to a \texttt{wrk4u} seminar, work brokerage, and a \texttt{jobz4u} profile, and assigned to one of four ‘service streams’ on the basis of their specific circumstances. From September 2005, prototype sites extended services to clients in ill health or with disabilities, providing a dedicated employment co-ordinator for those in need of more support, and assisting clients who had a job arranged but required a single health intervention before they could take it up.\textsuperscript{65}

In mid-2006, however, Ministers decided to delay the implementation of the single core benefit until the next term of government. The precise reasons for the decision are a matter for speculation, but moving to a single core benefit would have required a major amendment to the Social Security Act and put the entire system up for debate in the lead-up to a general election and at a time when the government had other legislative priorities. The case for change — that it would simplify the work of bureaucrats and case managers — may not have been seen as justifying a reform of this magnitude, particularly as the new benefit risked being almost as complex as the system it replaced.
In its stead, the government implemented the first phase of a ‘Working New Zealand’ package. ‘Work-Focused Support’, announced in October 2006, aligned a number of rules, definitions and procedures across benefit types, and based eligibility for employment and training services on individuals’ needs rather than benefit categories. Clients were allocated to ‘service streams’: Work Support for people who were ‘work-ready’, Work Development Support for those who might be able to work in the future ‘with the right support’, and Community Support for those who could ‘not reasonably be expected to plan a return to work in the foreseeable future’. For those in the Work Support stream, Work and Income also introduced a ‘Job Search Service’ (JSS) that was implemented in twelve concept sites from September 2006 and rolled out nationally by December 2007. Building on the strong ‘work first’ message of the Work for You seminars, the Job Search Service was designed to more intensively manage and structure job searching by clients seen to be ‘work ready’ soon after starting on the benefit. They were assigned to one of four twelve-week programmes of varying levels of intensity.

The ‘one-to-many’ group facilitation approach was driven in part by the Ministry’s value for money process, as a means of freeing up resources. By not providing individual case management in the first thirteen weeks, Work and Income was able to redirect resources towards those with complex or exceptional needs and reduce the number of case managers. The ‘triage system’ also had a significant impact on the uptake of benefits; MSD estimated that the roll-out of JSS between September 2006 and December 2007 reduced the numbers going onto the unemployment benefit by nearly a quarter.

In September 2007, Working New Zealand was extended to sickness and invalid’s beneficiaries, who would experience more comprehensive case management and similar planning and activity requirements as those on domestic purposes or widow’s benefits. Those applying for or receiving sickness or invalid’s benefits were invited to engage with Work and Income to plan for a return to work appropriate to their condition or disability. More useful information on clients’ medical circumstances and likely progress towards returning to work was expected to be captured on a redesigned medical certificate. New Regional Health Advisors and Regional Disability Advisors provided advice and support to case managers working with clients receiving sickness or invalid’s benefits on both their entitlements and future planning. Health and Disability Co-ordinators managed relationships with service providers, GPs and other health professionals, and promoted awareness of the new medical certificates and Work and Income’s new processes. A new innovation fund allowed the Ministry to purchase and trial health and disability services.

In the mid-2000s, both the state of the employment market and the composition of Work and Income’s client base encouraged greater co-operation with other government agencies, as the clients who remained on a benefit had more complex problems. Assisting clients with mental and physical problems required more effective collaboration with health agencies, including on sensitive issues around benefit eligibility and realistic work options, and also access to medical assistance and in-work support. For Peter Hughes, the integration of services across agencies was essential to achieving employment outcomes:

When you start focusing on outcomes, the first thing you figure out is you don’t have everything you need to achieve the outcome. Work and Income has everything they need to achieve excellent customer service, they don’t need anyone else, they can do that on their own, but to get sustainable employment outcomes most of what they need they don’t have. They need...
SOCIAL DEVELOPMENTS

In its first years, the Ministry’s six Specialist Services — Studylink, Benefit Control, Debt Management, International Services, War Pensions, and Community Services Card — had little engagement with the social development approach, operating largely as discrete units focused on delivering services efficiently. Concerned that this focus on transactional performance was inconsistent with the Ministry’s Statement of Intent and its ‘social development outcomes model’, in 2004 new Deputy Chief Executive Tony Gavin commissioned a review of Specialist Services. This found that its ‘operational culture’ meant that it had a relatively low profile within the Ministry, and struggled to engage with other parts of the organisation or participate in cross-Ministry projects. Even areas of common interest within Specialist Services were sometimes neglected; failure to connect with the policy groups was frequent, and there was little co-operation with Work and Income on strategic issues such as minimising debt and fraud.

Specialist Services responded by restructuring its delivery units to enable them to take a more strategic approach more closely linked to policy. Additional resources were allocated to corporate and strategic functions, and new General Managers were appointed with an expectation that they focus less on operational issues and more on strategy, engagement and overall performance. From April 2005, the six units were grouped into a small corporate group and three businesses: Studylink, Benefit Integrity Services, and Senior Services. Each reviewed the principles and approach underpinning their operations, and redesigned their services to reflect an ‘outcomes-focus’.

Studylink decided that the best way for it to influence client outcomes was to help current and potential students make better decisions on educational and financial matters. Studylink developed an ‘outcomes’ framework based around the concept of education as an ‘investment’ and study as a ‘life cycle’ which took place in four stages: ‘pre-entry’, ‘entry’, ‘in-study’ and ‘exit’. A new delivery model was needed if its services were to be focused on the areas of greatest need. A 2006 pilot in Wellington tested components of this new model, with a particular focus on the ‘pre-entry’ and ‘entry’ stages. Innovations included an education programme for secondary students who were considering tertiary study, and new application procedures, with a compulsory ‘Studywise’ process for applicants judged to be in need of ongoing support. Studylink also began phoning students to discuss the long-term implications of taking on loans.

Studylink largely funded this greater focus on student outcomes through efficiency gains, improving processes and making use of new technology. It introduced ‘call-to-action’ phone and text campaigns to manage demand during peak periods, scanning technology to digitise paper documents, and web-based services through which students managed their own information. ‘My Studylink’, an online account service which enabled students to update their personal details, monitor the status of their applications, and check their payment details, was launched in October 2007. Whereas in 2000/1 just 16 percent of loan applications were submitted online, by 2008 the figure was 91 percent. As a result, Studylink was able to reduce its full-time staff by close to a quarter over a period in which the number of applications increased by nearly a third.
MSD adopted a similar ‘continuum’ approach to redesigning its services to older people, diversifying its assistance beyond transactional services (processing applications, payments and reviews of entitlement) towards services with an ‘outcomes focus’. This work was carried out in anticipation of a doubling of the number of older people within 25 years that would necessitate allocating additional resources to the delivery of New Zealand Superannuation. A significant increase in the proportion of ‘older olds’ (people aged over 85) was expected; this age-group was more likely to be in residential care and have significant needs for health care and community support services.

In 2005–6, MSD reviewed its services to older people and concluded that they should be diversified into three strands to better cater to individual clients: low-intensity transactional services supporting independent living, ‘brokerage’ services for those whose resilience was threatened, and intensive support for those with acute needs. As with Studylink, MSD proposed to free up resources for more intensive support by offering self-service tools, particularly online services. From 2008 ‘NZ Super’, SuperGold, International Services, Community Services Card, and Residential Care Subsidy were brought together as Senior Services with a single entry point for clients.

In the same year MSD also launched a new website for seniors. From April 2008, dedicated seniors case managers in six Work and Income sites were responsible for identifying and supporting clients with high needs, who were visited in their homes and linked to services provided by other government and non-government organisations.

MSD also moved to implement an outcomes-focus in Benefit Integrity Services, which in April 2005 consisted of two groups — Debt Management and Benefit Control — reporting to a single General Manager. A ‘debt syndicate’ formed to develop a Ministry-wide debt strategy established a work programme on Debt Prevention and Education. The Benefit Control Unit also began to shift towards a more long-term and preventive approach to fraud by promoting voluntary compliance, detecting fraud earlier and targeting high-risk clients and situations. In late 2006, MSD integrated the Benefit Control, Debt and Data Match teams under the umbrella of ‘integrity services’ and merged the three national office support teams into a single Information, Strategy and Policy team. Area Benefit Control Managers were renamed Regional Integrity Services Managers and made responsible for both Benefit Control and Debt. These changes were designed to ensure that the causes and characteristics of error, abuse and fraud were better understood, and that prevention and deterrence became part of the core business of the Ministry.

Only a few months after these decisions were announced, in October 2006 MSD discovered the largest case of benefit fraud in New Zealand history. Wayne Patterson had used 123 false identities to fraudulently claim benefit payments worth $3.4 million over a three-year period. Hughes’ first priority was to ensure ‘public trust and confidence in the system’; he demanded changes to the Ministry’s approach. During 2007, MSD established a new senior governance group for integrity issues and implemented an ‘intelligence-led approach’ to serious benefit fraud. A dedicated Intelligence Unit was set up in July 2007 to identify trends in fraud, better profile and detect potential sophisticated frauds, and liaise with other New Zealand intelligence agencies.
access to houses, they need budget advice, they need drug and alcohol [treatment], they need transport. And that's when you figure out actually you need to start working in an integrated fashion across this agency and others.\textsuperscript{73}

The integration of services was adopted as the Ministry's key strategy for implementing an 'outcomes focus', particularly as its potential was reinforced by a number of initiatives undertaken between 2004 and 2008.

**Service integration**

Following the Review of the Centre work programme discussed earlier, the chief executives of MSD, CYF, Building and Housing, and Housing New Zealand set up a Social Services Cluster, which would take a multi-agency approach to improving social outcomes. ‘Clustering’ involved combining efforts to achieve shared or interdependent outcomes, especially by integrating service delivery and trialling initiatives in which clients were viewed ‘in the context of all their service needs, not just the services offered by their own particular agency’. The Cluster aimed to ‘learn by doing’, and share knowledge about ways of working together more effectively.\textsuperscript{74}

In mid-2004 the Cluster commissioned an evaluation of the Mangere Integrated Service, which was reporting positive results. In this pilot, HNZC’s social allocation staff were located in the Mangere Work and Income service centre, enabling Housing Support managers to work alongside Work and Income’s case managers in assessing clients’ needs. This was both more convenient for clients and enabled staff to give them a better understanding of the assistance to which they were entitled — many found to their surprise that they could afford to rent in the private sector. Staff helped clients find suitable private accommodation, resulting in a significant reduction in waiting lists for HNZC properties. The favourable evaluation attributed the pilot’s success to staff with a desire to make a difference who worked well with other community groups and focused on outcomes in an ‘environment of trust and openness’.\textsuperscript{75}

Greater flexibility and more effective relationships — in particular, trust and respect between clients and agencies — also lay behind the success of an experiment at a Work and Income service centre in Papakura. In November 2004, manager Danielle Rawhiti attended an inter-agency meeting called in response to the suicides of three young people from a single whānau. The family’s problems extended beyond the scope of any one agency; they included unemployment, family violence, truancy, debt, ill health, teen pregnancy, drugs and alcohol. Aware that a more co-ordinated approach was required, Rawhiti decided to establish a process in which agencies contributed to a single plan based around the whānau’s specific needs. She met representatives of the more than 150-strong whānau regularly, showing that government agencies were prepared to listen. She also drew together a group of local managers from Education, Police, CYF and Housing New Zealand, who helped the family deal with their problems. Over a period of two years, Work and Income reported success: increased school attendance, less domestic violence, more adults in work, greater self-esteem. Whānau members had begun to make more constructive decisions and had more trust in government agencies, using staff as a sounding board during regular meetings in the Papakura office.\textsuperscript{76}

MSD also experienced a degree of success in service integration in its involvement with an initiative to address problems with youth gangs in South Auckland. In 2005 the Counties
Manukau Police reported a worrying increase in serious offences related to youth gangs following an incident at an Otahuhu bus stop involving pupils of three local secondary schools. Over the following months there were cases of disorderly behaviour, violence, and weapons possession. Public concern rose after a murder in Flatbush (Otara) in October, and the Mayor of Manukau City, the Police and community representatives asked the Ministry to help them understand the problem and how the government could best intervene. MSD researchers confirmed that youth gangs and crime resulted from ‘multiple and interrelated adverse social, economic and family conditions’, and recommended a ‘strengths-based approach’ to ‘reduce risk factors’ and build ‘protective factors’.

In September 2006, a multi-agency Auckland Youth Support Network released an action plan, ‘Improving Outcomes for Young People in Counties Manukau’. The plan’s 26 suggestions for rapidly improving outcomes for local young people — especially by keeping them out of gangs — were divided into three parts: a crisis management response to those picked up by police outside normal business hours; an intervention approach for recidivist youth offenders; and a broader preventative approach for at-risk children and young people and their families. At the centre of the plan were programmes for parents of six- to seventeen-year-olds; the deployment of youth workers across Otara, Mangere, Papatoetoe, Otahuhu and Manurewa; and the application of an integrated case-management model to young people at risk and their families.

All 26 actions had been implemented by the following year, and the Ministry was receiving anecdotal reports that the plan was a success. A subsequent review confirmed an overall improvement in residents’ sense of safety. There was:

- general agreement the Action Plan had produced excellent work across … Counties Manukau.
- It had provided a model for effective services by way of youth workers, integrated case management, parent education, and teams of non-teaching professionals in schools. The combined actions from the Plan were seen as effective in turning many young people away from gang involvement, helping families to support their young people, and helping to make the schools a more effective learning environment.

The positive results of these initiatives provided further evidence of the merits of an integrated approach, and the Ministry began to develop proposals that would embed such processes within existing services.

In mid-2006 the government directed the Ministry to identify households with ‘complex problems and dependency characterised by long-term intergenerational benefit receipt’, particularly those where there were significant concerns for the well-being of children. MSD advised that it could develop a specialised and intensive case-management approach for vulnerable families relatively quickly by matching addresses and profiling risk factors. In September 2006, the Minister for Social Development and Employment launched ‘Integrated Service Response to Vulnerable Families’, a long-term approach to case management for families most at risk. Dedicated Integrated Service Co-ordinators based in Work and Income offices looked at a family’s circumstances in the round and connected them to other services within and outside the Ministry. In order of priority, the model had three objectives: meeting child development and safety needs; addressing other significant problems within the family; and helping the family improve their circumstances by meeting employment needs. MSD also implemented a new case-management tool which measured risk and resilience factors in families, and monitored social outcomes over time. Available in nine Work and Income
offices from September 2006, the model was rolled out in another 44 sites in October/November 2007.

When the lease on two Christchurch service centres expired in 2007, Work and Income took the opportunity to merge them in Linwood in a new building tailored to the integrated service model. Opened in February 2008, this ‘Community Link’ site offered services from Work and Income, CYF, FACS, Housing New Zealand, Career Services, Department of Building and Housing, Accident Compensation Corporation, Corrections, and Workbridge. Community Link was not intended to merely be about convenience for clients, but rather about encouraging collaboration between agencies, and meeting clients’ needs in an integrated way.\(^{84}\) In November 2008, MSD introduced a ‘Model Office Tool’ analogous to Integrated Service Response to facilitate more focused assessments of clients.\(^{85}\)

**Conclusion**

There were common principles behind the different ways in which service delivery lines attempted to implement an ‘outcomes focus’. As had DSW when introducing Strengthening Families in the late 1990s, the Ministry significantly expanded its use of varying forms of case co-ordination and service integration, through Family Safety Teams to address family violence, Differential Response for child protection, Integrated Service Co-ordinators for youth gangs, and Integrated Service Response to families by Work and Income. Recognising that individuals and families in need often suffered from multiple and connected problems, these approaches were designed to link services across the various domains of life — family violence, child protection, parental development, employment assistance, education, and so on. As well as linking services across categories, better co-ordination also involved linking services along a continuum within categories — using universal services to locate and intervene in families at risk, and linking reactive ‘crisis-driven’ services with rehabilitative services.

This approach was built around more effective personal relationships, giving staff discretion and operational freedom, going beyond implementing processes and meeting formal targets, focusing on the specific needs of each case, and dealing with individuals within their broader family and social environment. Focusing on outcomes entailed a more preventative emphasis: earlier intervention by family support services, preventing fraud and debt rather than aggressively chasing it down, greater involvement by Studylink in decision-making about education and the borrowing needed to fund it. The downside of the focus on outcomes was that agency performance was very difficult to measure. The possibility remained that the strategy was no more than empty rhetoric, or even functioned as a smokescreen for escaping external scrutiny and accountability.

Much of the Ministry’s thinking in this area was driven by Peter Hughes, who promoted a focus on outcomes while arguing that this should not be pursued at the cost of neglecting the ‘bottom-line’ expectations of the Ministry: protecting children, paying benefits, and ensuring the system was free from abuse and fraud:

> You cannot do this outcome stuff unless you are in control of your core business. It’s a graduating staircase if you like. And you cannot be in control of your core business if you’ve got an organisation that is characterised by low levels of integrity.\(^{86}\)
The new operating environment

MSD’s shift towards an outcomes focus was constrained from the second half of 2008, when the external environment altered significantly. A change of government coincided with a global financial crisis and subsequent ‘Great Recession’, bringing a sudden and urgent need for the Ministry to focus on its core services and bottom-line responsibilities.

The financial crisis arrived in several waves. In May 2008, the Reserve Bank reported the largest financial shock since the Great Depression, as losses in the US sub-prime mortgage market ‘cascaded’ through financial markets. New Zealand’s financial system remained comparatively unscathed, though the reduced availability of credit was worrying for financial institutions, businesses and households. In August, Treasury announced that New Zealand was in recession but expected economic activity to pick up by the end of the year. In mid-September, several major US financial institutions collapsed, received emergency bail-outs or were placed under temporary government control. Financial markets were in turmoil as share prices tumbled and the short-term loans on which many companies relied dried up. Bank managers requested urgent deliveries of $100 notes as the public withdrew cash to stuff up the chimney or bury in the garden. By early October, it was clear that the world’s worst financial crisis since the 1930s was now also its worst economic crisis and would have a profound impact on the New Zealand economy. In its Pre-Election Economic and Fiscal Update, Treasury reported significant declines in both consumption and residential investment, rising costs for households and businesses, and the likelihood that credit would be more costly and harder to obtain. Business and consumer confidence had fallen significantly, as had asset values, and both demand and prices for exports.

Though the immediate crisis dissipated, its long-term effects were far-reaching. The New Zealand economy remained in recession for five quarters, until March 2009. Over this period, exports fell by 8.2 percent and real GDP by 3.4 percent. For MSD, this meant an increase in demand for its core services: during 2009, the number of unemployment beneficiaries more than doubled (from 30,000 to 66,000), demand for student loans and allowances grew, and the increased pressure on families created a greater need for child protection, youth justice and community support services.

The political environment within which MSD operated also changed with the election of a more fiscally conservative government. In November 2008, National took office thanks to confidence and supply agreements with the ACT, United Future, and Māori parties, each of which contributed Ministers to the new government. Even before the global financial crisis, National had campaigned against what it labelled ‘overly-large and poorly-focused bureaucracy’ and ‘low-quality spending’. It had explicitly compared the growth in MSD’s research, policy and corporate capacity with the smaller growth in service delivery, arguing
for a shift in public spending from ‘paper-shuffling and report-writing’ to ‘front-line services’. The new government now faced falling tax revenues, rising public debt, and budget deficits that were expected to last for years.

