

Briefing for Incoming Minister

Social Development

2017



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

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Introduction

We look forward to working with you over the coming term and discussing the most effective ways we can support you and your priorities and responsibilities.

This briefing provides you with information on:

- the scope of your portfolio
- key strategic issues in the social development sector
- the key outcome areas in the Social Development portfolio, and where we see some opportunities to do things differently to achieve positive outcomes for New Zealanders
- other considerations and key cross-sector activities that we contribute to
- key decisions and matters requiring your early attention
- key Ministry contacts.

We can provide you with additional information on any key work programme items for the Social Development portfolio as required.

Scope of your portfolio

You are both the portfolio Minister for Social Development and the Responsible Minister for the Ministry of Social Development. As Responsible Minister, you are accountable to Parliament for the overall efficiency and effectiveness of the Ministry.

You are responsible for \$21.1 billion of the \$22.9 billion in Vote Social Development (see Appendix 1 for details on the other appropriation Ministers in Vote Social Development). This funding covers:

- income support for:
 - people on low or no income through main benefits and supplementary assistance
 - students through student allowances and student loans
 - seniors through New Zealand Superannuation
- employment support, through case management, training, and other services to help those who are able to get into sustainable work
- community partnerships and programmes, including services to prevent and respond to family and sexual violence
- policy and investment advice informed by data and evidence, with the aim of achieving the best possible outcomes for New Zealanders from the Ministry's funding and system settings.

As the Minister for Social Development, your responsibilities include alleviating poverty and hardship, and reducing long-term benefit receipt by, where appropriate, supporting people into work. Higher participation in the labour market supports better social and economic outcomes and growth, which together have a positive impact for all New Zealanders.

As Minister for Social Development, you are also responsible for the Crown's interest in the Crown entities within the Social Development portfolio (more information on these Crown entities is provided in Appendix 2).

Key strategic issues for the wider social development sector

Overview

The fast pace of demographic, social, economic and technological change is influencing social issues in New Zealand. Some of the key medium-term strategic issues are outlined below and described in more detail in the following sections.

- In many areas of the country housing costs continue to rise, homeownership is declining, and increasing numbers of people are finding it difficult to afford housing and secure tenancy.
- The economy is buoyant and unemployment is steadily reducing, so there are more opportunities for paid employment for many people on benefit. However, there are labour market challenges and future economic risks, including low productivity, lack of job security and modest wage growth for lower-skilled workers.
- Even with recent improvements since the global financial crisis, more work is needed to tackle persistent poverty and hardship, including on the wider issues of housing affordability and quality.
- Māori continue to be disproportionately affected by unemployment, low pay, insecure housing, lower life expectancy and other adverse social outcomes.
- Individuals with a disability or health condition continue to face higher barriers to employment.
- Family violence and sexual violence have significant impacts on outcomes for those affected, and carry a high cost to New Zealand as a whole.
- Older people are making up a growing proportion of the New Zealand population, which is becoming more diverse. This will have both positive and negative impacts on the economy and the level of government spending on health and superannuation.
- Technological innovations are continuing at a fast pace and New Zealanders are increasingly expecting new and innovative approaches to the way they receive services.

These are increasingly complex issues that will not be resolved by one agency working in isolation. Sustainable, long-term solutions will involve cross-agency work from a number of government agencies as well as greater partnerships with other players, including service providers, community groups, iwi, Māori organisations and employers.

Access to affordable housing continues to be an issue for many low-income individuals and families.

Housing plays a critical role in the lives of families and individuals, directly in the form of a place to live and through an impact on family budgets.

Both demand for and supply of state/social housing and emergency housing are affected by policy and regulatory settings and pressures elsewhere in the housing market. Demand for state/social housing from low-income households is increasing faster than supply, and increased by 27 percent in the year to September 2017¹. Taken over a two year period from September 2015 to 2017, it has increased by 72 percent.

Demographic changes, including population growth, the ageing population and the decline in home ownership influence demand for state/social housing and housing subsidies. Pressures in the private rental market are also decreasing affordability, with growth in market rents outstripping growth in the incomes of beneficiaries and low-income workers. In some areas, the seasonal labour market also

¹ This includes households already in state/social housing on the Transfer Register

contributes to accommodation shortages. These factors combine to increase numbers needing state/social housing, and also make it more difficult for tenants to exit state/social housing. This has a flow-on impact on the ability to meet demand and on the length of time people spend on the state/social housing register.

Demand for state/social housing is also affected by a number of risk factors that increase people's likelihood of requiring emergency housing or long-term state/social housing. This includes a Corrections history, mental health or drug and alcohol issues, low educational achievement and a history of contact with child protection services.

On the supply side, housing market conditions that decrease affordability for households also increase the costs of building or procuring additional state/social houses. The changing composition of New Zealand households and the ageing population will also need to be reflected in the future state/social housing stock.

Employment rates are historically high but issues remain around insecure employment and wage growth for low-income workers.

Reducing unemployment and joblessness is an important social priority. Not only are employment and earnings an essential foundation for better living standards, they also have health and wider social benefits.

There is currently high economic growth and a strong demand for many types of workers in many labour markets across the country. There are historically high rates of employment and the unemployment rate has fallen to 4.8 percent in the June 2017 quarter, the lowest rate since December 2008.

However, important areas of concern are that productivity remains well below that of comparable OECD countries, wage growth among low-paid workers has been modest, and fixed-term and temporary employment is high. The ageing workforce is exacerbating skill and labour shortages in some sectors, though the impact of this is being 'cushioned' as more people work beyond pension age.

Rapid and accelerating changes in technology will also have implications for the labour market, particularly on the skills required and the likelihood that job changes and periods of unemployment and retraining will become more common in the future. A high-performing education system and continual upskilling of the workforce are essential to maintain our high levels of employment in the face of the changing labour market.

Many people continue to face multiple barriers to employment, including childcare, transport, health and disability. It is important to ensure that these groups can find employment, but also that this employment is secure and leads to sustainable increases in earnings.

Even with recent improvements since the global financial crises, more work is needed to tackle poverty and hardship, including the links to wider issues around housing affordability.

Protecting individuals against persistent low income and hardship is not only a widely supported goal in itself, it also has a range of potential positive impacts for other aspects of wellbeing. For example, adequate family income is important for parenting and child development as it enables parents to better invest in their children. For all households, adequate income reduces the stress that arises from having to make spending decisions about which essentials to go without.

Over the last two decades or so, the bulk of New Zealand households have experienced a steady and solid increase in household incomes in real (inflation-adjusted) terms. Very few other OECD countries have such a consistently strong record in the period.

There are, however, those who have not shared in that growth and who are struggling financially. Even with recent overall improvements arising from the growing economy since the global financial crisis, and the expected further improvements when the Families Package is implemented in 2018, more work is needed to tackle persistent poverty and hardship.

- The high cost of accommodation relative to income for lower-income households is a major driver of financial hardship.
- Paid employment is the best protection against poverty and hardship for the majority of working-age households, but it is not a panacea, as:
 - the ‘working poor’ remain a challenge for most OECD countries including New Zealand (low wages and insecure employment) – for example, even with the assistance of the In-work Tax Credit, around 40 percent of children in families experiencing financial hardship live in households with at least one adult in full-time employment (on most standard income and non-income measures).
 - A growing proportion of those receiving a benefit have health or disability issues, which increases barriers to employment and the chances of long-term benefit receipt and therefore persistent low incomes, through their working age and into their older years.
- Groups with relatively high poverty or hardship rates are children, sole parents, single adults with no dependent children, and Māori and Pacific people.

Warm, dry, affordable and secure housing is important for meeting basic shelter and health needs for people of all ages. It also provides a stable platform for children and working-age adults to help them achieve better outcomes in other areas such as improved education and employment. Around 130,000 children (12 percent) live in households that report a ‘major problem’ with heating the home and keeping it warm in winter.

There is more work to be done to further address poverty and hardship, and to ensure that the overall welfare system is able to meet the demands of a changing labour market and the wide diversity of family structure.

There is a higher rate of economic and social disadvantage among Māori and addressing this in a meaningful way remains a critical priority.

Unemployment, low pay, insecure housing and other adverse social outcomes disproportionately affect Māori. For example, Māori represent 15 percent of the working-age population yet comprise 37 percent of those receiving Job Seeker Support and 48 percent of Sole Parent Support recipients. Māori households are also over-represented in state/social housing (36 percent of tenants and 43 percent of those on the housing register).

Factors influencing this include intergenerational welfare dependence, low levels of education and poor health. Available information suggests that successful approaches for Māori are likely to be community-led and strengths-based, use kaupapa Māori frameworks, and focus on positive relationships within whānau and communities.

