

Updating Automated Decision-Making (ADM) Use in MSD Processes

Initiative Sponsors: Ministry of Social Development

Description:

This initiative will implement Automated Decision-Making (ADM) in several MSD processes, for simple rules-based decisions, and remove Automatic Decision-Making from the processing of some assistance, to strengthen staff involvement.

These changes will support people's timely access to public services, through changes to operational practice, systems and legislation. This initiative will ensure clients are receiving assistance that they are entitled to and provide an opportunity for MSD to check in with clients more frequently due to the increased staff interaction and/or set review periods.

Financial Impact:

The impacts each year are set out in the tables below:

Vote Social Development Opex:

(\$m)	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
Total	0.021	0.029	(21.155)	(52.594)	(84.180)	(157.879)

Vote Social Development Capex:

(\$m)	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears	Total
Total	0.417	5.288	2.634	-	-	8.339

What is ADM?

- An automated decision is a decision within an automated process where there is no substantial human involvement in making the decision.
- For clarity, MSD's use of ADM does not include generative Artificial Intelligence (AI).

Where will ADM be used?

- ADM will be used in some processes for simple rules-based decisions, where decisions do not require the application of discretion by a staff member. This includes using ADM in some circumstances to automatically trigger a review

of a benefit, request information, confirm ongoing eligibility and rate of benefit, and to stop a client's benefit, where appropriate.

- Further, the use of ADM will also be removed from some operational processes to strengthen staff involvement (Food Special Needs Grants (SNGs), Dental SNGs and Temporary Additional Support (TAS) reapplications via MyMSD).

How will MSD ensure the use of ADM is safe?

- MSD's position is that ADM is best utilised for simple rules-based decision-making. The proposed changes will not introduce the use of ADM for decisions involving discretion.
- MSD has an ADM Standard and a Privacy, Human Rights and Ethics framework which provides appropriate safeguards to ensure safe use of ADM by MSD. Compliance with the ADM Standard together with other safeguarding provisions provides the public with transparency and confidence that MSD is taking appropriate measures to ensure responsible use of ADM. The ADM Standard was developed after consultation with the Privacy Commissioner, the Human Rights Commission and the University of Otago Centre for Artificial Intelligence and Public Policy.
- The ADM Standard applies to any new use of ADM. It requires that any automated decision is accurate, does not lead to any bias or discrimination, the use of ADM is transparent to clients, has human oversight and that a client can challenge any decision made using automation and the review of this decision is made by a person.

How will clients be impacted by these changes?

- Clients will easily be able to confirm that information MSD holds about them is correct, which will ensure they are receiving the assistance they are entitled to. This will be beneficial for clients in helping to reduce the accumulation of debt or underpayments over time.

What assistance will be affected by this initiative?

- The proposals included in this Budget initiative will affect multiple different types of assistance and have a widespread impact on several cohorts of clients. For the avoidance of doubt, the proposals do not change any eligibility settings for assistance types.

How will the legislative amendments be implemented?

- Legislative changes will be required to implement parts of this initiative. The first tranche of changes will be implemented from March 2026. Further changes will be implemented from July 2026, with implementation staggered between July 2026 and September 2027.