The expectations of the new government accentuated the need for an even greater focus on a cost reduction process that was already under way within the Ministry. In late 2007, Peter Hughes had commissioned a second exercise to find savings within the Ministry to meet a $254.8 million shortfall resulting from increased salaries, higher rents on properties and greater work volumes for Child, Youth and Family and Studylink. Initial findings had been presented to the Cabinet Committee on Government Expenditure and Administration (EXG) in September 2008, before the change of government. In response to the new economic and political environment, Hughes boosted the profile of the ‘Value for Money’ process by establishing a ‘VFM Programme Unit’ within the Chief Executive’s office. The Unit was to manage an ongoing programme to identify further savings; an Advisory Board with an independent chair would provide additional oversight.

The work programme developed from the 2007/8 VFM Review was based on three broad strategies: re-engineering business processes; improving the use of information and communications technology; and shifting services to ‘e-channels’. Informed by its experience with Studylink, MSD focused on using ICT to improve efficiency, particularly by providing more transactional services via the internet. In Studylink, Work and Income and Senior Services, MSD attempted to replace manual and paper-based processes with self-service online options. Work and Income also initiated projects to digitise its paper records and replace ‘hologram letters’ for special needs vouchers with ‘payment cards’.

MSD also initiated a project to remove redundant activities from business processes, particularly through the application of ‘Lean Six Sigma’, a combination of two business methodologies which aimed to improve efficiency by eliminating rework and other unnecessary processes. Work and Income mapped ideal standard processes, trained and tested all front-line staff on them, and implemented practices such as asking for proof of identity up front rather than mid-appointment, seeing clients for as long as it took to meet all their needs in a single appointment, and introducing ‘pull scheduling’, with clients entering service centres seen by the next available case manager rather than having to make an appointment. The average number of clients interviewed daily by case managers rose from 5½ to seven, which helped them handle the additional workload created by the recession.

Salary increases at half the level of previous years were negotiated with the Public Service Association, and MSD also moved to reduce expenditure on travel, office consumables and motor vehicles. In June 2009, the Ministry announced the final decisions of a structural change process to redirect resources from national office and back office functions towards front-line service delivery, and to simplify organisational structures within each business line. Overall staff numbers were cut by 8 percent, policy staff by 20 percent. In 2008/9, the number of MSD staff (excluding Work and Income and CYF) fell by 200. MSD also obtained agreement with the Treasury on its basic organisational story, to demonstrate MSD’s growth over the previous six years had not resulted from reckless expenditure but from mergers, the acquisition of additional functions and new service initiatives.

As top management was anxious to point out, only about 5 percent of the Ministry’s total baseline was under its direct control as departmental operating expenditure. Any review of New Zealand Superannuation entitlements was ruled out by the government, while student
support and benefit receipt were examined in dedicated processes. MSD led cross-agency reviews of expenditure on services for families, youth, and employment skills and training. After an initial review to identify savings for the 2009 Budget, MSD conducted a more extensive ‘line by line’ review process for the 2010 Budget. The Centre for Social Research and Evaluation prepared evidence briefs for programmes, while MSD staff compiled lists of contracts with NGOs, organised by region, performance, cost and fit with government priorities. In the Budget processes for 2009 and 2010, the Ministry reprioritised $573 million of spending, returning $30 million to the Crown, along with $52 million of balance sheet cash. In the 2010 Budget, expenditure was reprioritised by returning an underspend in employment support ($20 million), raising thresholds for childcare assistance ($57 million) and cancelling the Pathway to Partnership programme ($347 million).

While the more austere operating environment impacted on service delivery lines in different ways, some common features can be noted. Each had to find savings, focus on the ‘bottom line’ of social protection, respond to the manifesto commitments and policy agenda of the new government, and reconcile the new fiscal situation with the further development of ‘outcomes-focused’ services. By early 2011, the Ministry had implemented the initial policies of the new government and released a range of reports on more fundamental, long-term changes to the benefit system, child protection, and other social services. As MSD began to consider the implications of these reports, another unexpected event had a dramatic impact on its operating environment: the February 2011 earthquake in Christchurch.

Work and Income

As part of the Value for Money work programme prior to the recession and the change of government, MSD worked with Treasury on a project to resolve a long-standing debate about the effectiveness of its services, particularly its ability to reduce beneficiary numbers, and the long-term cost (‘future liability’) of paying benefits to those of working age. Presented to the Value for Money Advisory Group in August 2008, the report estimated that, were it not for the processes administered by Work and Income, at least 7 to 10 percent more job-seekers would have been on a benefit the previous year. However, while Work and Income’s main impact was on unemployment benefit recipients, those on other benefits had a higher long-term cost. ‘Given the large future liability of groups such as sole parents and clients with ill-health and disability’, the report argued, ‘finding what works for these groups will be essential over the medium term’.

As the economic situation deteriorated, however, unemployment became a matter of greater urgency. In February 2009 the new Prime Minister, John Key, held a summit on employment in Auckland which brought together community, business and government leaders in an attempt to generate ideas on how to boost the economy and create jobs. Participants in the ‘Job Summit’ agreed on twenty initiatives to alleviate the effects of the crisis, three of which were implemented by MSD. To support employers in temporary difficulty, a Job Support Scheme paid an allowance for employees who agreed to work reduced hours rather than be made redundant. To support those who did lose their jobs, MSD significantly boosted the profile of its existing redundancy support service, and developed a ‘Restart’ package which gave temporary financial help and job-search assistance to newly redundant workers. A ‘Youth Opportunities Package’ included a subsidy for staff in entry-level positions (‘Job Ops’) and
a six-month subsidy to allow young people work experience on community-based projects (‘Community Max’).  

Work and Income also restructured its service delivery model to meet the demands of a new environment in which more people — and especially, more skilled and self-motivated people — needed assistance. A ‘one to many’ Job Search Service was trialled in six sites from September 2009 and implemented in all sites in November. This aimed to assist as many people as possible as quickly as possible, provide appropriate service to more-employable clients, and better serve the needs of employers. New ‘Job Connect’ contact centre teams in Hamilton and Lower Hutt provided a ‘self-directed service’ to help those assessed as motivated and qualified to search for work independently, and offered referrals to new ‘Job Preparation’ employment programmes. Those deemed at risk of long-term unemployment were required to meet with a case manager, attend an expanded WRK4U seminar, or undertake ‘employment-focused pre-benefit case management’. They were then referred to a group-facilitated employment workshop for one hour per week, to contracted employment programmes and services, or to ‘Target 20’, which intensively managed a small group of job-seekers. Those still unplaced after thirteen weeks were moved on to ‘team management’, in which service centre managers became responsible for co-ordinating the specialised roles at their disposal to move the client into work.

Work and Income also changed its delivery model to better serve employers. The Job Connect teams provided a centralised support service that enabled the work-broker role to be split into ‘service centre work brokers’ and ‘mobile work brokers’. An employer lodging a vacancy was asked how they would like it to be managed. The SOLO employment management information system was now to collect key information on employers, and regional offices were to gather, analyse and report on labour market information in a consistent way. Each region was to maintain a ‘top 50’ list of employers with appropriate vacancies, while a vacancy indicator tool provided a weekly snapshot of Work and Income job-seekers and vacancies in each region.

By late 2009, the economy had stabilised. Two reports now warned about focusing only on ‘job-ready’ and ‘unemployed clients’. In December, a Treasury report attributed the steady growth in the number of sickness and invalid’s beneficiaries to a combination of changes in the labour market and the operation of the benefit system. As competition for jobs in the higher-unemployment conditions of the 1980s and 1990s ‘pushed SB and IB recipients further back in the jobs queue’, the benefit system had ‘reinforced this process’ by focusing labour market programmes, case management, benefit settings and employment-seeking obligations on unemployment beneficiaries.

At roughly the same time, the Office of the Auditor-General released a performance audit of the Ministry’s extension of Working New Zealand to recipients of the sickness and invalid’s benefits. This found that the changes had been useful for determining eligibility, but that MSD was yet to initiate the intended regular and effective contact with many beneficiaries. ‘Comprehensive case management’ was confined to a relatively small group; MSD had not implemented its intended Client Management System, nor had it secured all the contracts for new health services. The report also noted that the Health and Disability Innovation Fund had been discontinued in the 2009 Budget. It did, however, observe that the Ministry had focused on assisting the increasing numbers who had recently become unemployed.
National was less sympathetic to benefit receipt and more willing to apply sanctions to those who failed work-tests than Labour had been. In December 2009, Cabinet agreed to a ‘Future Focus’ package of incentives, obligations, support and sanctions, delivering on the National Party’s manifesto commitment to address an ‘entitlement mentality’ and ‘rebalance’ obligations and support towards what the new Minister for Social Development and Employment, Paula Bennett, termed ‘an unrelenting focus on work’. In place of a mutually negotiated and agreed Job Seeker Agreement, work-test obligations were now to be specified on application forms. Work and Income could now direct unemployment beneficiaries to undertake education, work-related activities or training. A new regime of graduated sanctions penalised each work-test failure; after being registered for twelve months, the unemployed were required to reapply for the benefit and complete a comprehensive work assessment. Sole parents on the domestic purposes benefit whose youngest child was aged between six and eighteen would be subject to a part-time work-test; those with a younger child would required to complete an ‘Employment Plan’ (rather than a ‘Personal Development Plan’). Employment Plans would be focused on employment-related activities and would not include goals relating to personal or social well-being. Those who applied repeatedly for hardship assistance would be managed more actively and required to undertake budgeting activities.

Shortly after legislation to implement the Future Focus package was passed in April 2010, the government made clear it wanted even more comprehensive reform, establishing a Welfare Working Group to consider how to improve employment outcomes and reduce ‘benefit dependence’, particularly amongst sole parents and people with disabilities and ill-health. The Working Group was also to explore funding mechanisms, including whether ‘there are things that can be learned from the insurance industry and ACC in terms of managing the Government’s forward liability’. The Welfare Working Group’s 43 recommendations, presented in February 2011, included replacing all benefit categories with a single work-focused welfare payment (‘Job Seeker Support’) and creating a new Crown Entity (‘Employment and Support New Zealand’) accountable for employment outcomes that would operate at ‘arms-length’ from the government.

The timing of the release of the Welfare Working Group’s report was fateful. Less than an hour after it was made public, a second major earthquake hit Christchurch. Whereas the earthquake of 4 September 2010 had caused significant and widespread damage but no direct fatalities, that of 22 February 2011 devastated the city, destroying many already weakened buildings and causing huge damage to infrastructure. More than 180 people were killed in one of New Zealand’s worst-ever natural disasters.

Child, Youth and Family

The National Party’s pre-election policies for children and young people had included a controversial promise to introduce military-style ‘boot camps’ for young offenders. In February 2009, Cabinet agreed to ‘Fresh Start for Young Offenders’, a package containing the most comprehensive reforms to youth justice since the passage of the Children, Young Persons, and Their Families Act in 1989. ‘Fresh Start’ both strengthened provisions for holding serious and persistent youth offenders accountable for their actions and aimed to address the underlying causes of their offending. Tougher measures for offenders included longer stays in youth justice residences, longer sentences for serious crimes, and a widened jurisdiction for the Youth Court. But there was also a significant expansion of rehabilitative programmes,
with a major increase in supervised/structured activities, more funding for grass-roots organisations, and a renewed effort to divert young offenders away from the courts.29

Both the focus on outcomes and the austere fiscal climate encouraged even greater emphasis on care and permanency. Keeping children in care was the largest variable cost over which Child, Youth and Family had control, and there was evidence that the risk of behavioural problems and mental health issues in vulnerable children increased with the number of placements they experienced. As part of an effort to ensure children did not ‘drift’ in the custody of the state, in August 2010 Bennett announced Child, Youth and Family’s ‘Home for Life’ strategy, a package to help whānau or foster carers assume custody or guardianship and make a placement permanent. From October 2010, Child, Youth and Family offered financial, practical and emotional help to caregivers willing to assume full custody. The fiscal impact of the package was expected to be neutral: its cost of $2 million per year would be offset by the money saved by reducing the number of children in Child, Youth and Family’s care.30

By 2009, CYF was meeting its formal output performance targets and a degree of confidence had crept into its reports and corporate communications. CYF declared itself to be in control of the demands on its resources and its ‘bottom-line’ performance; it was now at the next stage in its organisational ‘story’. Having changed its approach from ‘reactive to responsive’, CYF now intended to shift from ‘responsive to strategic’ mode, with a greater focus on long-term outcomes. In terms of specific services, there would be earlier identification and treatment of problems in child protection and youth offending, better management of care, and public education on issues such as sudden infant death syndrome (‘cot death’) and teen suicide. CYF’s primary focus, however, would be on improving the quality of its social work practice, an issue raised repeatedly for two decades on which the organisation had made only marginal progress.31

With the quality of social work its main priority in ‘year three’ of its ‘Leading for Outcomes’ strategy, CYF began to develop a new training curriculum for professional staff, a programme on managing difficult and sensitive situations, and a practice quality management system through which performance could be assessed objectively. It also planned changes to the case management system, CYRAS, to give a more comprehensive view of the overall direction of any child or young person, and a new ‘Critical Risk Checks’ monitoring system for key areas such as vulnerable infants, caregiver approvals, sex offenders, and suicide prevention.32

In May 2010, CYF introduced foundation workshops for all staff under the banner of ‘Safe, Strong Practice’. As part of this strategy, the service planned to move towards measuring outcomes as well as processes, and to review the accountabilities of operational managers and practice experts.

While the way in which CYF responded to incidents had improved, there remained considerable scope for progress on broader issues of child maltreatment and the prevention of abuse. New Zealand had a particularly high rate of child deaths resulting from maltreatment. Increasingly, policy attention turned from the organisational and performance issues of Child, Youth and Family to its place within the broader child protection system, and the role of other agencies in preventing harm to children.

In September 2009, the Minister launched the ‘Vulnerable Infants’ package for children under two years old. This included a public education campaign to raise awareness about the dangers of shaking babies, and changes to services to improve the protection of very young
children. CYF piloted a ‘First Response’ service in which an NGO worker visited families which had come to police attention as the result of an incident, to help the victim develop a safety plan for themselves and their children, and make referrals to services or programmes. CYF also strengthened its practice for abused children who were admitted to hospital, placing dedicated staff members in local hospitals and requiring inter-agency plans for children suspected to have non-accidental injuries. Care plans drawn up prior to discharge set out the responsibilities of the professionals involved and specified the care, health and support needs, and further monitoring that was required.

Another way to reduce the maltreatment of children was to address New Zealand’s high rate of teen pregnancy, which was linked to social problems such as abuse, educational underachievement, crime, and mental health issues. The Teen Parent Service Co-ordinators announced in 2006 and appointed in nine locations the following year had succeeded in linking parents and children to services, but had larger caseloads than expected and ‘were undertaking a wide range of activities, some of which were not focused on intensive case work with the most vulnerable.’ From 2010 FACS funded another ten positions. The Teen Parent Co-ordinators were rebranded as ‘Intensive Case Workers’ and instructed to focus on helping the most vulnerable teenage parents. While they retained their co-ordination and advocacy role, they were also required to work more closely with Work and Income and with sexual health providers to reduce the number of unplanned repeat pregnancies. To support those parents in the initial nine locations whose needs didn’t meet the threshold for this more intensive casework, funding was also provided for ‘Volunteer Neighbourhood Support’ initiatives. FACS also began to fund staffed ‘supported houses’ for the most vulnerable teenage parents, and parenting support services for teenage fathers.

The Ministry also received funding to extend the Social Workers in Schools programme to all 598 decile one to three primary schools, and to introduce another less intensive programme into the 398 primary schools ranked in deciles four and five. A new programme would make youth workers available to help young people at risk of educational failure and other social problems, particularly teen pregnancy. This programme would be extended to all decile one to three secondary schools which did not have Multi-Agency Social Services in Secondary Schools, a service introduced in South Auckland and Porirua as a component of the 2007 Youth Gangs initiative.

The inter-agency approach was given additional impetus by a group of experts called together in November 2009 by the Minister to identify steps to prevent child maltreatment and its reoccurrence. Arguing that there were still ‘gaps in the system through which
children can and do fall’, this ‘Independent Experts Forum’ expounded its views on the major weaknesses of the child protection system. Under existing laws, responsibility for addressing child abuse and neglect was confined to the Police, the Ministry of Justice and the Ministry of Social Development; the active participation of health and educational practitioners was not required. There was no formal mechanism for sharing information, and a tendency for agency staff to act on ‘an often unconscious instinct to protect one’s own turf’. Such tendencies were potentially reinforced, they argued, by privacy legislation. In the Forum’s view, the government should ensure that information was shared as a matter of course, make clear that all agencies were required to protect children, and take an ‘integrated, graduated and increasingly multi-disciplinary’ approach to preventing child abuse and neglect.38

Issues of social work practice and inter-agency collaboration were given even higher priority after police found a nine-year-old West Auckland girl hiding in a wardrobe, her body covered in injuries, in November 2010.39 She had recently been returned to her mother’s care from Child, Youth and Family custody. The Chief Social Worker’s Practice Review of the case found that Child, Youth and Family could improve its practice when children were returning to, or remaining in, the care of their parents. The service should have more contact with children and young people at key points, place the child at the centre of decision-making at all times and improve the quality of its interaction with other professionals and agencies working with families.40

After receiving this review, Minister Bennett felt that ‘unusual’ elements of the case meant it warranted further investigation. In January 2011, she announced a Ministerial Inquiry to review the role played by various individuals and agencies.41 The review was to inquire into whether the various agencies were sufficiently ‘child-centred’, had taken all appropriate actions to ensure the girl’s safety, and had shared information effectively. Former Ombudsman Mel Smith’s report to the Minister on 31 March 2011 noted the well-known expression that a country can be judged by the way it treats its children, and contended that ‘recent experiences would certainly not give us a pass mark’. Smith argued that the interests of children could be improved by ‘more determined and effective multi-agency and inter-professional liaison and co-operation’, ‘clear arrangements for the sharing of information among professionals and others’ and ‘dedicated leadership’.42

Other developments in early 2011 suggested the potential for major changes in government policy and services for children and young people. The Chief Science Advisor, Peter Gluckman, provided Prime Minister Key with his review of the scientific literature relating to the relatively high rate of social morbidity amongst New Zealand adolescents, and identified ways of reducing risk and increasing resilience, particularly antenatally and early in life. Gluckman argued that decisions about implementing and maintaining programmes were not always informed by evidence, and too often made in response to advocacy or without taking into account questions of scale. This ‘lack of critical decision-making’ was resulting in wasted funding and lost opportunities.43

In April 2011, Cabinet agreed that the Minister for Social Development and Employment should develop and implement a long-term ‘Children’s Action Plan’ to provide ‘a child-focused foundation for the Government’s cross-sector priorities’. The plan would be developed through public consultation in a process similar to practice in the United Kingdom. A ‘Green Paper’ setting out a range of proposed changes to policy and services for vulnerable children would be followed by a ‘White Paper’ outlining the changes to be made, with a timetable for action.44
Family and Community Services

The recession placed additional pressure on the community sector, limiting the ability of philanthropic groups, businesses and private individuals to contribute towards social services at the same time as non-government services came under additional pressure because of the stresses on families caused by the loss of work and income. Keen to find savings, the government announced its unwillingness to pay more for the same level of services and reassessed the $384 million of Pathway to Partnership funding. In April 2009, Cabinet agreed to allocate $104 million of this funding to a two-year Community Response Fund intended as a stopgap measure to help providers of critical community-based social services face serious recession-related funding or demand pressures. There were three funding categories: ‘demand’, ‘financial crisis’, and ‘innovative responses’. Applications were assessed at a national level or by regional panels with members representing the community, philanthropic groups and government agencies.45

Concerned that funding was based on historical patterns rather than current needs, and disbursed in ways that encouraged providers to compete with one another rather than share infrastructure and knowledge, the Minister asked a group of social-sector representatives (including NGOs and philanthropic funders) to recommend how the community sector could better support children and families. The group favoured a continuation of the approach adopted for the Community Response Fund, which gave communities significant input into how the government’s priorities were achieved ‘on the ground’.46

In March 2010, the government agreed to use the regional panels as the basis for a new ‘Community Response Model’. Fourteen regional forums and a national forum now reviewed funded services against government priorities and recommended how they could improve services and achieve better results for families. They also administered a new contestable Quality Services and Innovation Fund which provided $90.5 million over four years (and $34.7 million in each subsequent year) to ‘support and incentivise efficiencies in price, quality and standards’ through two funding categories. The first was to ‘support providers to make efficiencies and to improve service quality through the rationalisation and integration of service delivery; merge backroom functions; build workforce capability and capacity; and share best practice’. The second was to help ‘well-managed’ providers ‘address gaps in community services; deliver a greater volume of high quality services where required; and provide new and innovative services that evolve from more efficient and joined up arrangements’.47 This model replaced Pathway to Partnership, which ceased funding programmes in 2010.