Economic development also provides a critical solution for addressing social issues for Māori. The Māori economy is growing rapidly (currently estimated at \$43 billion) and there is scope to further leverage partnerships with Māori businesses.

Most disabled people and people with health conditions can and want to work but more needs to be done to ensure they have equal opportunities to achieve their goals and aspirations.

One in four New Zealanders live with a physical, sensory, learning, mental health or other impairment. Disabled people and people with health conditions have the right to work on an equal basis with others, and most can and want to work. The social, economic and health benefits of employment are significant.

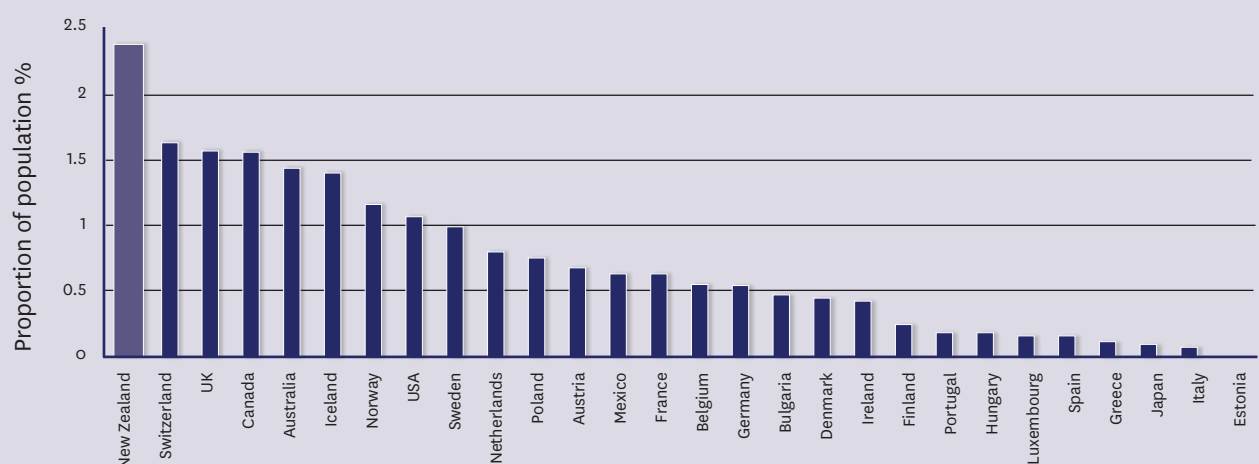
However, disabled people and people with health conditions often face additional barriers to employment including discrimination, lack of work experience or relevant skills, caring responsibilities, and additional costs of work due to their health or disability.

A large proportion of individuals receiving welfare benefits have a health condition or disability, with poor mental health being particularly prevalent. Ensuring that individuals with health and disability needs have sufficient income and opportunities to support themselves, as well as to meet the additional cost of health care, is an important function of the benefit system.

Family violence and sexual violence have significant impacts on the individuals and families affected and cost New Zealand approximately \$6 billion each year.

Family and sexual violence has a significant impact on many New Zealanders and their families. About half of all homicides in New Zealand are committed by an offender who is identified as family². In 2013, 24 percent of women and six percent of men reported having experienced sexual assault in their lifetime³. In 2005 (the most recent international comparison data currently available), New Zealand had the highest rate of intimate partner violence in the OECD, as illustrated by the graph below. More recent unpublished work suggests that New Zealand still has one of the highest levels recorded in comparable developed countries.

Figure 1: Prevalence of partner physical or sexual assault, women and men, 2005



OECD data accessed from <http://www.oecd.org/social/family/database.htm>

Family and sexual violence is complex and often has intergenerational causes and consequences,

² Family Violence Death Review Committee (2014). *Fourth Annual Report: January 2013 to December 2013*. Health Quality and Safety Commission, Wellington.

³ Ministry of Justice (2015). *2014 New Zealand Crime and Safety Survey (NZCASS): Main findings report*.

which require holistic and sustained responses to address ongoing patterns of behaviour. As well as the devastating personal impact on individuals and families, the economic cost of family and sexual violence is very high.

Research in 2014 estimated that family and sexual violence costs New Zealand more than \$5.8 billion each year (including long-term health effects, lost wages and reduced productivity)⁴. Around \$1.4 billion of this amount is spent by government agencies, and almost 90 percent of this goes to dealing with the aftermath of violence (particularly NZ Police, Health, CYF (now Ministry for Vulnerable Children, Oranga Tamariki), and Corrections).

A more cohesive and integrated approach across agencies, including greater emphasis on prevention, is required to keep families safe and support positive long-term outcomes. Government agencies and service providers have been working together to improve government and community responses to family and sexual violence.

Population ageing will have both positive and negative impacts in the future that need to be prepared for today.

Like other countries, New Zealand has an ageing population. Older people are key contributors to our economy and our communities through volunteering in community organisations and providing unpaid care for others, particularly family members.

In the coming decades we expect that:

- seniors will make up a greater proportion of the paid workforce, providing an increasingly valuable contribution to productivity and economic growth and tax revenue
- families will rely more on grandparents for the provision of childcare
- communities will rely more on seniors' participation as carers and in the voluntary sector
- business and the economy will be more dependent on seniors' consumer spending and investment
- many New Zealanders currently resident overseas will choose to return to New Zealand to retire, or will remain overseas and look to New Zealand to contribute to their pension in retirement.

Over the coming decades the ageing population will also place growing pressures on government spending, social services, communities, businesses/employers and families. Population ageing is projected to contribute around 25 percent of the projected increase in the cost of health care from 6.2 percent of GDP in 2015 to 9.7 percent in 2060, and the cost of superannuation will rise from 4.8 percent of GDP in 2015 to 7.9 percent in 2060⁵, though this remains lower than the average for OECD countries.

Material hardship among older people is also likely to increase, particularly as mortgage-free home ownership – historically a safeguard of older people's financial security – will be lower for future cohorts of older people. There are relatively high rates of hardship among some groups within the 45 to 64 age group, which for these people is unlikely to change as they move into their older years. There will also be more older people with disabilities over the coming years, and social isolation and elder abuse are likely to continue to be issues. A growing proportion of older people will need to rely on supplementary benefits in addition to their New Zealand Superannuation.

4 Kahui, S and Snively, S (2014). *Measuring the Economic Costs of Child Abuse and Intimate Partner Violence to New Zealand*, Commissioned by the Glenn Inquiry; Treasury Working Paper 06/04 paper on the costs of crime.

5 This is before-tax expenditure on NZS. The net cost to the Crown of NZS is around 15 percent less.

At the same time, the proportion of the population working will decrease, potentially limiting economic growth and government revenue. This highlights the challenge to increase productivity to create the foundation for New Zealand's future economic growth. Responding to future issues in this area needs to be approached in a way that signals likely policy changes well in advance to future generations so that they can save and adjust appropriately.

New Zealanders are increasingly expecting new and innovative approaches to the way they interact with government and receive services and support. Advances in technology and data analytics will improve our ability to respond to these demands and deliver more relevant services.

Technology has changed people's expectations of how services are provided. The internet has become a two-way forum, enabling people to contribute and interact, as well as to seek and receive information. It has enabled collaboration and sharing of information nationally and globally like never before.

People's expectations of how they interact with government, and the types of services they want, are shifting. As new technologies emerge and become more prevalent in people's lives, they expect that government will both keep pace with the changing digital landscape and use technology to make services simpler.

Systems and structures for providing services should put clients at the centre of decision-making, purchasing and service delivery models. While clients expect more streamlined services, they also expect more individualised, tailored offerings. Improving data analytics, evidence and evaluation functions is critical for providing client-centred services and assessing the effectiveness of interventions and programmes.

Technology is also changing the future of work and the skills demanded by the labour market. Low-skilled jobs will increasingly be replaced by technology, which could result in more frequent periods of unemployment and retraining.

This will require government agencies to adopt a more agile operating model, with frontline staff who are flexible and able to adapt quickly to the needs of individual clients as well as new technologies and ways of working.

Key outcome areas for social development

Three key outcome areas in the social development portfolio are – alleviating poverty and hardship, supporting people into work, and responding to family and sexual violence. Some good progress has been made in these outcome areas, but there is still more that can be done to have a positive impact on New Zealanders' lives.

We are keen to discuss these outcome areas with you and how the Ministry can keep making progress.

