

## Invest in employment supports for sole parents

### Initiative Sponsors: Ministry of Social Development

#### Description:

This invest-to-save provides \$93 million over two years to support sole parents into sustainable employment and improve long-term wellbeing outcomes with a net savings of \$190.528 million. It will focus on:

- increasing access to employment case management
- expanding employment assistance and placement opportunities
- reducing barriers to work through flexible, tailored support.

This investment reflects the Government's priorities of increasing employment, reducing the number of children in benefit dependent households, and improving outcomes for families. It responds to rising numbers of sole parents receiving income support, with around 81,500 people on Sole Parent Support as of March 2026.

#### Financial Impact:

#### Vote Social Development Opex:

	2025/26	2026/27	2027/28	2028/29	2029/30	Total
Total Cost	-	43.108	50.200	-	-	<b>93.308</b>
Total Savings	-	8.503	49.217	70.702	62.106	<b>190.528</b>
Net Funding	-	34.605	0.983	(70.702)	(62.106)	<b>(97.220)</b>

#### What is the funding for?

Funding will support additional frontline employment case management capacity to provide targeted work-focused support and improve employment outcomes for 25,000 sole parents.

The investment will also expand access to employment assistance, including increased Flexi-Wage funding, and training and placement programmes, and a flexible fund. Together, these initiatives will enable MSD to address practical barriers to work, provide tailored support, and connect sole parents with suitable job opportunities. Sole parents will benefit from targeted employment programmes to help them move into and stay in sustainable employment.

**Why is MSD investing in sole parents?**

Sole parents often experience long durations on income support, with an average expected time of 17.5 years on a benefit, highlighting the need for earlier and more effective employment support. Evidence shows that work-focused case management reduces the time people spend on benefits and supports sustained transitions into employment.

For sole parents, these employment outcomes tend to be more durable, with those moving into work through this approach spending longer off benefit than other jobseeker groups. Supporting sole parents into employment also increases wage income for families and contributes to reductions in income poverty and children living in benefit dependent households.

**How did MSD determine the savings?**

MSD's savings estimates are based on evidence from previous evaluations and modelling. A June 2019 evaluation of intensive case management with sole parents (covering October 2012 to July 2017) shows strong returns on investment for sole parents of around \$3.40 for every dollar spent.

This evidence, combined with MSD administrative data, was used to model how increased case management reduces time on benefit and supports more sustained employment outcomes. These impacts applied to expected client numbers to estimate future reductions in benefit costs.