The government also moved to reduce the compliance and reporting costs borne by service providers. High Trust Contracts were introduced as a mechanism for funding providers with which the government had a long-standing relationship. Formal accountability requirements were kept to a minimum; agreements monitored results rather than processes or outputs, and providers had greater flexibility to determine how they achieved the contracted outcomes. In 2009/10, MSD entered into 24 High Trust Contracts, four of which were ‘Integrated High Trust Contracts’ that combined the funding from several government agencies.48

Following concerns about variations in the performance of the Family Start programme and a lack of information about its overall effectiveness, the Minister commissioned an independent review. Delivered in December 2008, this supported the underlying approach but found that Family Start had suffered as a result of the way it had been implemented, and
that the performance of providers was variable. The review recommended that MSD should help providers do better, clearly prescribe the core aspects of the programme in its guidance and contracts specifications, and continue to monitor the programme's effectiveness. Once providers’ performance had improved, the government should consider further expanding Family Start.

In March 2011, Minister Bennett directed the Ministry to implement a package of changes to the governance, design and implementation of Family Start. MSD was to place the seven providers whose performance was of most concern on one-year contracts and provide intensive support and monitoring through a technical adviser; if the provider still failed to meet expectations, its contract would be retendered. MSD would develop new performance measures to bring the prevention of child abuse and neglect to the centre of the programme, and provide training and support for whānau workers and supervisors on the prevention, identification and management of child maltreatment. The Ministry would also review the criteria for entry to Family Start, its distribution across the country, and the length and frequency of the home visits made. The Director of the Social Sector Trials would be responsible for improving the performance of Family Start, and report to the Minister through the Social Sector Forum.

As part of National’s 2008 Confidence and Supply Agreement with the Māori Party, Tariana Turia became Associate Minister for Social Development and Employment, and Minister for the Community and Voluntary Sector and Disability Issues. Turia was committed to an approach which worked with whānau as a whole rather than focusing separately on individuals and their problems. In June 2009, Cabinet established a Taskforce to construct an ‘evidence-based framework’ for ‘Whānau-centred’ initiatives. This became known as the Taskforce on ‘Whānau Ora’, a Māori term for the well-being, health and resilience of families which recognised whānau as a collective entity, endorsed a group capacity for self-determination, and embodied an intergenerational dynamic.

The Taskforce's report argued that services to promote Whānau Ora should be ‘characterised by integrated and coherent delivery’ and co-ordinated by a single contact person. More effective results would be achieved when goals were articulated by whānau themselves and resonated with families and households. A model was developed under which whānau would determine the outcomes they expected to achieve on the basis of their own unique circumstances. Whānau Navigators would provide a single point of contact for access to a range of services. To implement Whānau Ora, the government allocated $134.3 million over four years in the 2010 Budget, and an additional $30 million over four years in the 2011 Budget. In the ‘establishment phase’, Te Puni Kōkiri set up ten ‘Regional Leadership Groups’ to ensure that whānau-centred initiatives were ‘positive and realistic’. TPK also supported the creation of ‘provider collectives’ representing more than 150 health and social service providers, which were contracted to develop ‘Programmes of Action’ and ‘Business Cases’. FACS helped to develop ‘Whānau Ora provider integrated contracts’ which combined contracts from several government agencies into single ‘outcomes-focused contracts’.

Service integration and transformation

While Whānau Ora drew on concepts specific to Māori culture, there was significant crossover from other attempts to develop ‘outcomes-focused’ services in the shift towards devolved decision-making, more flexible forms of contracting based on outcomes, and the
kind of family/whānau-focused case-management approach which had underpinned the development of Integrated Service Response.

By the end of 2009, the Ministry had established 23 Community Links across the country. It now approved a four-year plan to convert all remaining Work and Income service centres and Heartland sites into Community Links as part of the standard refurbishment process, with work prioritised on the basis of socio-economic data and the level of support from partner agencies. A third of the sites were expected to be ‘Community Link Plus’ sites with facilities accessible after hours. In May 2010, MSD began a trial in Porirua of ‘Community Link in Courts’, a joint initiative with Police and Corrections which aimed to ensure that people affected by family violence who came into contact with the courts had access to the social services they needed.

The government, particularly Minister of Finance Bill English, demanded more innovation and originality of approach in the state sector. In late 2009, the State Services Commissioner asked Hughes to develop initiatives for the transformation of service delivery. The Ministry of Social Development, the Department of Internal Affairs and Inland Revenue began a ‘Service Transformation Work Programme’ consisting of five projects managed within MSD. These projects included ‘ServiceLink’, a web platform providing access to services offered by a range of government agencies, a similar facility for older people (‘SeniorLink’), and new delivery arrangements for financial support to students and through Working for Families, and for the collection of non-tax-related debt.

While the Service Transformation Programme was primarily about improving efficiency, the State Services Commissioner also asked the Social Sector Forum to explore ways of ‘tackling social sector problems before they escalate’, to ‘find better ways of working together’, and to ‘move from remedial actions to preventative intervention’:

This requires an unprecedented level of co-operation, not only between agencies of State, but also with NGOs which may be the most appropriate agency for delivery of services in the community. It will also require the identification and removal of barriers, of which the most significant are differing sector funding mechanisms and the ability of local staff dealing with an issue to make resource allocation decisions; privacy matters; and compatibility of IT systems.

In mid-2010 the Social Sector Forum proposed a number of two-year pilot schemes to trial ‘new approaches to Social Sector Change’ in Kawerau, Tokoroa, Te Kuiti and Taumarunui, Levin and Gore. The aim was to test the ability of an appropriately mandated individual or NGO to use resources from a range of different agencies to bring about change within a community. In some, NGOs or other community organisations would have the authority to determine the mix and form of social services; in others, a public servant or other ‘committed individual’ would play this role. These trials were targeted at twelve- to eighteen-year-olds and aimed to reduce youth offending, truancy, and the abuse of alcohol and other substances, and increase the involvement of young people in education, training and employment.

The Social Sector Trials were among a number of cross-agency initiatives being developed in the sector. Others included policy and services as part of ‘Addressing the Drivers of Crime’; ‘Integrated Family Health Services’ as part of ‘Better Sooner More Convenient Primary Health Care’; and an urban regeneration entity as part of the ‘Tāmaki Transformation Programme’. Across the social sector, integration was very much in vogue as a means to deliver more effective services in a fiscal environment in which competition for additional funding was ferocious. Integration also received additional impetus from an unexpected and tragic source:
the Canterbury earthquakes brought many agencies together, as extraordinary circumstances forced staff to trial new ways of working.

The Christchurch earthquakes and the Ministry of Social Development

At 12.51 p.m. on Tuesday 22 February 2011, Canterbury was hit by a magnitude 6.3 earthquake, its second major shock in six months. While the second earthquake was of lower magnitude than the first (7.1), it was both more damaging and more deadly, as its epicentre was shallower and closer to Christchurch, and it hit at lunchtime on a weekday, when many people were in buildings weakened by the previous quake. To compound the damage caused by ground movement, soil liquefaction hit infrastructure hard, disrupting underground services such as water and sewerage and undermining the foundations of many houses and other buildings. The cumulative impact of the two earthquakes was widespread destruction, with damage to more than 100,000 homes (about half of all housing in greater Christchurch) and the displacement of more than 3000 of the 5000 businesses in the central business district. Most tragically, 185 people lost their lives as a result of the earthquake.40

The significant role that the Ministry of Social Development has played in the government’s response to the disaster reflects a steady growth in its involvement with emergency management over the past decade.61 Since the passage of the Civil Defence Emergency Management Act 2002, MSD has chaired two bodies established to co-ordinate government and non-government agencies in the social and welfare aspects of emergency management: the National Welfare Co-ordination Group, responsible for strategic planning and co-ordination at the national level, and Welfare Advisory Groups which co-ordinate activity at the regional level to facilitate readiness, reduction, response and recovery.62

Response

Thanks to its pre-existing infrastructure, relationships and experience, MSD was able to move relatively quickly when the earthquake struck on 22 February. Within half an hour, the Ministry had convened its Crisis Management Team and activated the 0800 Government helpline, which received 1865 calls in its first twelve hours.63 Two welfare centres were opened that accommodated 900 people on the first night; at these centres, Work and Income staff processed grants for emergency accommodation, food, and other essential items; CYF social workers supported traumatised families and children; and Family and Community Services co-ordinated psychosocial support from a range of providers.64 Four more centres were opened in the next two days.

As chair of both the National Welfare Co-ordination Group and Regional Welfare Advisory Group, MSD planned and co-ordinated the government’s welfare response — both during and the Civil Defence state of emergency and into the recovery phase. MSD developed short- and medium-term strategic plans, and co-ordinated the activities of all government and non-government social services agencies. Many non-government organisations — including the Red Cross, the Salvation Army, Relationship Services, and Presbyterian Support — played essential roles in the response and worked closely with the Ministry, helping FACS to develop a dedicated psychosocial strategy that provided direction to agencies on the support programmes required for individuals, families and communities.

At the same time as it co-ordinated much of the immediate welfare assistance to the public, MSD also had to respond to concerns about the safety and well-being of its own staff.
The Ministry activated its emergency operations centre, which provided information on staff safety and well-being, damage to property, and the resources required from the rest of the organisation to assist the response. Within 24 hours, MSD had accounted for all its staff and established an intranet site and staff hotline (‘0800 MSD STAFF’) to provide information, assistance and support. A senior human resources manager was assigned to deal with queries directly and work closely with the Public Service Association and the National Union of Public Employees. Concerned that it was asking staff to work long hours while many of them were worried about their families and homes, the Ministry arranged for engineers to assess houses and for solicitors to give advice on insurance matters. Many staff from outside the region volunteered to help their colleagues, and nearly 200 were deployed to Canterbury.

In the days immediately after the quake, MSD took an active approach to checking on the well-being of those in their homes. MSD staff established that all children in the care of CYF were safe, phoned 23,000 superannuitants and invalid’s beneficiaries, and contributed to ‘Operation Suburb’, in which teams of building officials, engineers and welfare officers visited homes to assess structural damage and check whether people were coping or needed additional assistance. Family and Community Services (FACS) recruited more than 240 volunteers for the operation, and supported them with a ‘rapid response’ team of counsellors and social workers. Commencing work on 24 February, participants in Operation Suburb visited more than 60,000 houses.

Once issues around immediate physical safety had been addressed, government agencies and local councils turned their attention to questions of wider well-being. Thousands of residents across the city were expected to experience significant grief and increased stress as they faced up to bereavement, damaged homes, a lack of basic infrastructure, overcrowding, children having difficulty sleeping, and frequent aftershocks that caused significant distress. FACS co-ordinated the psychosocial response to the earthquake, contracting Relationship Services and the Salvation Army to provide trauma counselling services and other support. FACS provided additional funding to services for vulnerable children and young people and families under stress, and established an 0800 Quake Support and Counselling Line, staffed by counsellors and social workers, that also served as a point of entry and referral for a range of other services in the Canterbury area. At the request of the Police, FACS also co-ordinated a team of community organisations and Canterbury District Health Board staff who counselled and supported the families of the missing and deceased.

As well as emotional support, many people also needed help to meet basic material needs in the days after the quake. Work and Income administered Civil Defence payments for food, bedding and emergency accommodation, and also acted as the screening and receiving agents for Red Cross grants. Getting help to the people who needed it was difficult: with significant damage to its offices, Work and Income was initially only able to provide welfare assistance from three of its eight service centres, and the state of emergency, damage to roads and lack of public transport made it difficult for people to travel to these centres. To deliver welfare services to cut-off areas, MSD converted camper vans into ‘mobile service centres’ equipped with mobile phones and computer links and branded with signs identifying them as Work and Income service points. From 26 February, these ‘Welfare on Wheels’ vans distributed essential services, information and supplies, and provided a single point of access for Work and Income, Child, Youth and Family, Inland Revenue, Housing New Zealand and
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psychosocial support services. By Friday 4 March, seven vans were in use and all eight Work and Income service centres were operating; these stayed open throughout the weekend.

As it was immediately clear that a large number of businesses would be out of action for a considerable time, MSD policy staff quickly developed a package of support for people who had lost their regular income. Six days after the quake, the government announced an Earthquake Employment Support Package which included an ‘Earthquake Support Subsidy’ to help businesses pay their employees if they were unable to trade. If their employers did not access the subsidy, employees were eligible for ‘Earthquake Job Loss Cover’. The package was supported by the rapid development of a system through which employers and employees could apply for financial assistance on secure online forms. Once an application was validated, payments were made directly into the applicant’s bank account. Between 1 March, when the first payments were made, and 30 June, financial support was provided to 20,000 employers and 50,000 employees.

Recovery

As time passed, government agencies began to shift from the ‘response’ to the ‘recovery’ phase. As people moved to alternative accommodation and the welfare centres were progressively closed, MSD established ‘Recovery Assistance Centres’ in their place, staffed by personnel from the local councils, Work and Income, Housing New Zealand, and key NGO providers such as the Red Cross. Six Recovery Assistance Centres opened on Saturday 5 March and four others in the following days. In the worst-affected areas, these centres were located in facilities such as church halls and community centres and primarily handled enquiries related to Civil Defence or Red Cross emergency grants. They also provided advice and help with housing, water, power and waste disposal.

Requests for emergency housing were initially managed by Housing New Zealand. In early April this responsibility was transferred to the Canterbury Earthquake Temporary Accommodation Service (CETAS), a partnership between the Ministry of Social Development and the Department of Building and Housing. CETAS assisted householders whose homes were uninhabitable and who needed help finding private rental accommodation or, for those who were eligible, a place in one of the government-provided temporary villages. CETAS helped people meet additional accommodation costs and connected them with additional support through the Earthquake Support Co-ordination Service. Between 4 April and 10 June, CETAS worked with 1619 households.

MSD also contributed to the creation of an inter-agency Earthquake Support Co-ordination Service to support those who had to leave their homes. FACS funded a team of 52 Earthquake Support Co-ordinators, drawn from both government and non-government agencies, who worked one-on-one with those who need help, especially those with damaged homes. People could be connected to the service through the 0800 Quake Support and Counselling Line, Government Emergency Helpline, Recovery Assistance Centres and CETAS.

Along with business support organisations and other government agencies, MSD contributed to the Recover Canterbury Service, a ‘hub’ that connected businesses to a range of support services to help them recover from the earthquake, including business mentoring, counselling, and advice on practical matters such as insurance and property. Businesses were connected to services by Business Recovery Co-ordinators, who managed the Employment Support Subsidy on behalf of MSD.
**Future innovations**

These initiatives were carried out amidst significant disruption to property and infrastructure, with many staff having to deal with stress and grief in their own personal lives. With only a quarter of its normal working space available after the quake, MSD had to operate from various places, including a netball centre, halls and an old tyre factory. The damage to property meant that staff from different government agencies had to share premises and work alongside one another, often in difficult conditions.

While many agencies were brought together out of necessity, many reported a number of unanticipated benefits from co-location, particularly in information-sharing, relationship-building, and active collaboration. With the Sydenham CYF office destroyed in the February earthquake, Child, Youth and Family moved its Care and Protection social workers to Ngā Hau e Whā National Marae, where they worked alongside Relationship Services counsellors, probation staff, police, and a team of Earthquake Support Co-ordinators. Based at the Christchurch Netball Centre, FACS, Child, Youth and Family, the Ministry of Youth Development and the Department of Internal Affairs were soon collaborating on decisions about earthquake response funding. At Linwood North Primary School, government, local government and non-government organisations created a 'Social Services Hub' to co-ordinate support for a community with many damaged houses and low-income families.

In the face of adversity, agencies and social service providers experienced a sense of common purpose and community which subsumed individual differences and organisational allegiances. MSD has developed far more strategic relationships with other agencies and with NGOs than it had in the past. ‘What we are seeing across the entire social sector … is a huge willingness to try new things and work in far more joined-up ways than ever seemed possible’, says Ministry of Social Development Regional Commissioner Sue Rissman. ‘Before, we allowed our silos to get in the way of that. But it is happening now, and it is incredibly exciting.’

In mid-2011 senior managers from Christchurch met with MSD’s leadership team and reported that staff were innovating and working more closely together, both across business lines within MSD and with other agencies and service providers. The leadership team decided to support this innovation and flexibility, and encouraged regional and local managers to continue to trial alternative ways of organising and delivering services.

MSD has identified a number of broad areas of potential change based on the innovation in the aftermath of the quake: using technology to allow greater mobility in services, centralising routine transactions, sharing ‘back-office’ functions, adopting common standards for the recording of clients’ core person details, and co-locating services provided by different agencies. According to Work and Income’s Canterbury regional labour market manager, Jo Aldridge, ‘It’s as if everything was thrown into the air and now we have the chance to influence how it lands.’
CONCLUSION

MSD at the crossroads? 2011 and beyond
By the time the Ministry of Social Development celebrated its first decade of operations in October 2011, the agency was a very different organisation from when it was established. Its evolution has been incremental but over time the changes have been significant. MSD is now responsible for a much wider range of services than income maintenance and employment assistance, and has gained considerable experience in service integration and local co-ordination.

Discussion of the social development approach has largely disappeared from the policy agenda, but many of the issues and tensions that it sought to address remain: the need for high-level strategic social policy that cuts across sectors and agencies; the attempt to find a balance between core services in social protection and up-front investment through prevention and early intervention; and the attempt to balance the need for accountability and oversight at the centre (for outputs) with the desire for discretion and flexibility at the local level (for outcomes).

This history concludes in 2011, when several recent reviews suggest that MSD may be at something of a turning point. This is in part a result of major reviews of key policy areas, but it is also due to an evolving consensus about public management, expanding expectations of MSD’s overall jurisdiction and approach, and a fiscal climate in which finding new money for programmes and services will be especially difficult.