Alleviating poverty and hardship

No single measure can robustly capture the many different aspects of serious financial and material disadvantage or poverty. The Ministry's annual report on incomes, inequality and material hardship takes a multi-measure, multi-level approach to better inform policy development, academic research and public debate. The analysis is based on data from Statistics New Zealand's Household Economic Survey (HES), and includes international comparisons.

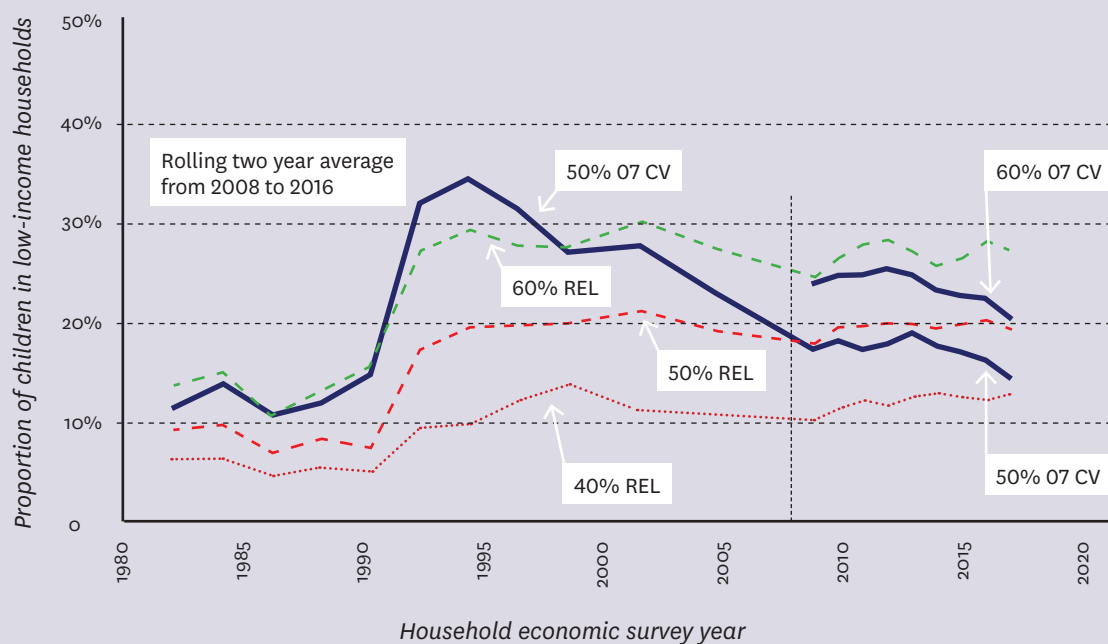
The table below illustrates the value of looking at poverty using low incomes before deducting housing costs (BHC), and after deducting housing costs (AHC), and a material hardship measure to improve understanding of the relative position of different groups. For example, there is a large group of older New Zealanders who live off New Zealand Superannuation and little or no other income, and this puts them close to the 50 percent threshold. This is why there is such a large difference in the 50 percent and 60 percent BHC rates for this group.

Table 1: Proportion (%) below selected thresholds, 2015

	0-17 yrs	65+ yrs	All
BHC 50% of median	13	3	10
BHC 60% of median	21	32	18
AHC 50% of median	18	7	14
Hardship ('less severe')	14	3	8
Hardship ('more severe')	8	1	5

The chart below shows the trends in low income (poverty) rates for children using both relative and fixed line AHC measures. Sampling uncertainties mean that it is the established trend over several years that matters, not year-on-year changes. For example, the Incomes Report advises that the latest points are the least robust (probably a little low) and that the next survey results are needed to clarify the recent trend.

Figure 2: Percentage of children below selected thresholds (AHC): fixed line (CV) and moving line (REL) approaches compared

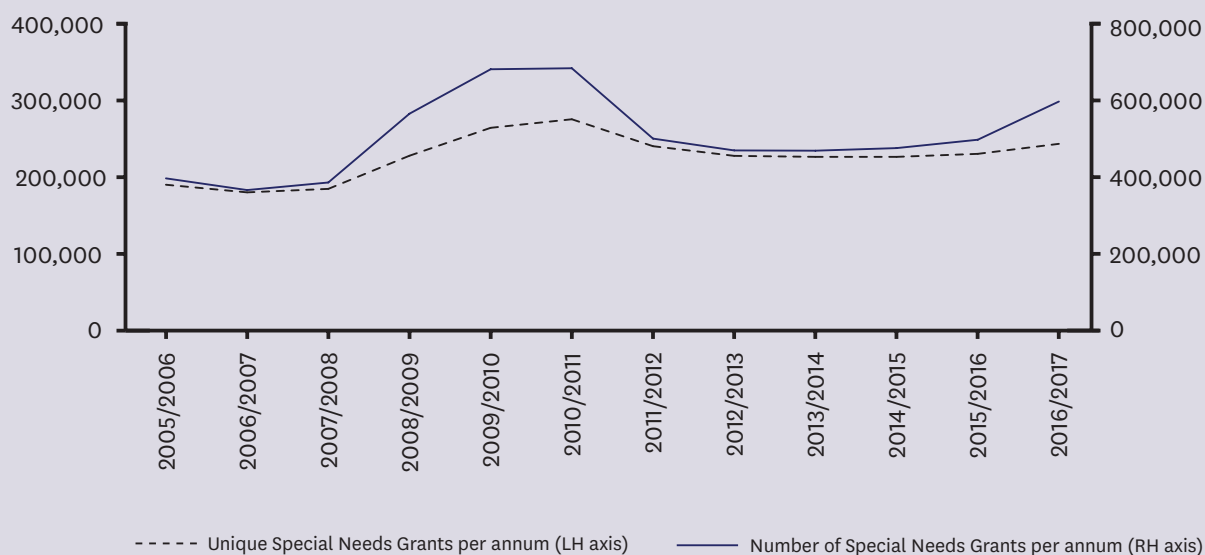


Note: '07 CV' means anchored line with 2007 as reference year, and 'REL' means fully relative line with threshold as a % of median that year

Building off this base, we can provide advice on your proposal to introduce legislation to establish official measures of child poverty, set child poverty reduction targets and change the Public Finance Act so the Minister of Finance reports progress on reducing child poverty each Budget.

The Ministry's administrative data contains more granular information about the incomes and needs of people receiving income support. There has been a significant increase in the number of hardship grants since 2014 to 2015. Around 70 percent of this increase has come from an increase in the average number of grants per person. Fifty-seven percent of the increase is for single persons without dependent children (the largest recipient group), and 36 percent for sole parents. The increase is surprising in the context of a relatively strong labour market. It is likely to be driven by a mix of the increasing pressure of relatively high accommodation costs and other cost increases on the budgets of low-income households, and by operational changes such as online applications.

Figure 3: Number of Special Needs Grants (SNGs) and number of unique people receiving an SNG during a fiscal year



In September 2015, UN members formally adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs). One of the sub-goals in the poverty domain is to reduce, by at least half, the proportion of men, women and children of all ages living in poverty in all its dimensions 'according to national definitions'. There are also goals for food security, decent jobs, housing adequacy and inequality.

United Nations members have committed to providing two progress reports before 2030. New Zealand is the only OECD country without a stated timetable for reporting. The Ministry is involved in an interagency SDG group and is coordinating the social sector aspects of the work. We are also contributing to a Cabinet paper that Ministry of Foreign Affairs and Trade (MFAT) is preparing for later this year. This is likely to include a proposal for a reporting timetable. We are keen to engage with you to understand what your/the Government's intentions and priorities are.

Supporting people into work

We support our clients into work by partnering with industry, employers and the community in the development of local labour market solutions.

Our regional network and centralised employment teams deliver employment services to clients who can and want to work, while recognising that some people will be able to support themselves into employment and we'll encourage them to do so.

We support people to get work ready, start a new job, and stay in work using a differentiated case management service that is focused on relationship-based engagement with service intensity matching individual client need. Housing is the basis for building safe, strong and independent lives, and case management services are also focused on meeting this need.

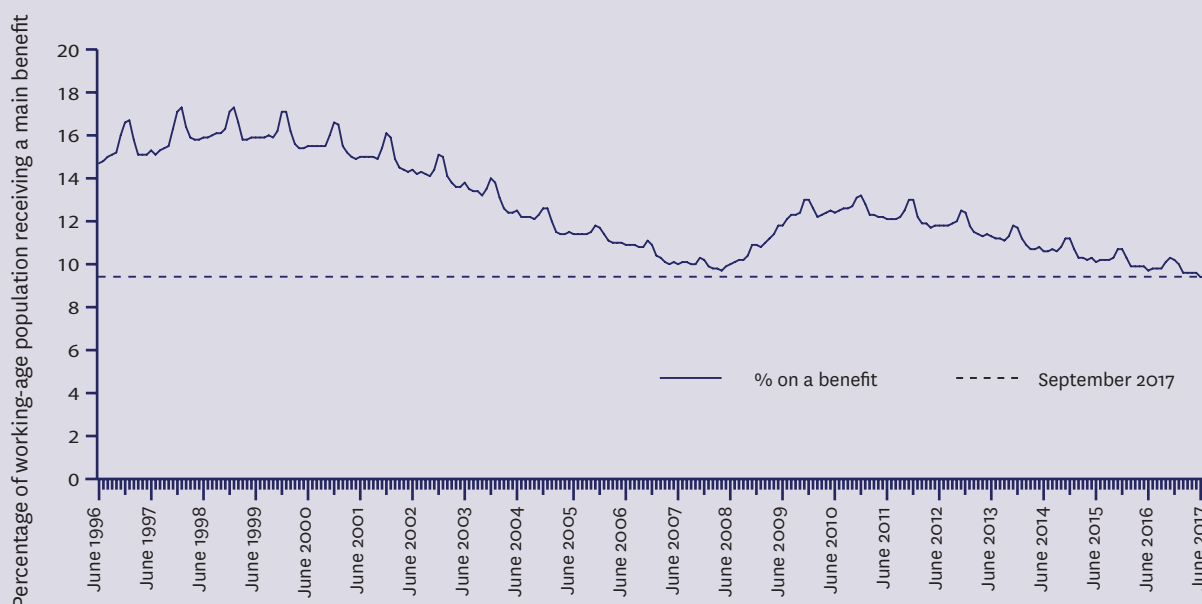
We don't always have all of the answers to the needs of our clients, so alongside our case management services we partner with others in the community and across agencies to meet the varied needs of our clients.

Using analytics and best practice, we match clients to the services that best meet their individual needs, always learning how to be smarter in our support of clients. We will continue to evaluate the effectiveness of services and improve our understanding of the experience of the client so we include their voice when we design our services.

We are designing and offering more services and channel options for clients, making sure services are visible and can be accessed by clients, and giving them the choice to do it for themselves when they can.

Main benefit numbers are falling despite increasing growth in the overall population. At the end of September 2017, an estimated 9.4 percent of the working-age population were receiving a main benefit. This is the lowest level since at least 1996, as shown below.

Figure 4: Proportion of the working age population* on a benefit

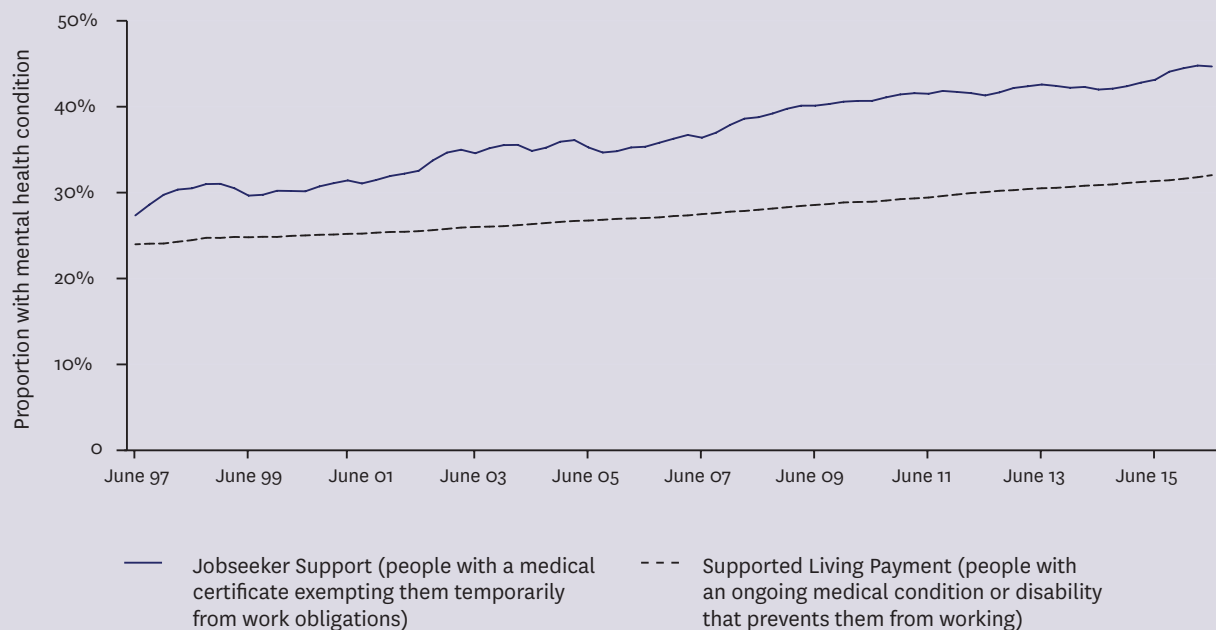


* Working age is defined as 18 to 64 years, proportion population estimates for these ages as at previous end of June (Statistics NZ)

Despite our best efforts, we are not having the same impact for clients with more complex barriers to employment.

- Ethnic disparities remain strong. Māori are over-represented among our clients and are generally expected to stay on benefit longer, regardless of the type of service they receive. Māori comprise only 15 percent of the general population but represent 31 percent of people in the benefit system.
- Young people who come onto benefits before the age of 20 are more likely to stay on benefit longer. In the June 2017 quarter, the Ministry had 42,615 youth aged 18 to 24 years receiving main benefits. There were also a further 1,650 non-working-age 15 to 17 year olds receiving the Youth Payment or Young Parent Payment.
- A high proportion of those who receive benefits have a health condition or disability. Mental health conditions are particularly prevalent as the primary health barrier to work. The proportion of clients with mental health conditions has been growing substantially over time. This is consistent with trends in other OECD countries. While a person's health condition or disability can impact on their ability to work, other barriers that are also faced by other jobseekers have a significant impact, including literacy, lack of qualifications or work experience, and labour market conditions.

Figure 5: Proportion of clients with mental health as their primary incapacity



Our recent benefit valuation shows the Ministry is achieving better outcomes for some clients. For example, the expected future years for clients on the sole parent benefit has reduced from 14 years to 11 years; and the expected future years on a benefit for young people has reduced from 17 years to 14 years as more sole parents have become independent of the benefit system.

The table below shows average future years on benefit across all benefit types.

Table 2: Average future years on main benefit

	2012	2016	Reduction
Jobseeker Support	9.7	9.2	0.5
Sole Parents	14.2	11.3	2.9
Supported Living	12.3	11.9	0.4
Youth	16.9	14.0	2.9
Total All Main Benefit	11.6	10.6	1.0

However, there is still more to be done. A lifetime average of 14 years on a benefit is not the aspiration New Zealanders have for themselves, especially young people. Around 80 percent of people currently on benefit have been on a benefit before, many of these in the previous 12 months. The supports we provide to transition people into work or support them when in work could be looked at to reduce returning rates of benefit.

Future of work

Advances in technology, automation and globalisation are increasingly changing the type of work that is available. This creates both challenges and new opportunities for innovative thinking around the assistance we provide.

According to OECD estimates, around 35 percent of New Zealand jobs are at risk of automation over the next 20 years. Some of the more traditional roles that our clients move into may be less available. Alongside this, part-time and casual work opportunities are likely to increase. There is a growing flexibility in where people can work from (home or remote locations) and new types of work will be available.

With these changes will come new options for people looking for work. We need to be able to help people:

- retrain and develop new skills that will maximise their ability to participate in the changing job market
- think in new ways about how they can work and what work they can do to sustain independence
- overcome barriers to employment.

Through trials and innovation we are learning more about what works to be successful to support people facing challenges moving into work. We also know that we need to be forward thinking as the nature of work and the working environment changes. The Ministry cannot do this on its own and other agencies have a role to play.

We look forward to discussing with you how to ensure key policy settings, services and supports continue to be effective and responsive to change so we can best support people into sustainable work.

Responding to family and sexual violence

The Ministry has identified family and sexual violence as a key strategic issue. Almost 90 percent of current government expenditure responds to violence after it occurs. A better cross-agency approach is required to keep families safe and support positive, long-term outcomes.