In mid-2011 a formal performance review by the State Services Commission provided a largely positive account of MSD’s operations. The review, conducted as part of a joint central agency initiative to drive performance improvement across the state services, found MSD to be ‘a very high performing’ organisation which was well-governed, could respond quickly in spite of its size, and balanced strong central controls with significant local autonomy. It had ‘outstanding’ external relationships, was ‘strong’ at communication and ‘exemplary’ at managing risk, particularly in ‘reducing the extent that the media distract the organisation from its work’. Noting that Child, Youth and Family’s performance had been transformed since its transfer into MSD in 2006, the review praised the Ministry’s ability to shift unemployed people off benefits and into jobs. Its core strength was its ‘outcomes approach’: ‘the way in which staff at the front line are given a lot of discretion to make the most sensible decision in the context of each individual, family, and community’.1

In September 2011, Peter Hughes ended his term as Chief Executive of MSD, which he had led since its creation. Reflecting on his career in an address to the Institute of Public Administration a few months earlier, Hughes had advocated further changes to the public management system to give it greater flexibility and support a shift to a ‘true focus on outcomes’. The current ‘managerial model’ emphasising outputs and the accountability of individual agencies, he argued, was ‘at odds with the reality of the front line where complex problems cannot be addressed by a single agency alone’. The key was the horizontal integration
of services; ‘hard systems’ changes that would ‘support and mandate’ the necessary cultural changes were needed.²

Hughes’ views on the public management system are shared by many experts on public management. Chief executives of several public sector agencies commissioned School of Government researchers to look at the future of the state in New Zealand. Their motivation was a concern that the New Zealand public management model, once considered ground-breaking, was ‘no longer fit for the issues facing the state in the 21st century’.³ The New Zealand model, with its strong focus on vertical accountability and the ‘bottom-line’ performance of individual public organisations, will not provide the ‘step-changes’ necessary to serve a population with increasingly diverse preferences and values who want action on increasingly complex and interconnected social issues.⁴ The government lacks the knowledge, resources and capability to bring about change on its own, they argue; it needs to work ‘collaboratively with a wide range of partners in networks that may stretch out into the economy and into civil society’, respond to diversity through ‘differentiated and customised responses’, and engage the users of government services ‘as co-designers and co-producers in ways that bring citizens directly back into policy processes that affect them’.⁵

Since leaving the Ministry, Hughes has continued to have an influence as a member of the Better Public Services Advisory Group, which was established in mid-2011 to advise the government on potential reform of the state sector. The Group’s report, released in December 2011, argued for ‘new modus operandi’ for state agencies in which ‘sectors mobilise around specified results, deliberately tackling complex issues, or matters that might fall between … individual agencies’. As part of a wider set of changes to the public management system, the group recommended that Ministers agree on a few critical, measurable sector-wide targets for social outcomes, and give chief executives the mandate to lead sector agencies to deliver those results and produce ‘Results Action Plans’ against which they would report regularly and publicly.⁶

MSD’s targets are related to the current government’s two key social policy priorities: child vulnerability and long-term benefit receipt. Addressing these priorities requires extensive co-operation with other agencies, particularly Health and Education. Both areas were the subject of intensive policy work throughout 2011 and 2012, and government services to address each are expected to undergo wide-ranging changes.

In its final report of February 2011, the Welfare Working Group asserted that the welfare system’s ‘major deficiencies’ required ‘fundamental’ rather than merely ‘piecemeal’ change. They argued that there are still not enough incentives and support for those dependent on benefits to move into the workforce; the system should send ‘early, strong signals about the importance of paid work’. Existing benefit categories should be replaced by a single ‘work-focused welfare payment’ (‘Jobseeker Support’); a new delivery agency, ‘Employment and Support New Zealand’, would be expected to meet numerical targets and would be held accountable for long-term outcomes. It was also necessary to address significant shortcomings in childcare, provide intensive work-related support, and improve core health services, particularly in the areas of mental health and rehabilitation. The Working Group also advocated recognition of ‘the value of investing early’ and the adoption of an ‘actuarial’ approach to the ‘forward liability’ for benefit payments.⁷

A more cross-sectoral approach — and potentially also a greater emphasis on early intervention — also seems likely in policy and services for vulnerable children. In July 2011,
the government released a ‘Green Paper’, a discussion document to test public reaction to a range of proposed changes to policy and services. The proposals included reallocating spending towards services for vulnerable children, particularly early intervention and other programmes for which there is sound evidence of efficacy; increasing the numbers of those working with vulnerable children; implementing a ‘child-first’ policy that prioritises services to vulnerable children and their carers; and greater monitoring of vulnerable children, particularly through improved reporting and sharing of information. The submissions, due by February 2012, were expected to inform the development of a ‘White Paper’, an ‘action plan’ for those aged up to eighteen, with a particular focus on children under five.8

Both long-term benefit receipt and child vulnerability are complex, controversial issues which cut across conventional institutional boundaries. Addressing them will challenge MSD’s ability to co-ordinate policy and services across agencies. The SSC review identified this as an area for improvement: MSD needed to make a greater contribution to ‘finding solutions to the big policy problems that are proving hard to crack’, and to consistently provide ‘policy leadership on big policy and social issues, crunching them through to solutions’.9

MSD is not alone in facing the challenge of improving the co-ordination of policy advice on large complex issues. In December 2010, a committee established by the government to review its overall expenditure on policy advice argued that the planning and management of the production of such advice across the state sector could be improved. In recommending that the government professionalise policy analysis to raise its quality and provide better ‘value for money’, the review noted that strategic policy in particular needed improvement: most considered that the management of significant cross-portfolio issues suffered from weak mechanisms for co-ordination. The report also noted concerns about the alignment between Ministers’ priorities and the policy advice they received, with policy work programmes continuing to neglect the ‘big policy questions’ the country faces.10

One mechanism with some potential for improving the co-ordination of policy is the Social Sector Forum, a formal cross-agency mechanism involving the chief executives of the Ministries of Social Development, Health, Education and Justice, and the Department of Building and Housing. Initially known as the ‘HESDJ’ Chief Executives Group, its role has evolved from information-sharing to responding to Ministers’ policy priorities. The Social Sector Forum’s Briefing to the Incoming Government in 2008 argued that the sector could work together to get better results on complex social issues by taking ‘an integrated approach to the design, purchase and delivery of services’.11 A more ‘agile’ social sector could be created through more flexible governance arrangements, greater information-sharing, increased research and evaluation work, and improvements in working relationships with the community and voluntary sector.12 In March 2010, Cabinet agreed that MSD’s Chief Executive would be formally mandated to convene the Forum, which would involve Treasury, the Department of Prime Minister and Cabinet, and the SSC; its work would be overseen by the Cabinet Social Policy Committee.

One current focus of the Social Sector Forum is the ‘transformation’ of services. It is no coincidence that this was also the main focus of MSD’s Statement of Intent for 2011–14. Initiatives include working with Te Puni Kōkiri on the new Whānau Ora model and ‘Trialling New Approaches to Social Service Delivery’ (the ‘Social Sector Trials’), which aim to improve outcomes for young people by ‘challenging and stretching’ legislative, contracting and financial arrangements.13 Activities are agreed with Ministers, resources are shared across agencies,
and MSD is responsible for ensuring overall progress. As the public management experts Jonathan Boston and Derek Gill note, this accountability arrangement is ‘a Procrustean bed, a forced fit to an existing standard, using a work-around to combine a horizontal role within a vertical accountability framework’.

Technology may also play a key role in delivering services in new ways. Hughes’ successor as Chief Executive of MSD, Brendan Boyle, was previously Chief Executive and Secretary for Internal Affairs and the Government Chief Information Officer. As such he was responsible for providing the government with strategic advice on information and communications technology. Boyle also oversaw the Landonline project as Chief Executive of Land Information New Zealand between 2003 and 2007; prior to this he was Director of the SSC’s E-Government Unit.

Much of the emphasis on technology is likely to be about providing services more cheaply; the Better Public Services Advisory Group’s report recommended that government agencies make their transactional services available online more rapidly via a systematic cross-government strategy. But it is also likely to focus on trying to improve effectiveness by pooling information about clients, to inform the decision-making of front-line staff, improve understanding of how clients access services, and target resources towards those assessed to be at greatest risk of negative outcomes.

In addition to the opportunities created by new technology, the uncertainties brought about by the global financial crisis and the Canterbury earthquakes have resulted in a renewed spirit of reform, with more appetite for trialling new models of public management. Officials and commentators alike have begun to sense that New Zealand’s public sector is on the verge of considerable change. Across a range of recent developments, one can trace both signs of the past — abiding issues, unresolved tensions, long-standing controversies — and signs of the future, of new directions for an organisation which continues to evolve.
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ACC</td>
<td>Accident Compensation Corporation</td>
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<tr>
<td>ATL</td>
<td>Alexander Turnbull Library</td>
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<tr>
<td>CEG</td>
<td>Community Employment Group</td>
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<tr>
<td>CERA</td>
<td>Canterbury Earthquake Recovery Service</td>
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<td>CETAS</td>
<td>Canterbury Earthquake Temporary Accommodation Service</td>
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<tr>
<td>COGS</td>
<td>Community Organisation Grants Scheme</td>
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<td>CPAG</td>
<td>Child Poverty Action Group</td>
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<td>CYF</td>
<td>Department of Child, Youth and Family Services</td>
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<td>CYPFA</td>
<td>Children Young Persons and their Families Agency</td>
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<tr>
<td>CYPFIS</td>
<td>Children Young Persons and Their Families Information System</td>
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<tr>
<td>DoL</td>
<td>Department of Labour</td>
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<td>DPB</td>
<td>Domestic purposes benefit</td>
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<td>DRM</td>
<td>Differential Response Model</td>
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<td>DSW</td>
<td>Department of Social Welfare</td>
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<td>DWI</td>
<td>Department of Work and Income</td>
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<tr>
<td>EXG</td>
<td>Cabinet Committee on Government Expenditure and Administration</td>
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<tr>
<td>FACS</td>
<td>Family and Community Services</td>
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<td>FAMIS</td>
<td>Financial and Management Information System</td>
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<td>FVIARS</td>
<td>Family Violence Interagency Response System</td>
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<td>FVPCC</td>
<td>Family Violence Prevention Coordinating Committee</td>
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<td>GELS</td>
<td>Group Employment Liaison Service</td>
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<td>HAIPP</td>
<td>Hamilton Abuse Intervention Pilot Project</td>
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<td>HEWSOG</td>
<td>Health, Education and Welfare Senior Officials’ Group</td>
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<td>HNZC</td>
<td>Housing New Zealand Corporation</td>
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<tr>
<td>IAP</td>
<td>Information Analysis Platform</td>
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<td>IEA</td>
<td>Individualised Employment Assistance</td>
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<td>IEA</td>
<td>Innovative Employment Assistance</td>
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<td>IHC</td>
<td>New Zealand Society for the Intellectually Handicapped</td>
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<tr>
<td>IPA</td>
<td>Institute of Public Administration</td>
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<td>ITT</td>
<td>Integration Transition Team</td>
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<td>JSS</td>
<td>Job Search Service</td>
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<td>LEC</td>
<td>Local Employment Coordination Group</td>
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<td>Long Term Council Community Plan</td>
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<td>MSP</td>
<td>Ministry of Social Policy</td>
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<td>NACPCA</td>
<td>National Advisory Committee for the Prevention of Child Abuse</td>
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<td>NZCFA</td>
<td>New Zealand Community Funding Agency</td>
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<tr>
<td>NZCYFS</td>
<td>New Zealand Children Young Persons and their Families Service</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<td>NZCYPNS</td>
<td>New Zealand Children and Young Persons Service</td>
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<td>NZES</td>
<td>New Zealand Employment Service</td>
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<td>NZISS</td>
<td>New Zealand Income Support Service</td>
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<td>NZRSA</td>
<td>New Zealand Returned Soldiers’ Association</td>
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<td>PATHS</td>
<td>Providing Access to Health Solutions</td>
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<td>SENSE</td>
<td>Service Efficiency Next Steps and Effectiveness</td>
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<td>SKIP</td>
<td>Strategies with Kids: Information for Parents</td>
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<td>SLAM</td>
<td>Student Loan Account Manager</td>
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Notes

Introduction


28. Martin, 'The Role of the State in Administration', p. 44.


34. Tennant, *Paupers and Providers*, p. 43.


46. Martin, 'The Role of the State in Administration', p. 57.


49. Martin, 'The Role of the State in Administration', p. 44.


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33. Norman, 'Managing for Outcomes While Accounting for Outputs', conference paper, p. 11.


5. Given that the New Zealand government was forced down an alternative route, the persistence of the social laboratory metaphor may in part be driven by an attempt to re-establish its bond with Britain. James Belich notes 'an underlying insecurity behind this strange (and enduring) pride in being the world’s white rat'. Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000, Penguin, Auckland, 2001, p. 46.
8. Oliver defines social policy as 'all those things deliberately done by government to promote wellbeing and to limit the effects of misfortune, primarily in terms of material advantages and disadvantages. Social Policy in New Zealand', p. 4.
9. As British troops departed in the late 1860s, the colonial government formed the New Zealand Armed Constabulary. The 1866 Military Pensions Act also provided for those who had been wounded and supported the widows, children and other dependants of soldiers who had died. It created a system of pensions and lump-sum payments for officers, and less generous pensions for other ranks. Māori who had fought alongside the colonial forces were entitled to less than Europeans of an equivalent rank received. See Stephen Uttley, An Enduring Obligation: A History of War Pensions, research paper, Victoria University of Wellington, 1994, n. pag.
13. While the wealthy saw workhouses as a drain on taxes and evidence of improvidence, the poor feared the ‘draconian and inhumane regimes’ which were established to discourage reliance on relief. Cheyne, O’Brien and Belgrave, Social Policy in Aotearoa New Zealand, p. 27; Margaret Tennant, Paupers and Providers: Charitable Aid in New Zealand, Allen & Unwin, Wellington, 1989, pp. 2–3.
18. Belich, Paradise Reforged, p. 32.
23. Tennant, Paupers and Providers, p. 59.
25. I am indebted to Ross Mackay for much of the argument of the remainder of this chapter.
28. In 1882 Colonial Treasurer Harry Atkinson had advocated a social insurance scheme as a means of addressing the problem while also maintaining 'co-operative thrift'. This proposal met considerable opposition, mainly on the grounds that such a scheme would encourage 'idleness' and diminish self-reliance. Social Security Department, The Growth and Development of Social Security in New Zealand, Social Security Department, Wellington, 1950, p. 21.
29. Mackay, 'The New Zealand Model', p. 3.
Chapter 1. Industrial schools

4. Belich, Paradise Reforged, p. 21; Tennant, Paupers and Providers, p. 23.
10. The first industrial school established under the Act was set up by the Otago Benevolent Society. Concerned about overcrowding and 'opening its doors to the criminal classes', the Benevolent Society transferred fifteen children to Caversham. Whelan, p. 36; AJHR, 1881, E-6A, p. 20.
12. In 1862 the Auckland provincial government purchased 1.2 hectares of land in the hope that the buildings and maintenance costs would be supported by public subscription, but this scheme failed for lack of support. The Auckland Society for the Relief of Neglected and Destitute Children was founded in 1870 and within a year housed 50 residents in Howe Street. For its first ten years the school was maintained almost entirely by voluntary contributions, with the provincial government providing only a small grant. Whelan, 'Care of Neglected and Criminal Children', pp. 55–69.
15. Whelan concludes that 'it is probable that Nelson provided better care for her neglected and orphan children than any other New Zealand Province. Whelan, 'Care of Neglected and Criminal Children', p. 89.
17. AJHR, 1880, H-1, pp. 3–4. While naval training was discontinued in September 1881, this was less in response to the conditions than to its failure to achieve the purpose for which it had been established; the boys were discovered to be ill-prepared for actual voyages, and there was little demand for their services. Kohimarama became an ordinary industrial school. See Whelan, 'Care of Neglected and Criminal Children, pp. 106–18.
18. Howe Street Industrial School for boys and girls, Auckland; St Mary's Roman Catholic Orphanage and Industrial School for girls, Ponsonby, Auckland; St Stephen's Church of England Orphan Home for boys, Parnell, Auckland; St Joseph's Roman Catholic Providence Orphanage for girls, Wellington; St Mary's Roman Catholic Orphanages and Industrial School for boys and girls, Nelson; Motueka Orphanage for boys and girls; Canterbury Orphanage for boys and girls, Lyttelton; Burnham Industrial School for boys and girls, Canterbury; Otago Industrial School for boys and girls, Caversham, Dunedin; Benevolent Institution for boys and girls, Dunedin.
20. Tennant, Paupers and Providers, p. 129.
25. In 1880 the School for the Deaf at Sumner was opened. Its first Principal was a pioneer teacher of lip-reading. The Jubilee Institute for the Blind in Auckland was founded in 1890.
27. 'Historical Development of the Former Child Welfare Division', para 12.
30. In 1884 the Department reported to Parliament that not only had a significant amount of maintenance money been collected, a number of parents were 'showing anxiety to obtain the release of their children from the schools'. AJHR, 1884, E-3, p. 7.
33. AJHR, 1884, E-3, p. 6.
34. Whelan, 'Care of Neglected and Criminal Children', p. 38.
36. In 1892 newspapers reported allegations of inappropriate behaviour by Caversham's schoolmaster Mr H. Titchener, which led to his resignation, along with the retirement of his parents Mr and Mrs E Titchener, the Master and Matron of the school. Whelan, 'Care of Neglected and Criminal Children', p. 175.
40. Two reformatories were opened in Canterbury: Burnham was converted for boys, and the Te Oranga Reformatory was opened for girls at Burwood. The Auckland Industrial School was transferred to a Mount Albert property that was used for girls and younger boys, while Caversham became an industrial school for girls only. Industrial schools for boys were opened at Weraroa (Levin) and Nelson. Receiving homes were established in Wellington and Christchurch to provide short-term accommodation prior to boarding out. While they had different purposes and approaches, both receiving homes and reformatories were officially designated as ‘industrial schools’.
41. AJHR, 1902, E-3, p. 4.
42. Dalley, Family Matters, pp. 19, 46.
43. Beagle, p. 55, 243. The only changes were the opening of ‘special schools’: the School for the Deaf at Sumner, the Jubilee Institute for the Blind in Auckland, and a school for the ‘foolish-minded’ on the Campbell Estate at Otekaie, North Otago. While the terminology and approach of these institutions belongs to a past era, they were heralded as particularly enlightened and were a precursor of institutions that were maintained by the Department of Education until the 1980s. The history of these institutions is outside the scope of this book.
44. Dalley, Family Matters, p. 51.
45. As foster parents were often paid for this service, accusations of ‘baby-farming’ in the late 1880s and 1890s led to the passing of the Infant Life Protection Act in 1893. This required the licensing of foster homes and granted the Police powers of inspection.
46. Dalley, Family Matters, pp. 53, 60.
47. Dalley, Family Matters, pp. 40, 44.
59. Cited in Beagle, ‘Children of the State’, p. 79.
60. Dalley, Family Matters, p. 84.

Charitable aid (1885–1930)

1. Tennant, Paupers and Providers, p. 40.
3. Tennant, Paupers and Providers, pp. 47, 48.
4. Tennant, Paupers and Providers, p. 46.
6. Tennant, Paupers and Providers, pp. 69, 70.
7. Tennant, Paupers and Providers, pp. 41, 42.
8. Tennant, Paupers and Providers, pp. 74, 98, 99.

Chapter 2. The Old-age Pensions and Pensions Departments

1. Royal Commission of Inquiry, 1972, p. 43.
8. In 1898, 72 officials were appointed to implement old-age pension policy at the local level. 68 were clerks of court, another three were Registrars of Births, Deaths and Marriages and one was a Registrar of Electors. In addition, at least 29 were also police officers. In 1899, each deputy-registrar had in addition to their unpaid pension work an average of 3.6 jobs. Whyte, ‘Beyond the Statute’, p. 265.
17. Registrar to Deputy Registrar, Thames, 10 Dec 1903, Social Security (SS), Series 7, 9/4/4, ANZ.
18. Deputy Registrar, Thames to Registrar, 15 Dec 1903, SS 7, 9/4/4, ANZ.
19. Registrar to Hon. Colonial Treasurer, 22 Sep 1906; Registrar, Explanation for Rt. Hon. Prime Minister, 16 Dec 1903, SS 7, 9/4/4, ANZ.
21. Stipendiary Magistrate, Invercargill, Copy of Judgment 1902, SS 16143, A2, ANZ.
23. Stipendiary Magistrate to Commissioner of Pensions, 9 Jul 1910, SS 16143, A2, ANZ.
26. Whyte, ‘Beyond the Statute’, pp. 132–3. Tension between the Department and magistrates was also
significant. McClure notes that magistrates were inconsistent in their treatment of Māori applications: ‘Some magistrates undertook extensive research; some dismissed Maori claims categorically; some judged Maori poverty from appearances rather than land ownership; and some followed the direction from head office to limit Maori pensions in any way possible and granted a £12 annual pension to all Maori, two-thirds of the European rate… Maori gained more from the discretion of local magistrates who understood their conditions and their practice of redistribution within the pa; the further Maori lived from the centre and head office prejudices, the more likely they were to benefit from the discretion of the local court’. McClure, A Civilised Community, pp. 27–8.

30. The head of the Post and Telegraph Department, Donald Robertson, was appointed Commissioner of Pensions, but day-to-day operations remained mainly with George Fache. Social Security Department, Growth and Development of Social Security, p. 42.
35. The 1911 general election had an unclear result. In March 1912, the Liberal government announced the recreation of the Pensions Department. Reform took power in July and passed the Military Pensions Act 1912, which introduced a new ‘Maori Wars’ pension, effectively an enhanced old-age pension. Grants were made to 1698 veterans, the last in 1931.
42. AJHR, 1917, H-18, p. 2.
43. The Act also enabled the establishment of local advisory committees to assist investigation of claims. Pensions were paid to successful applicants though the Post Office. Draft Statement for Minister of Defence, 3 Jul 1919, SS 16143, H52, ANZ; Uttley, ‘An Enduring Obligation’, n. pag.
44. McClure, A Civilised Community, p. 36.
46. McClure, A Civilised Community, p. 36.
47. While epidemic pensions were initially administered by the Health Department, the 1919 annual report of the Pensions Department noted that more than 1000 applications for the widow’s pension had been lodged in less than four months, compared with only 200 in the whole of the previous year. AJHR, 1919, H-18, p. 4.
49. McClure, A Civilised Community, p. 36.
50. Henderson, Quest for Efficiency, pp. 106–7, 110.
51. Commissioner of Pensions to Minister of Pensions, 13 Oct 1920; WR McLean to Undersecretary, Department of Justice, 2 Jun 1925, SS 16143, OAP190/P46, ANZ.
52. Commissioner of Pensions to Minister of Pensions, 3 Mar 1931, SS 16143, OAP190/P46, ANZ.
53. Both McClure and Whyte assert that this change further disadvantaged Māori. As McClure argues, not only did the Act repeat the section that gave discretionary power to assess Māori ownership of customary land (even though by this time little of it remained), the centralised system enabled the standardisation of the treatment of Māori pension applicants on this ‘fictional’ basis. Commissioner George Fache was able to effectively set Māori pensions at 25% less than the full rates. McClure, A Civilised Community, p. 44; Whyte, ‘Beyond the Statute’, p. 131.
57. AJHR, 1933, H-18, p. 5.
58. Tennant, Paupers and Providers, p. 187.
60. Social Security Department, Growth and Development of Social Security, p. 35.
62. Tennant, Paupers and Providers, p. 183.
63. Tennant, Paupers and Providers, pp. 187–8, 194.
64. AJHR, 1933, H-18, p. 5.
65. Martin, Holding the Balance, p. 205.
66. McClure, A Civilised Community, pp. 59, 64.
67. However, pensions for Māori continued to be assessed on a different basis. See pages 78–9.

Part II. Command and control: Social Security and Child Welfare, 1925–72


2. AJHR, 1926, E-4, p. 4.


6. Dalley, Family Matters, p. 129. As Dalley writes, in practice the homes were not split between those in departmental care and those under supervision, but by gender: receiving homes were used for girls of any age and boys under ten; probation homes were for boys. Eventually, the terminology reflected the division into 'boys' homes' and 'girls' homes.


8. Dalley points out that 'in all but one year between 1926 and 1948 there were fewer than 300 children in residences at any time, and they comprised less than 5% of all children under observation from the 1930s'. Dalley, Family Matters, pp. 129, 130.

9. AJHR, 1927, E-4, p. 4.

10. AJHR, 1928, E-4, p. 2.


12. Minister of Child Welfare to Executive Secretary, Canadian Council on Child Welfare, 12 Oct 1926, SS 40/30/8, ANZ.

13. AJHR, 1937, E-4, p. 2; AJHR, 1939, E-4, p. 4.


15. ACGB, 8300, 40/41/7, ANZ.

16. McClune, 'Visit to West Coast — April 1936', 27 Apr 1936, ACGB, 8300, 40/41/7, ANZ.


18. CW, W 1982, 14/13/1.


20. AJHR, 1944, E-4, p. 2; Dalley, Family Matters, p. 96.


25. AJHR, 1941–4, E-4, p. 4.


27. Dalley, Family Matters, p. 117.


34. AJHR, 1929, E-4, p. 4; Brian Manchester, 'Foreword' to McDonald (ed.), Working for the Welfare, p. vi.


37. AJHR, 1939, E-4, p. 3.

38. Lorna Hodder, 'Recollections from 1940', New Zealand Social Worker, vol. 5, no. 4, 1969, p. 27.


44. 'Social Welfare at the Crossroads', p. 59.

45. AJHR, 1952, E-4, p. 8; Superintendent to JE Muntz, Nursing Adviser, Department of Health, Melbourne, 21 Nov 1952, 10/9/9, Part Two.

49. Review of Casework, 12 Apr 2007, A2656978, GO/LE/08/01/07-7498, MSD Records.
52. M Lyons, DCWO to Superintendent, 9 Jun 1955, Department of Education, Child Welfare Division (ACGB), Series 8300, 8/10/6, Part One, ANZ.
61. Child abuse was a relatively minor part of Child Welfare work until the 1960s; the welfare of the family unit was the primary focus of the Division. As Dalley points out, while child abuse was ‘rediscovered’ in the 1960s, both the Division’s definition of the problem and its mandate for intervention remained hazy. With corporal punishment accepted by many as a regular part of family life, the precise definition of ‘ill-treatment’ was unclear. The instructions in the Field Officers Manual were typical of the Division’s cautious attitude. While suggesting that ‘wrong methods of handling children could slowly be corrected’, the Manual noted that ‘excessive corporal punishment’ was ‘only one aspect of a bad relationship’, ‘the mere removing of it solves little’. Reluctant to interfere too heavily in families, the Division recommended assistance and supervision in an attempt to subtly change the family dynamic, so that ‘punishment will be less necessary’. Child Welfare Division, ‘Field Officers Manual’, 1957; Dalley, Family Matters, pp. 256–7.
63. Dalley, Family Matters, p. 194.
64. Child Welfare Division, ‘Field Officers Manual’, 1957. Legislative amendments in 1960 granted parents and children the right to appeal against Children’s Court decisions; from 1961, they could request reviews of committal and supervision orders. While these were significant developments in terms of child welfare policy, they did not drastically alter the overall framework within which staff operated.
66. AJHR, 1948, E-4, p. 7, 1972; E-12, p. 80. It would be simplistic to attribute this increase to a decline in morality, though it does suggest significant social change. It is difficult to separate changes in behaviour from home conditions, societal attitudes towards youth and families, and the mechanisms of public agencies that detect and record such figures. As Dalley has argued, there may have been a rise in youth offending as result of the ‘disaffection of youth’, but public sensitivity towards juvenile delinquency may have also been a factor. The Child Welfare system itself may also have played a part; concern over youth behaviour drove a significant expansion in preventive work that brought more young people into the system. Much of the apparent rise in youth offending may have resulted from more proactive welfare and policing systems. As Dalley notes, the problem of ‘juvenile delinquency’ may have been a ‘self-fulfilling prophecy’: the increase in court appearances may have led to official and public concern at the growing problem, which in turn led to demands for a stronger response by the Division. Dalley, Family Matters, p. 194.

Chapter 4. The Social Security Department

1. Dominion, 3 Feb 1939, p. 10.

Notes
Social Developments

8. Dominion, 28 Mar 1939, p. 11.
14. From April 1939, the Social Security Department took over responsibility for: ‘Registration of unemployed; Calculation and payment of sustenance; payment of relief through sickness; inquiry into the circumstances of applicants for unemployment relief; Operation of State Placement Service in all but the four main centres; financial assistance to unemployed women and girls … ; and Cash grants for assistance to men proceeding to distant full time employment’: AJHR, 1939, H-11A, p. 1; Martin, Holding the Balance, p. 210; Social Security Department, Growth and Development of Social Security, p. 44.
16. AJHR, 1940, H-9, p. 9.
19. Registrars and district agents were authorised to approve the payment of ‘temporary’ benefits (unemployment and sickness). Chairman, Social Security Commission to Minister of Social Security, 20 Jan 1948, DSW Corporate Office Pre 1992, ADM 2/2/1 Part One, MSD Records.
22. Departmental War History, 1949, Social Security (SS), Series 7, 2/6/55, Part One, ANZ.
23. In June 1940, the Manpower Division of the National Service Department took over the Registration Branch of the Social Security Department to coordinate military conscription and mobilisation. District office placement staff were the basis for the creation of District Advisory Manpower Committees. Martin, Holding the Balance, pp. 214–15.
24. Departmental War History.
25. Departmental War History.
26. AJHR, 1941, H-9, p. 11. Legislation in 1940 extended coverage to those serving in the RNZAF, Navy, Army Nursing Service and Mercantile Marine. Subsequent legislation increased allowances and pensions, and extended them to new categories of relatives and dependants. In 1943 a new War Pensions Act was passed after a comprehensive review. This consolidated all previous legislation, made provisions considerably more generous, and gave the claimant the benefit of the doubt that death or disablement was attributable to war service. From 1943 the Department assisted the Rehabilitation Department with the payment of the Rehabilitation Allowance, a benefit provided for up to thirteen weeks or until a pension claim was settled or employment was found. From 1945 the Department also controlled the payment of a Demobilization Allowance that was paid to veterans undergoing medical treatment which prevented normal employment.
27. Departmental War History.
29. Departmental War History.
33. Departmental War History.
34. McClure, A Civilised Community, p. 108.
36. ‘Introductory Remarks by Chairman to Registrars’ Conference’, 28 Feb 1956, SS 7, 2/6/45, ANZ.
42. Tennant, *Paupers and Providers*, p. 196.
47. Payment of the family maintenance allowance was dependent on the beneficiary taking out a maintenance order; it was withdrawn as part of a restructuring of benefits in 1972. Nolan, *Breadwinning*, p. 271; Beaglehole, *Benefiting Women*, pp. 10–11.
50. Labrum, *"Bringing Families up to Scratch"*, pp. 164, 172.
56. Registrars and district agents inquired into the circumstances of the applicant and then made a recommendation to the Social Security Commission.
57. Simonsen, *Supplementary Assistance Scheme*, p. 79.
59. Simonsen, *Supplementary Assistance Scheme*, p. 78.
60. Speech notes for AET Williams, date unknown. SS 7, 2/6/45, ANZ.
66. In 1955 one commentator noted that welfare was administered by several agencies ‘depending on the meaning given to welfare’: Child Welfare Division, Department of Maori Affairs, Visiting Teachers, Psychological Services, Health Department, Child Health Centres, and Hospital Boards. Financial Assistance for ‘needy’ cases was administered by three Departments: the Child Welfare Division’s Needy Family assistance scheme, the Social Security Department’s Special Assistance Fund, and Hospital Boards. JT Ferguson, *Administrative Problems in New Zealand*, in Scott (ed.), *Welfare in New Zealand*, p. 62.
68. Old people’s welfare councils were set up in the major centres from 1948, and a 1955 Conference on the Care of the Aged attempted to clarify roles and responsibilities among the overlapping welfare services for senior citizens. The District Advisory Welfare Committees comprising representatives from government and voluntary organisations that were authorised in 1952 were to co-ordinate the response to specific cases and provide either cash or non-monetary assistance such as clothing, fuel and home help. McClure argues that they suffered from a lack of clear responsibility; they ‘had no authority to make decisions on cases they promoted, or power to disburse the state’s money, and without this power they lost interest; some disbanded, and others became “hollow shells”’. McClure, *A Civilised Community*, p. 142. Local co-ordinating councils set up in the 1960s also lacked support, encouragement and guidance in the absence of an overarching national body.
74. GJ Brocklehurst to Secretary, State Services Commission, 15 Sep 1966, ADM/14/1/1, Part One, MSD Records.
75. In 1962 the Parliamentary Commissioner (Ombudsman) Act established the position of Ombudsman to investigate complaints about central government departments, adding a level of accountability to the Department’s discretionary decision-making. The Ombudsman immediately received more complaints about the Social Security
Chapter 5. Entrenched divisions, 1972–75

5. Nelson Evening Mail, 20 Jul 1971, clipping on file 19/1/1, ADM 9/1/1, MSD.
7. AJHR, 1974, E-12, p. 9.
9. When a Social Security staff member was appointed to head Auckland district, social workers reportedly protested. Joe Mutu, Ted Gallen, Ross Mackay, Terry Baker, Dianne Noonan, Grant Tucker, Gregor Hardy, Ken Rand and Pat Thomas, interviewed by Rob Brown and Tim Garlick, 14 Jul 2010.
10. AJHR, 1977, E-12, p. 5.
12. AJHR, 1971, E-12, p. 23.
Social planning

1. 'New Zealand at the Turning Point', Taskforce on Economic and Social Planning, Wellington, 1976.

Chapter 6. New pressures, 1976–84

8. Mackay, ‘Remaking the Welfare State’, p. 82.
Social Developments


13. More than 300,000 age and universal superannuation benefits were transferred manually to the new scheme, and 80,000 applications from newly eligible 60–64-year-olds were also processed. AJHR, 1977, E–12, p. 16.


23. Mutu et al., interview, 14 Jul 2010.


28. National Superannuation and family benefits for the region were directly controlled from this office; family benefits were processed at the Henderson District Office, while superannuation was administered from Otahuhu (Manukau from 1980).


40. AJHR, 1978, E–12, p. 44.


42. Ross Mackay, Children in Foster Care: An Examination of the Case Histories of a Sample of Children in Care, with a Particular Emphasis on Placements of Children in Foster Homes, Research Section, Department of Social Welfare, 1981, pp. 8, 12.


44. Dalley, Family Matters, pp. 292, 293.


49. Barretta-Herman, Welfare State to Welfare Society, pp. 8, 13, 69, 109, 113. The 1977 Report of the Taskforce on Economic and Social Planning called for ‘more systematic development of community solutions to social problems within a community setting’. In 1978 the first report of the Council of Social Services recommended that the government ‘adopt a general policy of involving consumers and the general public as far as practicable in all aspects of social service provision’ (Barretta-Herman, p. 113).


52. 'Review of the Social Work Division', p. 64; 'Review of the Department of Social Welfare Volunteer Programme', Community Development Unit, Department of Social Welfare, May 1985, p. 3.


56. The team relinquished responsibility for visiting Family Homes and institutions, although ‘advisers
join with Head Office Residential Services staff to carry out formal inspections of institutions from time to time.' Review of the Social Work Division, p. 28.
In 1979 the head office of the Social Work Division was reorganised into two functional areas: 'Social Work Operations' became primarily preoccupied with tasks relating to enquiries, ministerial work, and correspondence; 'Social Work Development' became responsible for professional development, through training and inspection, and organisational development, through the development of volunteer services and 'innovative policies and programmes. Raoul Ketko to all Social Work Development Staff, SWK 1/1/3, Part One.
62. The Accident Compensation Act 1972 had replaced litigation as a mechanism for compensating those injured in accidents with a 'no fault' system of earnings-related compensation, and established an Accident Compensation Commission with responsibilities for rehabilitation. The DPCW Act provided disabled people who were not ACC claimants with statutory entitlement to funding for specific services, including respite and attendant care, and grants for home alterations. AJHR, 1981, E-12, p. 6.
63. AJHR, 1978, E-12, p. 15.
64. 'An Historical Overview of Disability Services and Policies in New Zealand,' Briefing to the Incoming Minister of Disability Issues, Office for Disability Issues, Wellington, 2002.
70. AJHR, 1984, E-12, p. 59.
73. AL Mitchell to Mr Grant, 7 Mar 1980, STF 6/25/4, Part One, MSD.
74. AL Mitchell to Mr Grant, 7 Mar 1980, STF 6/25/4, Part One, MSD.
77. SJ Callahan, Memorandum to the Cabinet Committee on Family and Social Affairs, 4 Feb 1982, O&D 144-0 Part Two 1982–1983, Department of Social Welfare.
78. AJHR, 1984, E-12, p. 59; O&D 144-0 Part Two.
84. Dalley, Family Matters, pp. 299–301.

Chapter 7. New directions, 1984–87
3. 'Briefing Notes', Jul 1984, Department of Social Welfare, Wellington, pp. 79, 94. The briefing noted that, while benefits had been regularly adjusted for inflation, the freeze had depressed the value of real wages; the incomes of low-wage families were not far above the unemployment benefit. The Department questioned the equity of the existing system, pointing out that two-thirds of all expenditure on benefits was directed towards the 15% of the population aged over 60, while less than a fifth went to the quarter of the population aged sixteen and under.

4. Above this level payments abated at 25 cents in each dollar. For a one-child family assistance cut out at $22,550; for a four-child family, at $28,790. While Family Care was not provided to beneficiaries, the child supplement was raised from $4 to $10.


6. The scheme was administered by the Inland Revenue Department, with the Department of Social Welfare paying only beneficiaries and those with low taxable incomes.


16. On 18 January, the Prime Minister wrote to Douglas informing him that the Royal Commission had 'packed it in this morning' as its chair was unwilling to accept a flat tax regime. To implement a flat tax rate, the government would either have to 'make large numbers of low and middle-income people (who do not qualify for GMFI relief) pay more tax or … avoid that by shrinking in arbitrary ways the size of Government. That is intolerable.' Chapman, 'A Political Culture Under Pressure', pp. 18, 22.


25. 'He Ara ki te Aomarama', pp. 18, 19.


32. JW Grant, Director-General to Minister of Social Welfare, 24 Jul 1985, STF 18/4, Part One.


36. The regions were: Northern, South/West Auckland, Central North, Central, Central South and Southern. Central South regional office, for example, controlled nine offices between Masterton and Nelson.

'Inventory of the Department and Its Programmes', p. 15.
Electronic data processing (1968–88)

1. A ‘key edit capture system’ was later installed to enable the input forms from districts to be captured directly on magnetic tape, rather than through punchcards.
3. AJHR, 1974, E-12, p. 11.
5. AJHR, 1980, E-12, p. 6.
7. AJHR, 1975, E-12, p. 11.