The Ministry has been working with other agencies to:

- consolidate agency leadership in primary prevention and perpetrator interventions
- improve specialist services to provide better support for victims and perpetrators of sexual violence
- input into a review of family violence legislation
- develop a common risk assessment and management framework with input from the family violence sector
- provide for workforce development across the sector
- pilot an Integrated Safety Response model in Christchurch and Waikato, which includes the Ministry working with the NZ Police, Health, Ministry for Vulnerable Children, Oranga Tamariki, and ACC to triage and respond to incidents of family violence.

The Ministry has a leading role in prevention work (with ACC) and designs and funds a range of primary and secondary prevention programmes such as It's not OK, E Tū Whānau and Pasefika Proud.

The Ministry also directly responds to violence through:

- supporting victims with income and home support services
- funding incident response and immediate safety (such as refuge services and short-term safe housing)
- funding an Elder Abuse Response Service (including a 24/7 helpline and community-based intervention service)
- providing treatment and support for victims (community-based support for families including counselling)
- funding community-based, non-violence programmes for perpetrators of family violence.

We look forward to engaging with you on your priorities for this area and providing you with more information about our work on family and sexual violence, including potential opportunities for Budget 2018.

Opportunities and levers

The welfare system

The welfare system provides a comprehensive set of supports, including through main benefits, New Zealand Superannuation, student support, and supplementary and hardship assistance. Supplementary assistance is available to assist with additional costs such as housing, childcare and disability.

The Ministry provides direct financial support to many New Zealanders, with around 30 percent of New Zealanders receiving some sort of financial support over a year. The Ministry provides income support payments to around:

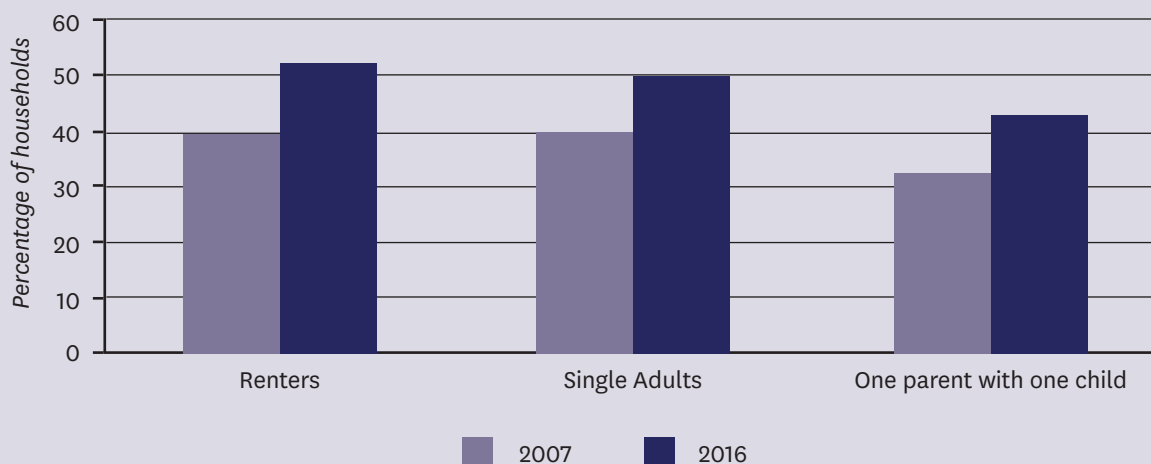
- 276,041 people receiving working age benefits
- 97,000 people with a permanent or long-term health or disability condition through Supported Living Payments
- 730,000 people who receive New Zealand Superannuation
- 187,000 people who access student allowances and loans through the student support system
- an additional 62,000 non-beneficiaries receiving supplementary assistance, such as the Accommodation Supplement and Childcare Assistance.

There are some emerging pressures in the welfare system, and unwieldy legislation underpinning it, which require attention.

While it is outside your portfolio, high housing costs have a significant impact on the welfare system.

The high cost of housing relative to income for low-income households is placing increasing pressure on supplementary and hardship assistance, in particular Temporary Additional Support. A higher proportion of Accommodation Supplement recipients are now spending more than 50 percent of their income on accommodation costs.

Figure 6: Proportion of Accommodation Supplement recipients who are spending more than 50 percent of their income on housing



There are also horizontal equity issues, where people with the same income and housing need are receiving different levels of housing assistance. This is because the level of assistance available for people in the private rental market (through the Accommodation Supplement) is generally significantly lower than that provided through the Income-Related Rent Subsidy for people in state/social housing.

There are elements of the welfare system that you may want to investigate further to ensure settings are operating as intended.

Most payments and thresholds in the welfare system are adjusted each year on 1 April by increases to the Consumers Price Index (CPI) to reflect increasing costs, or by net average wages in the case of New Zealand Superannuation. Consideration could be given to indexing main benefits to net average wages to prevent declining levels of payments relative to New Zealand Superannuation and wages from work.

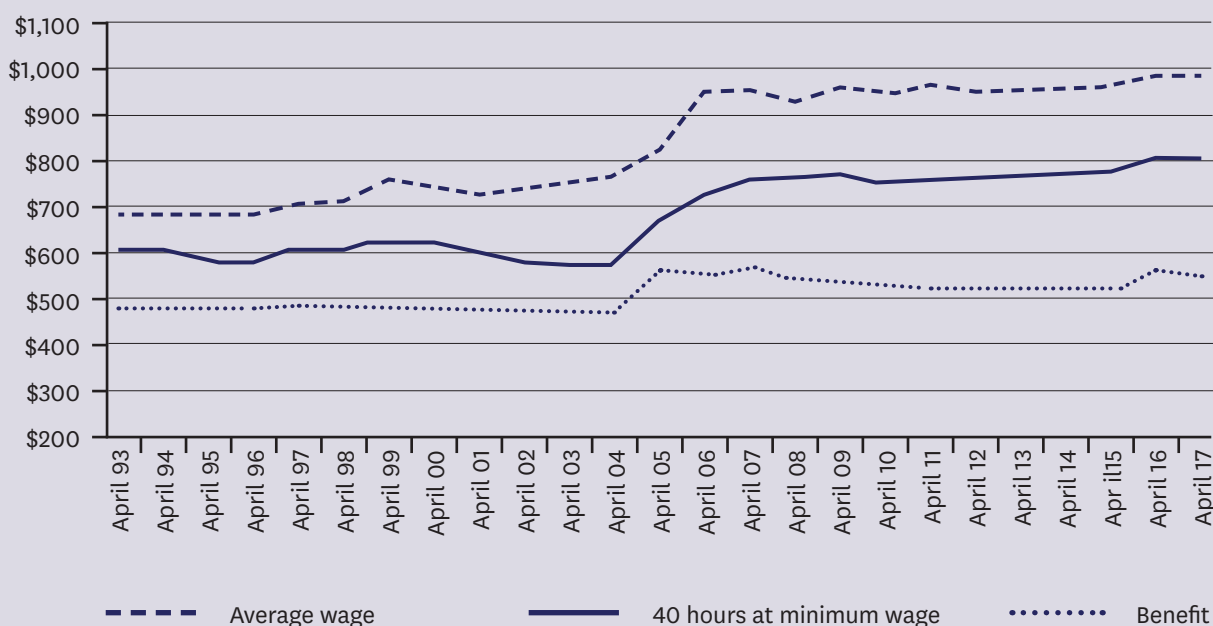
Some supplementary payments and thresholds are not regularly adjusted and have not been increased in some time. For example, the amount of income Jobseeker Support recipients can receive before their benefit payment starts to reduce has not been increased since 1996 and cash asset limits for the Accommodation Supplement have not increased since 1988.

Under current indexation settings, the income levels of beneficiaries receiving Accommodation Supplement would continue to decline in real and relative terms over time in the absence of one-off policy changes which increase levels of financial assistance (such as the 2016 Child Material Hardship Package), particularly for those without children. The graph below shows how the inflation-adjusted incomes of sole parent households have changed over time.

There has been a recent increase in the take-up of hardship assistance. Increasing accommodation costs are likely to be a material factor in this.

Evidence suggests that take-up of supplementary assistance among those who may be eligible is low. Take-up of supplementary assistance is an important factor in poverty alleviation, and supplementary assistance that is also available for people in work also supports employment outcomes. There are opportunities to take a more proactive approach.

Figure 7: Weekly net income for sole parents (various scenarios) receiving Accommodation Supplement and relevant tax credits living in Accommodation Supplement Area 2* (2017)



* The amount of Accommodation Supplement paid is influenced by the Accommodation Supplement Area a person lives in. New Zealand is divided into four accommodation areas based on market rental costs and availability of properties. High cost areas such as Central Auckland are in Area 1.