Chapter 8. From administration to management, 1987–91

21. ‘Review of Internal Controls’, p. 64.
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23. 'Review of Internal Controls', p. 64.
24. 'Performance and Efficiency in the Department of Social Welfare', p. 46.
25. 'Performance and Efficiency in the Department of Social Welfare', p. 47.
26. 'The findings of both the mail survey and the interview survey are substantially in agreement as to the outcomes of the Stepping Out pilot projects. The majority of respondents thought that Stepping Out was a good idea, but only a very small minority felt that Stepping Out had helped them to go off the benefit or make some other specific change in their circumstances, such as studying or training. The benefit statistics examined support these findings'. Mike Rochford and Niti Pawakapan, 'An Evaluation of the Stepping Out Programme, Research Section, Department of Social Welfare, Wellington, 1990, p. 29.
29. While applicants were required to register for the unemployment benefit only once, long-term beneficiaries who were not actively using the Employment Service were required to attend a Department of Labour employment assessment interview. Rob Laking for Director-General, 24 Jul 1988, Cabinet Economic Development and Employment Committee Minute Dev 89 M 11/5.
30. 'Performance and Efficiency in the Department of Social Welfare', p. 49.
34. 'Performance and Efficiency in the Department of Social Welfare', p. 46.
35. 'Inventory of the Department and Its Programmes', p. 45.
37. 'Performance Review of the Department of Social Welfare', p. 46.
38. 'Inventory of the Department and Its Programmes', p. 47.
39. AJHR, 1992, E-12, p. 11.
40. 'Inventory of the Department and Its Programmes', p. 46.
42. AJHR, 1991, E-12, p. 19.
43. AJHR, 1992, E-12, p. 11.
44. Working Party on Operational Work Procedures, 'New Ways of Working (now that we have SWIFT)', 21 Nov 1991, OPS/6/34/6-01.
53. 'Inventory of the Department and Its Programmes', p. 80.
59. AJHR, 1990, E-12, p. 41.
61. 'Inventory of the Department and Its Programmes', p. 16.
63. John Angus to Rob Brown, 7 Nov 2011.
Family violence

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12. Murray Petrie, Organisational Transformation: The Income Support Experience, Department of Social Welfare, Wellington, 1998, p. 15; New Zealand Parliamentary Debates, 19 Mar 1992, vol. 522, p. 7045. In April 1991, an independent evaluation of the Department's new financial management system found that 'neither the information produced by the system nor the system itself was being used effectively to provide quality financial management information,' and that 'lines of accountability were not in accordance with accepted commercial norms' (AJHR, 1991, E-12, p. 18). Like many organisations in the state sector, Social Welfare had not yet adjusted fully to the new environment.

Benefit and welfare reform, 1990–93

1. This summary of benefit changes is based on a draft chronology in use within the Ministry of Social Development at the time of writing. The description of the outcome of the 'Welfare that Works' proposals is based on Jonathan Boston's account in 'Reshaping Social Policy in New Zealand.'
2. The Labour government also announced that the main working-age benefits would be replaced with a 'universal benefit' and an 'incapacity scheme' (for ACC and incapacity benefits); these plans were abandoned by the new government.

Chapter 9. The business units, 1992–93

17. Petrie, Organisational Transformation, pp. 29, 57, 63.
22. 'Review of the Children, Young Persons and their Families Act,' pp. 95, 114, 189.
Chapter 10. Strategic directions, 1993–99


5. Smith and Norman, 'Change without Trauma', p. 137.


8. Smith and Norman, 'Change without Trauma', p. 139.


19. In 1995 the Department launched a similar strategy, 'Lali', for Pacific Island staff and clients.


27. Petrie, Organisational Transformation, p. 34.


34. Petrie, 'From Welfare to Well-being', p. 11.

35. Shea, A Study of Customised Service, pp. 60, 70, 137.

40. According to Petrie, national office sampling found accuracy levels to be 'significantly lower' than those reported through self-assessments, and in 1995 the Audit Office issued a qualified opinion for the Service's performance measures, which included data on timeliness and accuracy. Petrie, 'Organisational Transformation', p. 29.
42. 'Positive Income Support', pp. 5, 12–13.
43. 'Ministerial Briefing Papers', 1996, p. 82.
50. Alter-Shaw, 'Shaping the Bureau or Maximising the Budget?', p. 179.
51. Smith, 'From Process to Performance'.
52. Benefit Crime Business Case, Jun 1996, BD/2/1PT1-IS.
54. Benefit Crime Business Case, Jun 1996, BD/2/1PT1-IS.
55. Alter-Shaw, 'Shaping the Bureau or Maximising the Budget?', pp. 18, 19.
58. Alter-Shaw, 'Shaping the Bureau or Maximising the Budget?', p. 25.
Between mid-1998 and mid-1999, the number of unallocated cases was reduced from more than 2000 to fewer than 200, the proportion of plans reviewed within required timeframes increased from around 60% to over 80%, and the timeliness of service responsiveness improved from less than 50% within timeframe to over 95% for the critical category (same-day response), 80% for very urgent (two days), 75% for urgent (seven days), and 85% for low urgent (28 days). 'Briefing to the Incoming Minister 1999', p. 26.

The 1997 Budget included funding for the development of Youth at Risk programmes over three years by an interdepartmental group. This involved two key programmes: Maori Community Initiatives for Youth at Risk of Offending, and 'Wrap-around', an inter-sectoral service based on the principle that services to children and young people should be tailored to meet their specific needs, rather than 'one size fits all'.

These included practice tools to help social workers screen for risk of suicide, mental health problems, and drug and alcohol abuse, assess the specific needs of the young person and identify programmes which would address offending behaviour. The Strategy also included services developed specifically for young Māori, six specialist placement homes, one-to-one care placements, day programmes tailored to the needs of a young person, and community-based rehabilitation programmes.

Between mid-1998 and mid-1999, 80% for very urgent (two days), 75% for urgent (seven days), and 85% for low urgent (28 days)
Poverty, income adequacy, and supplementary assistance


5. The required gap between income and commitments was reduced to $10 a week in late 1994 following the concerns about the growth in food bank usage, and to $5 in 1997 in response to policy commitments in the National–New Zealand First Coalition Agreement.


7. High Court Judgment, 13–16 Feb, A1872750, GO/LE/09/06-6018, MSD.

8. High Court Judgment, 13–16 Feb, A1872750, GO/LE/09/06-6018, MSD.


Iwi Social Services


6. ‘Briefing to the Incoming Minister 1999’, p. 5.


5. ‘Essential Ingredients’, p. 27.
3. IAP Resources, History, IAP/9/1, MSD.
4. Developing Effective Strategic Social Policy Capability, 12 Mar 1999, PA/SP/11/1, MSD.

The Code of Social and Family Responsibility

1. Judith Davey, Another New Zealand Experiment, pp. 31–2, 34.
4. Angus and Brown, ‘Cracking the Code’.
5. Angus and Brown, ‘Cracking the Code’.


2. ‘Review of Department of Labour Activities: Review Team Report’, Department of Labour, Wellington, 1988, pp. 4, 32, 34. According to the report of the 1988 Royal Commission on Social Policy, which was released at roughly the same time as the organisational review, DoL’s placement service was trapped in a vicious cycle. Many unemployed people preferred to look for work through newspapers and personal contacts, and the nature of the Department of Labour’s clients coloured the views of employers, who tended to notify vacancies which were ‘disproportionately low-skilled, low-paid, and of short duration with limited future prospects’. A perception that the Employment Service primarily referred unemployed people who were most in need of a job offer, rather than those most qualified for the job, also encouraged employers to notify ‘fewer vacancies of lower quality’. Deborah Mabbett, ‘The Placement Service and the Benefit System’, The April Report: Report of The Royal Commission on Social Policy April 1988, The Crown, Wellington, 1988, pp. 636, 640–1.
3. ‘Review of Department of Labour Activities’, p. 29.
4. Training Support remained with the Department of Labour until mid-1990, when the majority of its functions and staff were transferred to the new Education and Training Support Agency. John Martin, Holding the Balance: A History of New Zealand’s Department of Labour 1891–1995, Canterbury University Press, Christchurch, 1996, pp. 353–4. In 1989 NZES, the Labour Market Analysis Unit and the Department of Social Welfare concluded that work-test procedures were no longer effective and relaxed reporting requirements. After their initial registration with NZES, the unemployed were only required to provide DSW with regular declarations of income and availability for work.
7. Dacre and Gavin interview.
9. Dacre and Gavin interview.
11. Dacre and Gavin interview.
12. Hickton interview.
19. Hickton to All NZES Staff, 1990, 402/1, DoL.
20. ‘Future Directions of the New Zealand Employment Service’.
23. ‘An Introduction to the Department of Labour’, 1993, pp. 32, 47.
25. ‘Future Directions of the New Zealand Employment Service’.
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27. 'Evaluation of the Community Taskforce Programme', 322, DoL.
30. 'Job Plus: Changes since January 1993', 325, DoL.
31. The New Zealand Employment Service made a commitment to the government that '10,000 people will participate on Taskforce Green projects; 8,000 people will participate on Community Taskforce projects; and 26,000 people will be helped into full-time permanent employment with the help of Job Plus'. Secretary of Labour to Minister of Employment, 3 Jul 1992, NZES Files, OP 5/27b, MSD.
32. 'Evaluating the Effectiveness of Job Plus', Mar 1994, p. 5, SR/EM/10/04/02, Information Repository, MSD.
33. Reasons included employment of 'broken duration', being assessed as disadvantaged after completing an ACCESS course; living in an isolated location; seeking to return to the workforce; physical or psychological disability. The grounds for each waiver were documented by the employment adviser.
34. Secretary of Labour to Minister of Employment, 1 Apr 1992, 330, DoL.
35. 'Discussion Paper on Programmes Unit: Jobclub and Seminar Activities', 20 Jul 1994, 402/3/2, DoL.
36. AJHR, 1993, G-1, p. 32.
37. Report to Minister of Employment [Draft], 19 Mar 1993, NZES Files, GMO/LTGS, MSD.
38. Secretary of Labour to Minister of Employment, 17 Oct 1994, NZES Files, OP 5/30, MSD.
39. Secretary of Labour to Minister of Employment, 27 Oct 1992, 330, DoL.
40. CJ Mckenzie to Sally Munro, 3 Mar 1994, 330, DoL.
41. AJHR, 1994, G-1, p. 49.
45. AJHR, 1995, G-1, p. 46.
47. CAB (94) M 12/19–24, cited in ETE (94) 98. The Service also increased the number of places on its existing employment programmes for youth, and introduced a version of the Job Link programme targeted at the young ('Job Intro'). Youth Policy 5: Youth Action Initiative, 14 Oct 1994, NZES files, J3/03, MSD.
48. 'Department of Labour — 1996 Post Election Brief', pp. 83, 85, 94.
49. General Manager to Minister of Employment, 19 Feb 1997, 401, DoL.
51. General Manager to Minister of Employment, 19 Feb 1997, 401, DoL.
52. The Task Force recommended the establishment of a network of 'Local Employment Commissioners' who would share labour market information, coordinate employment and enterprise initiatives, develop funding proposals and promote local employment opportunities. Overseen by a National Employment Commissioner, they would also set up one-stop 'enterprise shops' to assist local enterprises. While these recommendations were rejected, the government accepted the need for greater local involvement in decision-making and improved interagency co-ordination. Bray and Strang, 'Tackling Unemployment', p. 112.
55. General Manager to Minister of Employment, 19 Feb 1997, 97/BRI/00672/401, DoL.
56. 'Operation Future Project Brief', 401/5, DoL.
57. General Manager NZES to Minister of Employment, 20 Feb 1996, NZES Files, OP 3/171, MSD. In 1996/97, the Service shifted from 'activity' to 'outcomes-based' performance measures: 'stable employment', 'work experience' and 'training'. In July 1997, NZES changed the way it measured the length of registration of job-seekers; those who returned to the register within thirteen weeks were re-enrolled with retained duration.
60. 'Administration of the Streamlined Work Test', pp. 8–10.
64. AJHR, 1998, G-1, p. 54.
68. Dacre and Gavin interview.

GELS, Special Projects, CEDU and the Community Employment Group
2. AJHR, 1989, G-1, p. 34; Conservation Corps was transferred to the Ministry of Youth Affairs in July 1990.
3. Secretary of Labour to Minister of Employment, 14 Sep 1990, p. 8 402/2, DoL.
4. Parekura Horomia to Caroline Hubbard, 26 Jun 1991, NZES Files, 8/12, MSD.
7. Briefing on CEG Exit Management Strategy, 29 Aug 1997, NZES Files, CEG/00, MSD.

Part V. Turning the corner: The separate agencies, 1999–2001

Student allowances and loans (1989–98)
5. ‘Business Case on the Transfer of the Administration of the Student Allowances Scheme to New Zealand Income Support Services’, 1997, A1455263, CT/IT/04/05/03/01, Information Repository, MSD.
6. The assessment and processing of allowances on behalf of private training establishments and secondary schools was contracted out to ‘Eduserve’.
7. ‘Business Case on the Transfer of the Administration of the Student Allowances Scheme’.
8. ‘Business Case on the Transfer of the Administration of the Student Allowances Scheme’.

Chapter 13. The Department of Work and Income
5. ‘Business Case on the Transfer of the Administration of the Student Allowances Scheme to New Zealand Income Support Services’, 1997, A1455263, CT/IT/04/05/03/01, Information Repository, MSD.
8. Work and Income boosted the capacity of its four call centres by almost a quarter, and opened a fifth. Rather than continue with its FOCIS project to build all business functionality into one large-system environment, the Department implemented a ‘modular’ approach which would enable users to view information from SWIFIT and SOLO in one place. Unified Customer View was piloted in mid-1998.
11. AJHR, 1999, G-60, p. 3.
12. The Department had made considerable progress towards its aim of reducing the number of sites from 219 to 141. It expected to have 129 sites rebranded and reorganised by October 1999. AJHR, 1999, G-60, p. 8; ‘Strategic Plan for Integration’, p. 16. In its Departmental Performance Assessment for 1998/99, the State Services Commission commended Work and Income NZ for its results in its first nine months. The changes outlined in the initial business case had been delivered sooner than expected, and the financial targets for integration had been met. Annexes to the Report of the Ministerial Review into the Department of Work and Income, Wellington, 2000, p. 138.
Social Developments

16. Offices were to be open plan, with desks cleared of everything but computer, mouse-pad, telephone and nameplate; all personal items were to be stored away. Personal photographs could be scanned as a screen-saver — with the approval of the Regional Operations Manager. 'The WINZ Style', Transfer of Community Employment from WINZ, 807/6, DoL.
20. In November 1998, it was revealed that Work and Income employees were under Police investigation for selling personal information from departmental databases to debt collectors. In the same month, a resident of Matangi, near Cambridge, found confidential WINZ papers while putting out his rubbish. In January 1999, there were reports that information had been found in a Taupo shopping mall. NZ Herald, 9 Jan 1999, 6 Jul 1999, www.nzherald.co.nz, accessed 8 Mar 2011. 'Personal Information Protection and Public Confidence: Report by the State Services Commissioner on the Confidentiality and Security of Citizens' Personal Information held by Inland Revenue Department and the Department of Work and Income', State Services Commission, Wellington, Dec 1998.
21. 'Personal Information Protection and Public Confidence', p. 4.
23. Work and Income, NATO, STU/001/003/001, MSD.
24. 'For the Record', Work and Income, NATO, WU/0299, MSD.
29. 'Inquiry into Events Surrounding the Chartering of Aircraft', p. 4.
34. Cabinet Paper, 3 Apr 2000, 807-6, DoL.
35. Assisted by Audit New Zealand, the ‘Probity Improvement Program’ focused on three themes: ‘leadership guidance’, to ensure managers both demonstrated and promoted the ‘appropriate probity culture’; ‘operational control’, which ‘reviewed the preventative and detective procedures, processes and systems to minimise the risks to probity’; and ‘culture development’, to ‘review and improve the way probity is introduced, practised and sustained by staff’. ‘Department of Work and Income, Ministerial Briefing Paper’, Department of Work and Income, Wellington, Dec 1999, pp. 6, 60.
38. The Department ended the practice of ‘cold calling’ clients, and limited membership on benefit review committees. All debts of over $5000 were to be reassessed by someone not involved with the original decision, with a particular focus on cases where payment was being recovered at a rate of $40 per week.
43. In its December 1999 briefing, the Department had stated that it was ‘confident’ it had developed ‘robust and flexible systems’ able to handle the peak loads of applications. ‘Department of Work and Income, Ministerial Briefing Paper’, p. 72.
46. Presentation to the Minister of Social Services and Employment, 20 Sep 2000, Work and Income (NATO), WU/0849, MSD.
47. Presentation to the Minister of Social Services and Employment, 20 Sep 2000.

Chapter 14. The Ministry of Social Policy

4. CAB (99) M10/19/, Cabinet Memorandum, ‘Establishment of Department of Child Youth and Family and Implications for Department of Social Welfare and Strategic Social Policy Capability’, Case and Admin, 09/390-03, MSD.
9. AJHR, 2001, E-12, p. 3.
18. State Services Commissioner to All Chief Executives, 22 Feb 2000, MSD Files, PA/SP/11/01, MSD.
20. AJHR, 2000, E-12, p. 17.
25. AJHR, 2001, E-12, p. 18. In June 2000, the Prime Minister launched the final report of the International Year of Older Persons, and a research report, Factors Affecting the Ability of Older People to Live Independently.
26. State Services Commissioner to All Chief Executives, 22 Feb 2000, MSD Files, PA/SP/11/01, MSD.
30. Karen J Baehler, ‘Ethnicity-Based Research and Politics: Snapshots from the United States and New Zealand, Social Policy Journal of New Zealand, issue 18, 2002, pp. 18–19. The debate was fuelled further in October 2000, when the Race Relations Conciliator, Rajen Prasad, raised doubts about the wisdom of affirmative action policies in healthcare, which he considered had the potential to be discriminatory and divisive. Chapple was caught up in a political storm in which supporters of the government’s strategy challenged not just his arguments, but his motivations and integrity.
32. Report to Minister of Social Services and Employment, 27 Apr 2000, MSD Files, PA/SP/11/01, MSD.
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37. Improving the Knowledge Base for Social Policy, Cabinet Paper, A20776, SR/PU/02/02, MSD Information Repository.
39. Cabinet Paper, ‘The Inclusive Economy and the Social Development Approach’, 22 Jun 2001, pp. 7, 9–10. The Social Development Approach was considered by the Cabinet Social Policy Committee in June 2001 alongside a set of Treasury papers, ‘Towards an Inclusive Economy’. Treasury argued that an inclusive economy was based around the relationships between ‘social capability’ (values, trust, institutions, networks, human capital), ‘productive capability’ (labour, capital, technology, productivity) and ‘individual well-being’ (consumption, family, health, employment, security, community, freedoms and opportunities). Improvements in one area often had positive impacts on others but were sometimes zero-sum; the challenge was to ‘understand better the nature of effects running in both directions so that the best outcomes are achieved’. Many social problems arose because of low absolute levels of income that typically resulted from low skills and education. For Treasury, the best way to influence distributional outcomes was to improve education and labour market opportunities. ‘The Inclusive Economy and the Social Development Approach’, pp. 9–10.

Chapter 15. The Department of Child, Youth and Family Services

2. Manager Strategic Policy to Post Integration Study, Mar 2000, Case and Admin, PD/334/14/4, MSD.
5. Manager Strategic Policy to Post Integration Study, Mar 2000, Case and Admin, PD/334/14/4, MSD.
7. Manager Strategic Policy to Post Integration Study, Mar 2000, Case and Admin, PD/334/14/4, MSD.
8. Strategic Business Plan 2000/01, p. 11.
9. Report to the Minister of Social Services and Employment, 4 Dec 2000, Case and Admin, MG/812/1/0-33, MSD.
18. Report to the Minister of Social Services, ‘Meeting with Peter Cooper and Felicity Lawrence of Advanced Dynamics’, 13 Dec 2000, Case and Admin, PD/334/14/4, MSD.
19. Brenda Pilott to EMT, 18 Jan 2001, Case and Admin, 04/9, MSD.
20. ‘Meeting with Peter Cooper and Felicity Lawrence of Advanced Dynamics’.
23. Chief Executive to Minister of Social Services and Employment, 21 Jun 2001, Case and Admin, MG/812/1/0-58, MSD.
31. In April 2002, a Youth Offending Strategy was released as a ‘blueprint’ for the medium- to long-term development of the youth justice sector. This set out the principle that the nature of intervention with young offenders should be based on their risk of continued offending; there were key points at which intervention was both most appropriate and most effective. Ministerial Taskforce on Youth Offending, p. 3, Case and Admin, 09/593.
33. Report to the Minister 2002/143, Case and Admin, 09/582, MSD.
34. Report to the Minister of Social Services and Employment, 12 Dec 2002; Call Centre Evaluation Report, 12 Dec 2002, Case and Admin 09/390-04, MSD.
35. Brown raised concerns that informal resolution processes used by CYF might not meet statutory requirements and left children without recourse to independent judicial review or other safeguards. He recommended a review to ensure that the Department’s practice was consistent with both the 1989 Act and the United Nations Convention on the Rights of the Child. Brown had been told that CYF had a ‘family is always best’ approach that endangered children; he recommended that the Department review the extent to which social workers applied the ‘paramourcy principle’ when making placements. On the other hand, Brown had also received reports that too many children and young people were being placed in out-of-family care. Brown, ‘Care and Protection is About Adult Behaviour’, pp. 64–9.
40. In 2003 the government established a Social Workers Registration Board to set standards of professional practice and accountability mechanisms.
41. The Department reviewed the effectiveness of Care and Protection Resource Panels as a mechanism, and made a number of operational changes to clarify their role and boost their involvement in advice and co-ordination. Report to Minister, 19 Apr 2004, A332814, FS/01, Windows Explorer Archives, MSD.
42. AJHR, 2003, E-70, p. 15; Updated Briefing, p. 30.
46. AJHR, 2003, E-70, p. 16.
47. New Directions State Report, Apr 2003, CYF Intranet, accessed 13 Mar 2011. In April 2003, the Department had appointed a new project manager and approved a revised project plan. In August 2003, a steering committee for the ‘strengths-based’ practice project decided to hold a ‘learning lab’ in Tauranga office which would draw on staff experiences to ensure that ‘the approach is informed by operational realities and gains practitioner and managerial support’. This was to be followed by a review, after which the Department planned to roll out practice documents and tools for each site.
51. Measures included setting standard limits for client financial plans, staff reductions, greater management control over some regions, and attempts to reduce clients’ length of time in care. Updated Briefing for the Incoming Minister, Department of Child Youth and Family Services, Wellington, 2003, p. 13.
53. In April 2003, the Chief Social Worker released her report into the case of Jules Mikus, who had been convicted of the abduction, sexual violation and murder of Teresa Cormack fifteen years after the event. The Department had been involved with Mikus as an adolescent; the Chief Social Worker found that its policies, practice and systems had been ‘inadequate to address the challenge that Mikus posed’. Shannon Pakura, ‘Lessons from the Mikus Case Analysis: Moving from Reaction to Prevention’, Child, Youth and Family, Wellington, Apr 2003, p. 4.
Social Developments


62. A collaborative process between CYF and MSD in 2004–5 led to the transfer of funding on the basis of the strength of the links between the types of services and the agencies’ primary outcomes. Report to Ministers of Finance, State Services, Social Development and Employment, and Associate Minister for Social Development and Employment, Dec 2005, A1233259, SC/O1/04/02/02/1, MSD Information Repository.

63. Report to the Associate Minister for Social Development and Employment, 9 Jul 2004, IS/901/18/0.

64. This was monitored by a Programme Management Steering Committee, ministers, an Officials Advisory Group and a Programme Management Advisory Committee. To establish a single line of accountability within the organisation, the Department combined the General Managers, Social Work and Community Services into the position of General Manager, Social Work Operations, supported by a Director of Regional Operations and a Director of Operational Support Services.

65. Panui Newsletter, Department of Child Youth and Family Services, 18 Dec 2003, p. 3; 28 Jan 2004, p. 3; Supplementary Written Questions, 1–46, p. 7, A3328790, FS/01, Windows Explorer Archives, MSD.


68. Report to the Minister, 21 Sep 2004, REP/04/9/186, Case and Admin, 05/2992, MSD.

69. Report to the Minister, ‘Progress Since the Baseline Review’, REP/04/11/243, 8 Nov 2004, Case and Admin, PD/329/102/1-01, MSD.


72. Report to the Minister, ‘Progress Since the Baseline Review’.

73. Panui Newsletter, Department of Child Youth and Family Services, 7 Apr 2004.


75. Panui Newsletter, Department of Child Youth and Family Services, 18 Dec 2003.

76. Martin Jenkins and Associates, Child Youth and Family Workforce Capability Development Strategy, Jun 2004, A2912477, SO/CH/02/12/04/02/01/1, MSD.

77. Report of the Department of Child, Youth and Family Services First Principles Baseline Review, p. 82.

78. Report to the Minister, ‘Progress Since the Baseline Review’, REP/04/11/243, 8 Nov 2004, Case and Admin, PD/329/102/1-01, MSD.


80. ‘Understanding CYF Client Intake’, 7 Jul 2006, Case and Admin, PD325/74/10-05, MSD.

81. A Business Process Model for CYF: Preliminary Scoping, Case and Admin, PD/329/102/1-01, MSD.

82. Sense Project: 2003/04 Outcome and Process Indicators, 30 Sep 2006, p. 2, Case and Admin, PD325/74/10-05, MSD.


86. ‘Machinery of Government Arrangements for the Delivery of Child, Youth, and Families Services’.


4. Peter Hughes, interviewed by Rob Brown and Tim Garlick, 8 Apr 2011.


10. These issues had largely been resolved through major change programmes undertaken before the merger.


Chapter 16. Social development and the Ministry, 2001–4

2. The purchase agreement is the document which specifies the outputs to be supplied by an agency.
6. Strategic Review of the Policy and Knowledge Management Groups, Aug 2002, A632816, CT/ HU/03/02/10, Information Repository, MSD.
10. Don Gray, 'Social Development: Focusing on Outcomes, Monitoring Results: Developments in New Zealand', Jun 2005, p. 4, UM/SD/00/05/00, Information Repository, MSD.
17. 'Second Opinion Advice', Feb 2005, SP/CC/01/01, Information Repository, MSD.
18. 'Options for a Social Sector Strategy', Oct 2003, A12746, SP/BC/03/02/1, Information Repository, MSD.
19. Six Countries 2002 Paper One, SO/BE/01/06/01, Information Repository, MSD.
23. Cabinet directed a Chief Executives group of the 'big four' social sector ministries (Social Development, Education, Health and Justice), chaired by Hughes, to collectively and regularly review changes in New Zealand's social environment and report progress on the initial set of critical issues included in Opportunity for All New Zealanders.
27. David Bromell and Marion Hyland, 'Social Inclusion and Participation: A Guide to Policy and Planning', Nov 2006, A2269975, SD/WI/05/07/01/10/1, Information Repository, MSD.
29. In 2004 the government decided to progress the Te Rito and Blueprint strategies jointly, and many projects were merged.
31. 'Options to Achieve the Objectives of a Social Development Strategy' (Draft), 15 Apr 2003, A12824, Briefing to Chief Executive, undated, SP/BC/03/02; Report to Joint Ministers, 20 Oct 2003, GO/ AC/06/04, Information Repository, MSD.
32. Under the Pathways to Arts and Cultural Employment (PACE) scheme, workers in the arts and creative industries were deemed to be meeting the work-test requirements if they were undertaking steps set out in their personalised job-seeker agreement.
33. Alex McKenzie, 'Social Security Chronology', draft, Ministry of Social Development, Wellington, 2012; Six Countries 2002 Paper One, SO/BE/01/06/01; Six Countries — New Zealand Country Update 2005, A279017, SO/BE/02/02/02/02/06-17114, Information Repository, MSD.
34. Ray Smith, 'From Process to Performance, A Delivery Perspective, Six Countries Paper 2002, A1724461, CE/01/1.
35. The Department's performance measure of 'stable employment' (more than 15 hours per week for at least 91 days) was seen as not adequately encouraging longer-term and higher-quality employment outcomes.
36. The four measures, considered collectively, provided a more ‘balanced scorecard’ of service performance. The Ministry also developed ‘activity monitors’, which reported on various performance measures in relation to key recipient groups (gender, age, ethnicity, time on the register, disability, benefit type, and Work and Income region). MSD connected these measures to regional reporting on Key Performance Indicators to provide the basis for regional plans and strategies.

37. Smith, ‘From Process to Performance’.

38. Final JPI Evaluation Report 2004/5, A1911647, SD/WI/03/11/02/03/02/1.


42. KPMG Awards, Direct2Work, A1338787, WI/01/1, Windows Explorer Archive, MSD.


45. Cabinet Paper, ‘Assisting People to Find Work’, 7 Oct 2004, A1395611, SD/WI/05/07/01/08/1; Paul Barker and Nicholas Polk, ‘The New Zealand Labour Market: Meeting Skill and Labour Needs of Tomorrow’, Nov 2004, A1316736, p. 8, SD/WI/03/17/01/01/1, Information Repository, MSD.


47. ‘Mandated Regional Networks, A753327, FA/01/1, Windows Explorer Archives, MSD. These pilots trialled an approach which had proved successful in the private sector: senior decision-makers were connected with those at the front line with practical knowledge and the greatest capacity to make a difference. State Services Commission, ‘Circuit Breaker Workbook: A Front Line Approach to Solving Multi-Agency Service Delivery Issues’, State Services Commission, Wellington, 2004, p. 4.

48. Review of the Centre Presentation, Mar 2010, A4678315, Home Folder Holding Bin, MSD.


50. ‘Regional Social Development Strategies’, A32134, SO/HO/02/01/00, Information Repository, MSD.

51. NECBOP Report Final, 5 May 2003, A32063, SO/HO/01/01/00, Information Repository, MSD.

52. ‘Review of the Centre Integrated Service Delivery: Regional Co-ordination’, p. 29.

53. ‘Otago Youth Wellness Trust’, 27 Apr 2004, A182914, SR/CO/02/01/05, Information Repository, MSD.


55. In November 2001, 26 government agencies signed a ‘Whole of Government Joint Agency Initiative’ with Te Runanga o Te Rarawa, under which they would provide support, advice and some funding to help improve the iwi’s governance systems and infrastructure. At a meeting with Te Runanga o Te Rarawa in September 2003, the Prime Minister agreed to sign a whole of government Memorandum of Understanding with the Runanga on behalf of the Crown (rather than just its agencies), to support the iwi in its endeavours to provide services to its people, and to recognise that ‘the iwi, as a Treaty partner, should be consulted as a matter of course on government policy development and the delivery of programmes and services that directly impact on its people’. The parties also agreed that the Runanga would participate in the first group of integrated contract arrangements led by the Ministry. Te Rarawa Experience, March 2003, A86375, SO/CO/02/02/07/02; Memorandum of Understanding between the Crown and Te Rarawa, 3 Nov 2003, A749896, FA/01/1, Information Repository, MSD.


57. Michael Mills, ‘Social Development at a Local Level’, A96099, p. 21, SO/01, Windows Explorer Archive. To learn more about techniques and processes for inter-agency collaboration in the planning of services, the Ministry’s Strategic Social Policy Group engaged with the Christchurch City Council and the Christchurch Social Policy Inter-agency Network (C-SPIN). C-SPIN, in existence since the early–mid 1990s, consisted of a group of senior managers (regional managers or equivalent) from key government agencies and the nominees of the Chief Executives of the Canterbury District Health Board who had a long-standing commitment to working together. C-SPIN and MSD published a three-year Collaborative Plan for Christchurch Youth which aimed to set out an ‘informed, consistent and co-ordinated approach to planning and delivering services for young people’. The Collaborative Plan for Christchurch Youth, October 2003, A379411, CT/CO/04/02/03/06/02/06/03/01, Information Repository, MSD. MSD also trialled a three-year inter-agency demonstration project in Northcote, to better understand the social position of children and youth in the area, develop a collaborative action plan to improve outcomes, and trial sustainable development within an Auckland community. The Northcote Child and Youth project involved the North Shore City Council, MSD, Housing New Zealand Corporation’s Community Renewal Project and community representatives.


Chapter 17. Leading for Outcomes, 2004–8

1. In early 2005, for example, the Regional Social Policy Group drafted a report which argued that there remained a gap between the Ministry of Social Development's high level definition of social development and day-to-day decision-making about, resourcing of, and monitoring of social development initiatives. That Work and Income and other agencies were sometimes frustrated in their efforts to progress social development approaches in the regions, and that social development was compartmentalised as 'new initiatives rather than as a general approach.' Report to MSD Strategy Forum, 21 Feb 2005, A1281242, W1/01/1, Windows Explorer Archive.


5. MSD had responsibilities in family and community policy and managed the Strengthening Families Local Collaborative Initiative on behalf of the health, education and social services sectors but, by and large, until 2004 its role in services was restricted to assistance with income and employment. Report to Minister, 17 Apr 2003, A575240, PG/01, Windows Explorer Archive.

6. 'Family Service Co-ordination Group', A510044, GO/BU/01/03/03, Information Repository, MSD.

7. 211 Helpline Extended Story, A6266722, SD/FA/03/07/02/01 Information Repository, MSD; Local Services Mapping — Information Sheet, A741506, SD/FA/05/01/03/01 Information Repository, MSD; Family Services National Directory, A737027, SD/FA/03/07/01, Information Repository, MSD.

8. These related to funding for 'Strategies with Kids: Information for Parents' (SKIP), a mentor programme using older people (SAGES), Refugee and Migrant Support, and Strong Pacific Families.

9. Funding Role and NDOC, A89677, SD/FA/04/02/04/1, Information Repository, MSD.


11. Consisting of a supervisor, three police investigators, three adult advocates and three child advocates, the teams were to ensure that agencies shared information and intervened quickly and appropriately. When police attended a family violence occurrence, they recorded the details on a Family Violence Report (POL 400). Evaluation of the Family Violence Interagency Response System — Preliminary Implementation Report, Mar 2008, p. 25, A3641090, SO/YO/26/06-17234, Information Repository, MSD.

12. These included a lack of involvement in the strategy from key government agencies, a lack of clarity...
around its relationship with other inter-sectoral initiatives, variability in the operation of local management groups, a lack of strategic focus, and limited engagement with iwi and Māori service providers. Review of Strengthening Families Local Collaboration, 2005, A1235951, SO/FA/05/01/02/01; Strategic Framework, A1797595, SO/FA/01/05-4131, Information Repository, MSD.


15. Te Rito Small Executive Group Progress Report, May 2004, A44789, pp. 4–6, SO/FA/02/04/01/01/11, Information Repository, MSD.


17. Roadmap for the Future of Family Violence Prevention, 10 Dec 2004, A484931, SO/FA/02/04/01/02-291, Background Work, Information Repository, MSD.

18. Report on the Taskforce for Action on Family Violence, 24 July 2006, A2917618, SO/FA/02/04/01/02/03/06-15359, Information Repository, MSD.


20. The Taskforce for Action on Violence within Families rejected some of Herbert’s claims. Chairman Peter Hughes said that ‘although he welcomed Herbert’s research, milestones had been met on each of the 76 actions outlined in the taskforce’s first programme of action.’ Sunday Star-Times, 13 Jul 2008, www.stuff.co.nz, accessed 13 Jan 2012.


22. Early Intervention Implementation Plan, 18 Apr 2005, A246270, SO/FA/02/10/22/2; Brief on WellChild Sep 06, A2148263, SO/FA/02/10/23/02, Information Repository, MSD.

23. This included taking full responsibility for Family Start and the Home Instruction Programme for Pre-school Youngsters (HIPPY), as well as Parents as First Teachers, Whānau Toko I Te Ora, and parenting classes delivered by the New Zealand Federation of Parents’ Centres. 'Notes on Kia Puawai', Jul 2008, A3577591, SO/FA/02/10/33, Information Repository, MSD.


26. ‘Pathway to Partnership Strengthening Community-based Child and Family Services’, Jul 2007, A2705781, SO/10/01/05/01/03/07-3002, Information Repository, MSD.


28. 'Sustainability of the Care and Protection System — Whole of Government Responses to Demand,' pp. 4, 5, 7.

29. The State Services Commissioner released figures which showed that nearly $70,000 had been spent in relocation, accommodation and transport costs for Tyler and her husband. Sunday Star-Times, 13 Nov 2005, p. A6.


33. This included $5.3 million to meet costs associated with the merger, $6.8 million for demand-driven pressures on Care and Protection, $1.575 million for ‘transition from care to independence’, and $1.3 million for the implementation of differential response. Initial Overview Report for VFM Steering Group, 12 Feb 2008, A3249860, GO/AC/10/05/07-21051, Analysis.

34. Improving Outcomes for Our Children, Young People, and Families — Proposal for Consultation, A1832057, GO/OR/01/01/06-16475, Information Repository, MSD.

35. Leading for Outcomes, A3694948, GO/GL/05/02/09-6464, Information Repository, MSD.


39. Memo to Deputy Chief Executive Regarding FVIARS, A3051828, SO/FA/02/04/01/02/05-290, Taskforce
for Action on Violence within Families, Information Repository, MSD.


44. Report to Deputy Chief Executive — Child, Youth and Family Review: Site Refresh Programme’, 8 May 2009, A2221522, GO/CY/07/06/09-8667/1, Information Repository, MSD.

45. Released in November 2006, the review argued that a greater investment in care would both improve outcomes for children through more permanent living arrangements and reduce social expenditure over the long term. The review team noted that many children and young people who came into care had difficulty achieving permanency as a result of significant behavioural issues that didn't meet accepted clinical thresholds or were not recognised by current services.

46. EXG Review: Sustainability of the Care and Protection System — Permanency, 15 Nov 2006, A2337275, Home Folder Holding Bin, MSD.

47. CYF Response to Select Committee Questions, A3535240, //ESL/08-4117, Information Repository, MSD.


50. This was as part of a review into allegations of financial impropriety by MP Donna Awatere Huata.


52. Cited in The Jobs Letter, no. 204, 7 Apr 2004. In March 2004 a restructuring of the Department by the Secretary of Labour disestablished the Group and transferred its programmes to a ‘Work Opportunities’ unit under the control of a Deputy Secretary. The government established a grants committee chaired by the Secretary of Labour to oversee the grant funding process and apply new Audit Office-approved guidelines.

53. ‘Repositioning CEG Activities,’ Nov 2004, A1385253, UM/WI/03/02/07/03/02, Cabinet Papers, Information Repository, MSD.


55. Work and Income Enhanced Service Delivery Model, Jan 2006, A3147683, GO/AC/10/01/07-21034, Information Repository, MSD.


57. Cabinet Paper, ‘Assisting People to Find Work,’ 7 Oct 2004, A1395611, SD/WI/05/07/01/08/1, Information Repository, MSD.

58. Cabinet Paper, ‘Extending Opportunities to Work,’ A1288919, WI/01/1, Information Repository, MSD.

59. ‘A New Service for Sickness and Invalids Benefit Recipients: Next Steps,’ Dec 2004, A203487, SR/RI/01/07-1620, MSD.