Rewriting the Social Security Act

The Social Security Act establishes New Zealanders' fundamental legal entitlements to social assistance, delivered through the benefit system. After more than 50 years of amendments and repeals, including more than 150 amending Acts, the legislation has become fragmented, hard to understand and difficult to navigate.

The Rewrite Bill:

- provides greater clarity, transparency and coherence: the Act is easier for the general public and practitioners to read and understand
- provides greater consistency in the level of detail provided in the Act and in subordinate legislation: flexibility helps to future-proof the legislation
- updates the Act in line with modern practice: the drafting style is modernised.

We note that you have an interest in reviewing the principles of the Act. We look forward to discussing with you how we can support what you want to achieve.

Ensuring alignment of operational practice, policy and legislation

The complexities of the legislation, changing economic and social settings, and continual litigation and reinterpretation of legislation have resulted in a number of issues where the legislation doesn't align with practice.

New Zealand Superannuation

The number of people receiving New Zealand Superannuation (NZS) is expected to grow from around 730,000 in 2017 to around 1.3 million in 2039. At the same time, older New Zealanders will be making a significant and growing contribution to New Zealand as workers, volunteers, carers, taxpayers, investors and consumers.

While the age of eligibility for superannuation remains at 65 years, adjustments to other NZS settings have the potential to make a significant contribution to sustainable government finances and also improve incentives to work and save. These could include increasing the residency requirement for NZS and reviewing the option to allow a non-qualifying partner to receive NZS.

These considerations need to be balanced against other key policy objectives for NZS, particularly the need to maintain an adequate standard of living for older New Zealanders, fairness between individuals and generations, and a pension system that does not discourage personal effort (work, saving and investment).

Up to a million New Zealanders live overseas, with roughly 75 percent living in Australia. Returning New Zealanders and migrants who are in receipt of an overseas government pension have raised concerns about the direct deduction policy. This policy means that their NZS is reduced by the amount of their overseas government pension and ensures their combined pension amount is equivalent to that received by other New Zealand recipients, maintaining fairness and equity across the system. Our social security agreements and NZS portability provisions provide protection for people who move in and out of the country by ensuring their pension entitlements are protected.

The great majority of older New Zealanders have sufficient income and assets to provide a reasonable standard of living. There are groups of older people, however, who are vulnerable as a result of material hardship, poor health status, inadequate housing, elder abuse and/or social isolation. We anticipate that the number of vulnerable older people will grow as our population ages and our older population becomes more diverse. For example, falling rates of home ownership among younger age groups suggest that in the future more older people will be living in rental housing and have higher weekly housing costs. For many, NZS is likely to be insufficient and a growing number of older New Zealanders will need to rely on a range of supplementary benefits.

In response to these challenges, we can provide you with advice on:

- your commitment to review the legislation on NZS portability
- how we can work with other government and non-government agencies to ensure that vulnerable older people with complex needs get access to the services and support they need in a timely manner
- how supplementary benefits for older people could better meet their needs.

Growing the SuperGold Card

The SuperGold Card, which was introduced in 2007, recognises seniors' contribution to New Zealand, offering a range of discounts and concessions to cardholders. The SuperGold Card is managed by the Ministry. The Minister for Social Development has previously delegated responsibility for the card to the Minister for Seniors.

There are currently more than 700,000 SuperGold cardholders. Over 8,500 businesses represented by 13,400 outlets offer discounts to cardholders. Cardholders are also able to access free, off-peak public transport. Since the transport scheme was introduced in 2008, cardholders have taken over 97 million SuperGold Card trips.

There are significant opportunities to build on the success of the SuperGold Card. In particular there is scope to explore:

- expanding the range of government-funded benefits for cardholders, for example including health-related and/or utility discounts
- utilising smart technology to increase the convenience and value of the card
- leveraging the collective buying power of cardholders to secure a wider range of discounts
- supporting the transition of the SuperGold Card in line with the progressive implementation of Smart card technology across regional councils to access public transport over the next four to five years.

Work is already underway in some of these areas:

- Business recruitment campaigns are planned for November 2017 and April 2018 to further increase the numbers of SuperGold businesses, particularly outside of the main city centres, to enhance the value of the programme for those who do not have the same access to the benefits of the free off-peak transport concessions. The aim is to continue to increase the number of SuperGold participating businesses, which has grown more than tenfold to date, from 800 in 2008 to over 8,500 in 2017.
- We are working with our card supplier to scope out the details around transitioning to a Smart SuperGold Card. Key issues to be worked through include operational costs and logistical issues. What is technically feasible will depend on a range of factors, including the number of functions to be added.
- We are working with the National Ticketing Programme (NTP), and have had initial discussions with some regional councils, on the potential for a Smart SuperGold Card to enable cardholders to access the free off-peak transport concessions without needing a separate transport card. Progress on this issue will be subject to the transition from the current range of smart transport ticketing systems in place across the country to the implementation of more streamlined approach – eg one or two integrated smart ticketing system(s).

Making it easier for clients

Ensuring clients are at the centre of service design is what we do. We listen to the voice of our clients to design services that respond to their changing needs, with less bureaucracy.

A big focus since 2014 has been to make it as easy as possible for clients to access the services they need from the Ministry, reducing the need to visit a service centre and focusing our time on those who need our support the most.

Clients can now do many things for themselves, at a time and place that suits them, using our digital services, including automated phone services. Clients expect a reliable and intuitive online service that is efficient and effective for them, and us. Our online service, MyMSD, enables clients to access financial help, find information, book appointments and update their details themselves – anytime, anywhere. All of our clients can use our online services at little or no cost with ‘Cheap As Data’, through an agreement with the three main telco providers.

Initial indications are that, for some clients, providing case management services over the phone can be as effective as more traditional face-to-face case management. This allows clients to choose the service option that best suits them and their situation.

Figure 10: MyMSD uptake data



This range of service options creates the opportunity for our client-facing staff at 124 sites around New Zealand to focus on providing intensive services for people with more complex needs.

Simplifying access to the supports and services available to clients is a key feature of future service design.

We continue to increase our use of automated processing to remove unnecessary transactional processing steps, improve efficiency and maximise our use of data to support decision-making.

We look forward to discussing client service and support with you.

Building public confidence in collection and use of data

Collecting and using personal data and information has always been essential to running an effective system of social support and getting the best possible outcomes for New Zealanders. We take our responsibility very seriously and need to continually improve. Public confidence in this aspect of our work has been dented, and we understand we need to proactively address this.

There are multiple reasons for collecting data and information. These range from administrative reasons, such as ensuring support payments are accurately processed, to wider reasons related to the integrity and effectiveness of the overall system. Together, the reasons relate to achieving much better social outcomes for New Zealand than would otherwise be the case.

Technology is making it easier to collect and process some data. Data sets are being increasingly linked to improve their value, and provide greater insights for evidence-based decision-making to achieve the best possible social outcomes.

These developments have the potential to improve outcomes for people needing support. For example, the linking of data sets can improve knowledge about what life events (such as a truancy record) may predict a later need for social support. In this way, social sector agencies can work together to design services and improve systems that aim to be effective at changing the course of people's lives.

The full realisation of these benefits will depend on the level of public confidence in the collection and use of personal information. Statistics New Zealand already has stringent controls related to use of data in the Integrated Data Infrastructure (IDI), including to ensure the anonymity of individual people. The Social Investment Agency is also doing further work. The Ministry is active in this wider work, alongside internal work to enhance our own protections and checks-and-balances related to privacy, human rights and ethics. At the appropriate time, we are keen to engage New Zealanders to further discuss these important matters.

Improving the focus of, and results from, social investment

In recent years, the Ministry has been applying investment practices to parts of our work, and supporting the wider sector's growing focus on early intervention and social investment. There are many components of an investment approach but, at its heart, it relates to getting better outcomes for clients from making better choices about what programmes and services are available, how they're designed and delivered, and for who.

This is work we are keen to see further improve. It has become clear that an investment approach needs to be more clearly explained and discussed further with key stakeholders. Social investment has also, for some people, become narrowly associated with managing future costs for government, rather than a wider focus on improving social outcomes. This needs to be addressed. The Social Investment Agency and Social Investment Board are also still relatively new, with important roles that need to be clarified.

A key way we guide our investment work is through an investment strategy, which sets out priorities to better support New Zealanders. We have just commenced the development of our investment strategy for 2018/2019. Modelling of future outcomes, including the demand for our services and their cost, is a key input to this work. We will shortly release a 'Request for Proposals (RFP)' for modelling support.

Across government, social sector agencies have worked together to increase alignment of investment approaches, and there remains more to be done. Achieving the best possible social outcomes requires agencies to join up their work to be effective as a single system. This is not straightforward but something we must continue to push.

We look forward to discussing how best to advance social investment with you.

Other considerations for the Ministry

The Ministry is working on a number of issues that we would like to discuss with you early on in your term.

Frontline security challenges

Since the introduction of the Government's Protective Security Requirements and the Health and Safety at Work Act 2015, more focus has been put on agencies to ensure their health, safety and security measures are appropriate to the level of risk they face.

The Ministry faces unequal risk in the New Zealand public service because of our geographical spread, the volumes and types of clients, and the nature of the services we provide.

Following the Ashburton tragedy in 2014, the Ministry implemented a programme of change to ensure the ongoing safety of staff and clients. These improvements are largely based on recommendations from an Independent Security Review.

Good progress has been made: leadership is strong, with an unequivocal zero tolerance to any act that risks the safety of staff and clients transacting with the Ministry.

Future State Physical Security Environment

The Future State Physical Security Environment project has been established to design and implement an enhanced physical security environment as part of a wider security ecosystem to improve safety and security for clients and staff at frontline sites. The project scope was originally focused on physically redesigning site interiors, but recently increased to include designs to manage access into our sites.

The project will focus on implementing an integrated design that incorporates physical security with business practice to ensure client outcomes are supported.

An enhanced site interior design was trialled in Willis Street and Horowhenua from 2015 to 2016.

The evaluation also identified that over 70 percent of staff involved with the trial sites experienced more positive interactions with clients compared with the layout before the trial, with both staff and clients reporting an increase in the perception of privacy.

Significant capital funding was approved as part of Budget 2016 and will allow the Ministry to begin addressing the interior fit-out. We will need your support to liaise with the Minister of Finance to get approval for the new business case and drawdown of funding. We will provide you with a detailed briefing and the business case executive summary by mid-February 2018.

Improve resilience of critical systems and availability of digital channels

The Improve Resilience of Critical Systems initiative seeks to improve the resilience of the Ministry's critical systems so in the event of a major outage at its primary data centre, the Ministry could continue to deliver welfare services across New Zealand supported by IT systems. The purpose of the Availability of Digital Channels initiative is to increase the percentage of time the Ministry's digital channels are available to its clients.

We would like to discuss with you progressing the drawdown of the remaining contingency funding which will enable the Ministry to complete the availability component of the project in a timely manner.

Families Package

The Families Package has implications for multiple portfolios and decisions will be required on the detailed design. Decisions on the Families Package will be required by Ministers responsible.

The package will have significant cost and implementation implications for the Ministry. We would like to discuss with you how to approach funding these implementation costs. Options include an existing Budget 2017 contingency, which is not yet appropriated, the between-Budget contingency or a pre-commitment against Budget 2018.

Since the package was developed, Statistics NZ has updated the statistical boundaries used to define Accommodation Supplement areas. A further decision is required on the statistical boundaries used for the package. We would like to discuss with you an approach for addressing this issue.

Resolving historic claims

The Ministry is responsible for claims of abuse and neglect of individuals who as children and young people were under the supervision care, custody or guardianship of the State and had come to the notice of the State prior to 2008.

There is a backlog of claims, and incoming claims are exceeding previous forecasts. We are currently working on a revised process which will take into account the findings from an inquiry and provide timely resolution that promotes equitable outcomes between claimants. We know we can continue to make further improvements. We look forward to engaging with you on this.

We can provide you with advice on your proposal to set up an independent inquiry into abuse of children in State care.

Key cross-sector activities

The Ministry contributes to a number of cross-agency work programmes. The most significant are resulting from recent changes to the Ministry's role in the social sector – the creation of the Ministry for Vulnerable Children, Oranga Tamariki and the Social Investment Agency.

Vulnerable children

One of the reforms introduced by the Vulnerable Children Act 2014 is the requirement for children's agencies (including the Ministry) to work together to achieve the Government's priorities for improving the wellbeing of vulnerable children. The steps to achieve this are to be set out in a Vulnerable Children's Plan.

We look forward to engaging with you on the Ministry's contribution to the Vulnerable Children's Plan.

While the plan will set out key actions to improve the wellbeing of New Zealand's most vulnerable children, it will operate in a broader context of ongoing support for children. The Ministry supports children in a variety of different ways, including financial assistance through the benefit system, advice on family tax credits delivered through Inland Revenue, access to state/social housing and cross-agency work on family violence prevention.

Social Investment Agency (SIA) and Social Investment Board (SIB)

We work closely with the SIA, which is responsible for overseeing the investment approach. The SIA supports agencies' work for the Social Investment Board's priority populations.

The SIB comprises the Chief Executives of the Ministries of Social Development, Health, Education and Justice, and an independent chair. The purpose of the SIB is to identify and target defined populations with high and complex needs that are beyond the remit of any single agency.

The Ministry participates in interagency work to develop advice on these priority populations and potential interventions for the SIB to take through the Cabinet Committee process. We are keen to discuss with you how to approach this work going forward.

Mental health strategy

Improving mental health outcomes requires a cross-government effort. As housing and employment are key to supporting good mental health, the Ministry is a contributor to the cross-agency mental health strategy being developed. We also contribute to the Youth Mental Health Project.

We are keen to discuss with you how we can assist with improving mental health outcomes, along with assistance in the Ministerial Inquiry.

Region-based initiatives

The Ministry has a strong regional network which supports the development of regional labour markets. The regional commissioners play a key leadership role in implementing, at the regional and local levels, the Government's employment and income support policies. Each regional commissioner is supported by key staff including:

- the regional labour market manager who is primarily responsible for identifying and facilitating the development and creation of employment opportunities
- the regional labour market advisor who is responsible for implementing national employment strategies at a local level and responding to the region's labour market demand

- the regional contracts manager who provides specialist skills and experience in contracting and contract management
- work brokers promote clients and MSD services to employers and work alongside case managers to connect clients to work opportunities.

The Ministry is working with a range of government agencies and regional stakeholders to support regionally based initiatives. These include the Regional Growth Programme, where the Ministry is focused on how it can leverage off employment opportunities identified through regional action plans. He Poutama Rangatahi/Youth Employment Pathways also sits under the Regional Growth Programme and targets youth at risk of long-term welfare dependency in Northland, Eastern Bay of Plenty, Tairāwhiti and Hawke's Bay. Central government agencies are supporting communities to develop youth employment plans, with a target of involving around 5,000 youth across the four regions.

The place-based initiative is another cross-agency approach focused on empowering local social sector leaders to address social issues in their communities. We work in partnership with other social agencies to support local social sector leaders to understand and apply social investment through these initiatives.

In addition to specific initiatives, the Ministry also supports a range of locally-led approaches to help more clients into employment. We work in partnership with a range of regional and national stakeholders, including industry and employers, local government, community groups, iwi and Māori trusts to develop initiatives to support people into employment.

Legislative Programme

All business before the House of Representatives and committees lapsed at the dissolution of Parliament on 22 August 2017. Business can be reinstated by the new House at the same stage it had reached in the previous Parliament. This enables the new House to determine which business will continue to be considered. At the time of dissolution, the Minister for Social Development was responsible for two bills before the House and two other bills on the 2017 Legislation Programme.

We recommend that you reinstate the two bills that have lapsed, and we will provide advice to you on progressing all of these bills.

The following two bills are currently before the House.

Social Security Legislation Rewrite Bill

The Social Security Legislation Rewrite Bill was before the House awaiting a second reading⁶. The Social Security Legislation Rewrite Bill rewrites the Social Security Act 1964, making it easier to understand and reflecting the modern approach to delivering assistance to New Zealand families.

The Social Security Act is over 50 years old and has had multiple and piecemeal amendments and reforms, making it hard to follow and risky to continually amend.

The rewrite is currently largely policy neutral, with a small number of policy changes, however the rewrite provides an opportunity to make amendments to the Bill to reflect your priorities. We will provide advice to you on progressing with the Bill.

6 The bill was reported by the Social Services Committee on 14 September 2016.

Social Workers Registration Legislation Bill

The Social Workers Registration Legislation Bill amends the Social Workers Registration Act 2003, in order to strengthen the current certification regime for social workers by expanding protection of title to include the term 'social worker'. This will mean that only people who have been assessed by the Social Workers Registration Board as meeting requirements for registration, such as being fit and proper and competent to practise social work, and who have a current practising certificate, will be allowed to claim to be or practise as social workers. This will have the effect of making registration mandatory for practising social workers.

The Bill also streamlines competency assessments and the complaints and disciplinary processes, increases the protections for witnesses to the Social Workers Registration Tribunal, and requires employers to notify the Board of serious misconduct by a social worker.