64. Final Future Directions Case for Change paper, A97734, SO/01, Information Repository, MSD.

65. ‘New Service Model Prototype — Report on Targeted Health Interventions and Employment Co-ordinators,’ 4 May 2006, SD/WI/03/02/04/01/06-10043, Information Repository, MSD.

66. The previous range of wage subsidies and skills training programmes was consolidated into a Skills Investment Subsidy and a Time-limited Project Subsidy. Prior to the Working New Zealand: Work Focused Support changes, MSD administered seven types of wage subsidies to assist people on benefits into sustainable employment: CEO Wage Subsidy, Job Connection, Job Plus, Job Plus Training on the Job, Job Plus Training Pre-Employment, Job Plus Māori Assets, and Taskforce Green. On 2 July 2007, minor technical amendments to benefit administration rules were implemented to enable a smooth transition from the existing benefit structure to a core benefit. These included aligning assessment, pay and stand-down periods across benefit types. The previous Work Start Grant, the Pathways Payment programme and the Pathways Debt Recovery Suspension were condensed into a Transition to Work programme for additional costs entailed in entering employment.

67. These were: Contact Centre Support, where clients were required to make a weekly call to the contact centre and inform them of their job-search activities; Search4WRK, a group-based service requiring clients to visit the service centre twice a week for six weeks and actively search for work; In2WRK, where clients were required to make a weekly call to the contact centre and inform them of their job-search activities; and JSS Contracted Services, for those for whom training courses were more appropriate. ‘Job Search Service Process Evaluation,’ Sep 2007, A3797145, UM/WI/02/08/01/04; Working New Zealand: Work Focused Support Biannual Evaluation Briefing, 2 Nov 2007, A2704517, SR/EM/28/02, Information Repository, MSD.

68. Cabinet Paper, Ministry of Social Development, Value for Money Review of Departmental Baseline,
Social Developments

A3147324, GO/AC/10/01/07-21035, Information Repository, MSD.
69. 'MSD's Functional and Organisational Story', 12 Feb 2008, A3416168, GO/AC/10/05/07-21051, Information Repository, MSD.
71. From September 2007, unemployment-related benefit recipients aged 60–64 and partners of primary benefit recipients aged 55–64 were no longer eligible for an age-related exemption from meeting work-test obligations. Working New Zealand: Work-Focused Second Evaluation Briefing, 30 Jun 2008, A3595884, SD/WI/03/02/06/04/07-21173, Information Repository, MSD.
72. Working New Zealand: Work-Focused Support Second Evaluation Briefing, 30 Jun 2008, A3595884, SD/WI/03/02/06/04/07-21173, Information Repository, MSD.
73. Peter Hughes, interviewed by Rob Brown and Tim Garlick, 8 Apr 2011.
75. 'Synthesis of Findings of the Evaluation of the Mangere Integrated Services Pilot', 3 Sep 2004, A420591, pp. 3, 16, 19, SO/FA/02/10/34/05-257, Information Repository, MSD.
76. 'From Transactions to Outcomes: Co-ordinated Case Management in Papakura, (A) & (B), A3256291 & A3256288, GO/AC/10/05/07-21051, Information Repository, MSD.
77. 'Youth Support Project Plan and Progress Report for Manukau City Gang Issues', 7 Nov 2005, A1681463, SO/YO/02/14/02/06-3951, Information Repository, MSD.
78. 'Youth Gangs in Counties Manukau Report, August 2006', A2044047, Home Folder Holding Bin, Information Repository, MSD.
83. 'Supporting Households to Overcome Dependency', 11 Jul 2006, A2055309, SO/FA/02/01/06-12309; Integrated Service Response Update, 1 Apr 2008, A3414256, Home Folder Holding Bin, Information Repository, MSD.
84. Linwood Community Link Audit Committee Memo, 16 May 2008, A3473761, SD/WI/05/04/13/11-16001, Information Repository, MSD.

Specialist Services

3. 'The Future Study of StudyLink: An Outcomes Approach', A631057, CT/HU/02/05/06, Information Repository, MSD.
4. 'Studylink History', 17 Mar 2008, A3313725, GO/AC/10/05/07-21051, Information Repository, MSD.
5. 'Studylink History', 17 Mar 2008, A3313725, GO/AC/10/05/07-21051, Information Repository, MSD.
6. MSD Transformation Story — Presentation, A4524461, CT/CO/11/09/03, Information Repository, MSD.
7. SSIS Story, 29 Oct 2009, A4519158, UM/SP/05/07-14263, Information Repository, MSD.
9. 'Future Service Delivery to Older People', Dec 2006, A3699057, SD/SE/04/07-16375, Information Repository, MSD.
10. 'Examining Issues Around the Future Delivery of New Zealand Superannuation', Dec 2003, A3272883, SD/SE/04/07-16375, Information Repository, MSD.
12. 'Future Service Delivery to Older People', Dec 2006, A3699057, SD/SE/04/07-16375, Information Repository, MSD. There were other key changes in the Ministry's services to older people in this period. In August 2007, MSD launched the SuperGold Card, which provided discounts and concessions from more than 850 businesses, and delivered on Labour's Confidence and Supply Agreement with New Zealand First. In 2008 the government decided to continue producing the Community Services Card, which had been marked for phasing out as part of the primary health care strategy. MSD reported that it continued to receive a significant number of
calls, applications and correspondence. Officials from the Ministry of Health noted its continuing use and recommended that it continue to be produced. After a number of reviews drew attention to problems with the delivery of services to veterans, in July 2008 the government transferred responsibility for war pensions services, including payment of war disablement and war widow's pensions, to the New Zealand Defence Force, leaving only veterans' pensions handled by MSD. Previously, responsibility was split between MSD's War Pensions' Service and Veterans' Affairs New Zealand, a unit attached to the New Zealand Defence Force. Briefing Note for Minister Dyson, Feb 2008, A3241614, SD/SE/04/07-16375, Information Repository, MSD.


14. Services to Seniors — Background Paper, 6 Apr 2009, A4118568, SD/SE/04/07-16375, Information Repository, MSD.

15. MSD Debt Strategy and Initiation Plan, 7 Aug 2007, A2733662, SD/BE/03/01/04, Information Repository, MSD.

16. Integrity in MSD Services — Programme Initiation, A341996, SD/BE/06/02/08-6372, Information Repository, MSD.

17. Report to DCE Specialist Services, 2 Mar 2007, A2524506, CT/HU/02/05/08, Benefit Integrity Services, Information Repository, MSD.

18. This including shifting MSD's Internal Fraud Unit from Risk and Assurance into Integrity Services. 'NZ Case Studies for Six Countries, A4538238, SD/BE/01/15/03/10-17268, Information Repository, MSD.

Chapter 18. The 'Great Recession' and 'Value for Money', 2008–11


6. The unemployment rate rose from 3.5% in December 2007 to 7.3% in December 2009, with males and young people particularly affected. 'The Global Financial Crisis and the New Zealand Economic and Labour Market', 28 May 2010, A4890765, SO/IN/01/01, Information Repository, MSD.

7. 'The Global Financial Crisis and the New Zealand Economic and Labour Market', 28 May 2010, A4890765, SO/IN/01/01, Information Repository, MSD.


13. Work and Income Lean Six Sigma Review, 2 Feb 2011, A5306971, SD/WI/06/02/01/08-15713, Information Repository, MSD.

14. Value for Money Programme, 7 May 2010, A5732629, GO/AC/10/10/11-15557, Information Repository, MSD.

15. Ministry of Social Development: Output Appropriations and Performance Trends, Mar 2010, A5449165, GO/AC/10/02/10-10065. As part of the broader MSD change process, in mid-2009 CYF issued 'Strengthening the Frontline', a proposal to shift the organisation from a four-tier to a three-tier structure by disestablishing the twelve service centres. The aim was to centralise administrative and accounting functions as much as possible, redeploy qualified or registered social workers from service centres to the front lines, and refocus operations managers on the performance of front-line offices. While mainly intended to cut costs, these changes would also allow managers to more closely scrutinise social work practice.

16. All savings are for a four-year period. 'Value for Money Programme', 7 May 2010, A5732629, GO/AC/10/10/11-15557, Information Repository, MSD.

17. Value for Money Review — Overview, 23 Apr 2008, A3404375, GO/AC/10/02/07-21038, Steering Group, Information Repository, MSD.

18. 'Modelling Our Impact', 22 Aug 2008, A3746279, SD/WI/06/02/01/08-14603, Information Repository, MSD.

19. 'Value for Money Review — Overview, 23 Apr 2008, A3404375, GO/AC/10/02/07-21038, Information Repository, MSD.

20. 'Modelling Our Impact', 22 Aug 2008, A3746279, SD/WI/06/02/01/08-14603, Information Repository, MSD.

21. Presentation — Job Search Service, A4527029, SD/WI/06/04/09-7747, Information Repository, MSD.
22. Presentation — Job Search Service, A4527039, SD/WI/06/04/09-7747, Information Repository, MSD.
24. The report stated: 'Our interviews with case managers established that the factors most likely to be constraining more active case management were the case managers’ workloads, and a reliance on beneficiaries to actively and willingly participate with Work and Income in planning. Although the Act enables the Ministry to require sickness and invalids’ beneficiaries to engage with case managers and participate in personal development and work planning, the Ministry had decided that sickness and invalids’ beneficiaries would be invited to participate.
26. This applied to all beneficiaries with work obligations, with some variation for those with dependent children. The first failure of an obligation resulted in a 50 percent reduction in benefit until the person re-complied. A second failure within a twelve-month period resulted in suspension of the benefit until re-compliance. A third failure within twelve months triggered cancellation of the benefit for thirteen weeks or until an approved six-week activity was undertaken. Those with dependent children were subject to a maximum 50 percent reduction of benefit.
27. 'Cabinet Paper B — Future Focus: Obligations and Sanctions, A4674225, CT/IT/04/05/06/07/05/09-16981, Information Repository, MSD.
29. A Fresh Start for Young Offenders, A4007275, CT/CO/07/37/01, Information Repository, MSD.
30. 'A Home for Life for Children in Care', Jul 2010, A5000054, SO/CH/04/10-17348, Information Repository, MSD.
31. 'Reactive — Responsive — Strategic', A46865845, GO/CY/05/01/09-7836, Information Repository, MSD.
32. 'Leading for Outcomes — Year Three', GO/CY/01/02/09-8041, Information Repository, MSD.
33. 'Protecting Our Most Vulnerable Infants — Aug 2009, A4414869, SO/CH/01/04/04/09-11849, Information Repository, MSD.
34. 'Intensive Case Workers and Volunteer Neighbourhood Support for Vulnerable Teen Parents and their Children', Jun 2010, A5323057, SO/IN/11/07/11-1779, MSD.
35. Aide Memoire on MSD and MOE Funding on Teen Parents, 19 May 2011, A5490735, SO/FA/02/09-15841, Information Repository, MSD.
36. 'Transforming Ministry of Social Development Funding Family and Community Services', A5090149, //OIA//08/10-20171, Information Repository, MSD. The decile system ranks the catchment areas of New Zealand schools on a ten-point scale; the lower the number, the greater the socio-economic disadvantage.
37. 'Revitalising Social Work Services in New Zealand Schools', Feb 2010, A4705384, GO/CY/06/10-3034, MSD.
39. 'NZ Herald, 18 Dec 2010.'
40. 'Report to Minister in Response to Mel Smith's Report', 29 Jun 2011, GO/CH/06/01/11-4584, Information Repository, MSD.
41. The case was unusual 'in a number of ways, particularly in the number of government and non-governmental agencies that were involved with the family prior to the alleged abuse, and that they had been delivering some of the most intensive, high-end interventions in an effort to help this family'. Ministerial Inquiry Into The Serious Abuse Of A Nine Year-Old Girl, A5298757, GO/LE/06/01/691/11-1030, Information Repository, MSD.
44. 'Green Paper on Children', A5437597, //CAB//11-1244, Information Repository, MSD.
46. 'Transforming Ministry of Social Development Funding Family and Community Services', A5090149, //OIA//08/10-20171, Information Repository, MSD.
47. The Community Response Model replaced the Local Services Mapping process. 'Design of the Quality Services and Innovation Fund', 26 Jul 2010, A4975527, SO/CO/05/05/05/09-25109, Information Repository, MSD.
48. 'AJHR, 2009, G-60, Ministry of Social Development, p. 1.'
50. 'Making Family Start More Effective for Our Most Vulnerable Children', Mar 2011, A5399908, SO/FA/01/02/01, Information Repository, MSD.
51. Briefing to DCE FACS, 12 Jan 2012, A6003984, SD/FA/05/02/07/11-20481 2012, Information Repository, MSD.
54. ‘Whanau Ora — Progress Update September 2011’, A5828186, SD/FA/05/02/07/11-34, Information Repository, MSD.
55. Regional Leadership Groups comprised between two and seven community representatives and officials from Te Puni Kōkiri, the Ministry of Social Development, and local District Health Boards.
56. ‘Whanau Ora — Progress Update September 2011’, A5828186, SD/FA/05/02/07/11-34, Information Repository, MSD.
57. In March 2010, the Cabinet Business Committee agreed that MSD’s Chief Executive would be formally mandated to convene the Forum, which would involve Treasury, the Department of Prime Minister and Cabinet, and the State Services Commission. ‘Next Steps in Improving State Services Performance’, Office of the Minister of State Services, www.ssc.govt.nz, accessed 12 Jan 2012.
58. ‘Trialling New Approaches to Social Sector Change’, Jul 2011, A5701488, SD/WI/06/08/10-15008, Information Repository, MSD.
59. In early 2010, the new government agreed to the reshaping of the Tāmaki Transformation Programme (TTP), a twenty-year ‘revitalization programme’ approved by the previous government to both physically renew Tāmaki (an area of ‘concentrated disadvantage’ in East Auckland with numerous state houses) and address the community’s social issues. The new package replaced the multi-agency Establishment Board with a dedicated urban regeneration entity based on overseas models that would ‘bring together public and private sector investment, special powers, and an appropriate mandate.’
61. MSD’s capability in the role was first tested in 2004, when it co-ordinated the welfare response to major floods in the Lower North Island and Bay of Plenty. This response made use of the networks and relationships built up through MSD’s leadership role in regional issues, and was reasonably effective. Subsequently, MSD continued to play a key role in the responses to a range of emergencies, and its responsibilities were progressively consolidated and formalised. In July 2006, MSD established a permanent Emergency Management Team to further improve its ability to respond to natural disasters and other unexpected events on an ongoing basis. ‘Eastern Bay of Plenty Regional Flood Relief’, A1287035, 26 Jul 2004, SD/WI/03/05/03/02, Information Repository, MSD.; Summary of MSD Response to February Earthquake: 22 Feb – 30 April 2011; material provided by Nathan Grennell, 11 Apr 2002, p. 20.
63. 55,000 calls were received in the first week after the earthquake.
64. ‘Summary of MSD Response to February Earthquake’, p. 1.
66. ‘Operation Suburb — Outcome Report, Welfare’, A5472376, SD/WI/03/05/01/01/08/01/11-77, Information Repository, MSD.
68. These agencies had a physical presence in the Welfare Centres and the Recovery Assistance Centres that replaced them.
69. FACS administered the Canterbury Earthquake Community Response Fund, later known as the Canterbury Social Support (Earthquake) Fund, which was established after the September 2010 earthquake to support community-based Canterbury organisations delivering critical services that were under pressure.
70. ‘Canterbury Update for LT’, A6196139, UM/CA/05/12-7996, Information Repository, MSD.
71. ‘Welfare on Wheels: Mobile Services’, A6030931, CT/CO/20/09-23436, Information Repository, MSD.
72. ‘Summary of MSD Response to February Earthquake’ p. 9.
73. Recovery Assistance Centres, A5426884, SD/WI/03/05/01/08/01/11-77; Update on Recovery Assistance Centres, 12 May 2011, A5483044, SEC/05/118178, Information Repository, MSD.
74. CETAS Service, A555530, SD/WI/06/02/11-2307, Information Repository, MSD.
75. Earthquake Coordination Service, A6277190, UM/FA/10/12-8014, Information Repository, MSD.
77. ‘Canterbury Update for LT’, A6196139, UM/CA/05/12-7996, Information Repository, MSD.
78. Ngā Hau e Whā is managed by Te Runanga o Ngā Maata Waka, a Māori social service, health and education organisation.
80. Proposed New MSD Service Vision for Canterbury, 8 Dec 2011, A6196111, GO/GL/03/01/11-20012, Information Repository, MSD.
83. ‘City of Ideas’, p. 13.
Conclusion. MSD at the crossroads? 2011 and beyond

1. 'Formal Review of the Ministry of Social Development', State Services Commission, Treasury, and the Department of Prime Minister and Cabinet, Wellington, May 2011, p. 6. On the basis of this relatively glowing review and a range of other anecdotal information, the independent Trans Tasman weekly newsletter made the Ministry the Department of the Year and Peter Hughes Chief Executive of the year. New Zealand Government Departments: People and Policy, Trans Tasman Media Ltd, Christchurch, 2011.

2. Peter Hughes, 'Reinvigorating the Evolution of the Public Management System', draft of paper to 75th IPANZ Annual General Meeting, 9 Jul 2011, pp. 4, 7.


7. 'Reducing Long-Term Benefit Dependency: Final Recommendations Report of the Welfare Working Group', Institute of Policy Studies, Wellington, Feb 2011, pp. 1, 2, 4, 8. At the time of writing, the government's response to the Welfare Working Group was yet to be announced, with the exception of policies towards young people and sole parents. While the Welfare Working Group's recommendation for a new Crown entity has gained little traction, some sort of institutional reform does seem likely. It is also likely that MSD will take an 'active investment approach' to welfare, targeting support services to where they will have the greatest impact and investing earlier to reduce long-term social and financial costs. This is in some ways a continuation of work begun in the mid-2000s to estimate the cost of welfare over the duration of its receipt, rather than at a point in time, and to consider the short-term cost of helping a client into work early in relation to the long-term cost of being on a benefit for an extended period.

8. 'Statement of Intent 2011–2014', Ministry of Social Development, Wellington, May 2011, p. 19. CYF appears to now be trying to move from meeting process targets to lifting effectiveness. The SSC review found that MSD needed to maintain its focus on lifting the quality and consistency of CYF practice, an area also identified by Mel Smith's Ministerial Review. The SSC review also singled out youth justice for attention: now that performance targets in this area had finally been met, the next challenge was to move from a focus on managing the youth justice process to ensuring the system is resulting in reduced reoffending. MSD's Statement of Intent for 2011–2014 included the goal of identifying the factors that create the greatest risk of children progressing from Child Youth and Family care and protection into the youth justice system, particularly through work with at-risk six-to-nine year olds, the age at which intervention was most likely to reduce future problems. 'Formal Review of the Ministry of Social Development', p. 23; 'Statement of Intent 2011–2014', p. 20.

9. 'Formal Review of the Ministry of Social Development', p. 26. The SSC review also urged that MSD improve its ability to monitor and review its policies, programmes and services, particularly the evaluation of their effectiveness. 'Formal Review of the Ministry of Social Development', p. 35.


15. 'Better Public Services Advisory Group Report'. Noting the importance of ICT to MSD's business model, the PIF argued that MSD should complement its own internal advice with advice from independent experts, academics and leaders from the IT industry, and adopt a longer-term and more strategic focus. 'Formal Review of the Ministry of Social Development', p. 40.


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