It had its first reading and was referred to the Social Services Committee for consideration on 10 August 2017.

The following Bills were included on the 2017 Legislative Programme and haven't been introduced to the House yet.

Social Assistance (Electronic, Remedial and Other Matters) Amendment Bill

The proposed Bill was included on the Legislative Programme to:

- ensure the Social Security Act 1964 is in step with the Ministry's simplification programme
- improve legislative clarity and give effect to recognised policy intent and longstanding administrative practice
- make some policy amendments.

Families Commission Repeal Bill

In July 2017, Cabinet agreed to disestablish Superu. As part of the disestablishment process, standalone legislation is required and has been drafted to repeal the Families Commission Act 2003, with a view to a final disestablishment date of 30 June 2018. As the Minister responsible, your agreement will be sought to introduce the legislation in November 2017 (or as soon as possible) so the legislative process can be completed by the end of June 2018.

Decisions that require your early attention

Below is a list of the key actions that we would like to discuss with you in your first 100 days as Minister for Social Development, in addition to your key priorities including manifesto commitments.

Action	Timeframe
<p>Budget 2018 Discuss your Budget 2018 priorities.</p>	November 2017
<p>Families Package The Families Package has implications for multiple portfolios and decisions will be required on the detailed design.</p> <p>We would like to discuss with you how to approach the funding associated with implementation costs of the Families Package. Options include an existing Budget 2017 contingency, which is not yet appropriated, the between-Budget contingency or a pre-commitment against Budget 2018.</p>	November 2017
<p>Implementation of the Families Package – Accommodation Supplement issues Advice on the impact of the change in statistical boundaries that should be used for the update to Accommodation Supplement area boundaries.</p>	November 2017
<p>Reinstatement of Parliamentary business We recommend that the legislation listed below be reinstated at the stage it lapsed. We will provide a separate briefing to you on progressing these Bills (including amendments to reflect your priorities) along with the other legislation on the Legislative Programme including the:</p> <ul style="list-style-type: none"> • Families Commission Repeal Bill • Social Security Legislation Rewrite Bill • Social Workers Registration Legislation Bill. 	November 2017 – dependent on the opening of Parliament
<p>Future state physical security environment Discuss the proposal to transfer the contingency drawdown associated with this project by 12 months.</p> <p>Consider for approval the new business case that focuses on integrated design (ie interior fit-out and perimeter control, also known as managed access) and if you agree, submit to Cabinet for approval.</p>	November/ December 2017 Early in the new year for approval in March 2018
<p>Improve resilience and availability of the Ministry's systems Discuss and agree to the drawdown of the remaining contingency to progress the delivery of the project. If you agree, seek the approval of the Minister of Finance and Minister for Internal Affairs to the drawdown.</p>	November/ December 2017

Working with you

We look forward to working with you and discussing the most effective ways we can support you and your priorities as Minister.

We are keen to discuss with you how frequently and in what form you wish to meet with us, and the frequency and type of information that you would like us to report to you on. We expect that you will wish to be kept informed of progress on initiatives and work programmes, as well as financial and performance data.

We will provide you with additional information on key work programme items and upcoming events for the Social Development portfolio as required.

Key Ministry officials

Name	Title	Mobile	Direct Dial
Brendan Boyle	Chief Executive	S9(2)(a) Privacy of Natural Person	
Nic Blakeley	Deputy Chief Executive, Insights and Investment	S9(2)(a) Privacy of Natural Person	
Ruth Bound	Deputy Chief Executive, Service Delivery	S9(2)(a) Privacy of Natural Person	
Scott Gallacher	Deputy Chief Executive, Housing	S9(2)(a) Privacy of Natural Person	
Simon MacPherson	Deputy Chief Executive, Policy	S9(2)(a) Privacy of Natural Person	
Merv Dacre	Acting Deputy Chief Executive, Corporate Solutions	S9(2)(a) Privacy of Natural Person	
Nadine Kilmister	Director, Office of the Chief Executive	S9(2)(a) Privacy of Natural Person	

Appendix 1: Other appropriation Ministers in Vote Social Development

The Minister for Youth

Responsible for an appropriation in the Vote for the 2017/2018 financial year covering a total of:

- nearly \$11 million for partnering for youth development, including increasing youth development opportunities.

The Minister of Revenue

Responsible for appropriations in the Vote for the 2017/2018 financial year covering a total of:

- nearly \$1,632 million on payments for student loans
- over \$15 million for management of student loans.

The Minister for Disability Issues

Responsible for an appropriation in the Vote for the 2017/2018 financial year covering a total of:

- nearly \$4 million on promoting positive outcomes for disabled people.

The Minister of Veterans' Affairs

Responsible for appropriations in the Vote for the 2017/2018 financial year covering a total of:

- over \$162 million on payment of Veterans' Pensions
- \$443,000 for processing of Veterans' Pensions.

The Minister for Seniors

Responsible for an appropriation in the Vote for the 2017/2018 financial year covering a total of:

- over \$1 million for services from the Office for Seniors.

Appendix 2: Crown entities

As Minister for Social Development you are responsible for three Crown entities: Superu (the Families Commission), the New Zealand Artificial Limb Service and the Social Workers Registration Board.

Please note that the Ministry provides advice and support to the Minister for Children with regard to the Office of the Children's Commissioner. It was previously agreed that the Ministry should carry out this role to avoid any perceived conflict of interest in the Ministry for Vulnerable Children, Oranga Tamariki providing performance advice on the entity responsible for monitoring services provided under the Oranga Tamariki Act 1989.

Superu (the Families Commission)

Superu advocates for families, and provides research and evidence to inform the development and implementation of social policies, programmes and services designed to improve the lives of New Zealanders. In July 2017, Cabinet agreed to disestablish Superu. The Ministry and Superu are currently working closely on processes and a timetable to disburse Superu's current activities and statutory responsibilities. As part of that process, standalone legislation is required to disestablish Superu. The Families Commission Repeal Bill has been drafted and is awaiting introduction. A final disestablishment date of 30 June 2018 is being worked towards.

New Zealand Artificial Limb Service

The New Zealand Artificial Limb Service provides individualised services to rehabilitate amputees. The Service is currently attached to the Social Development portfolio as it used to be part of the former Department of Social Welfare. Recent developments suggest that this arrangement may no longer be appropriate. We note that in recent years day-to-day oversight for the Service was delegated to the Minister for Disability Issues. This has worked well as there is a degree of synergy between the work of the Service and the Disability Issues portfolio. Allocating responsibility of the Service to the Disability Issues portfolio would also make it easier to assess the future of the Service in the broader context of the ongoing provision of rehabilitative services.

Social Workers Registration Board

The Social Workers Registration Board manages the registration of social workers, including overseeing the social work qualifications framework. Following the review of the Social Workers Registration Act 2003, it has been decided to make the registration of social workers mandatory. Legislation to achieve this has had its first reading and has been referred to Select Committee. The Board is currently working on its systems and processes to give effect to these proposed changes.

Appendix 3: Statutory tribunals

As Minister for Social Development you are responsible for appointments to the following statutory tribunals.

Social Security Appeal Authority

The Social Security Appeal Authority is an independent statutory tribunal, established under section 12A of the Social Security Act 1964. Its function is to hear appeals against decisions on income support entitlements made by the Ministry of Social Development that have been confirmed or varied by a local Benefits Review Committee. Appointments to the Authority are made by the Governor-General on the recommendation of the Minister for Social Development, after consultation with the Minister of Justice. Four appointments were made to the Authority in December 2016. No appointment action is expected until 2019. Day-to-day operational support for the Authority is provided by the Ministry of Justice.

Student Allowance Appeal Authority

The Student Allowance Appeal Authority is an independent statutory tribunal, established under section 304 of the Education Act 1989. Its function is to hear appeals against decisions made by the Ministry relating to student allowances. The Authority consists of a single member appointed by the Minister for Social Development. The current member was reappointed in 2016. No further appointment action is expected until 2019. Day-to-day operational support for the Authority is provided by the Ministry of Justice.

Social Workers Complaints and Disciplinary Tribunal

The Social Workers Complaints and Disciplinary Tribunal is a statutory body established under section 114 of the Social Workers Registration Act 2003. Its function is to administer the complaints process concerning registered social workers established by the Social Workers Registration Act 2003, and to exercise the disciplinary powers over registered social workers conferred by the Act. Each case considered by the Tribunal requires five members: four appointed by the Social Workers Registration Board and one appointed by the Minister for Social Development. No appointment action is expected until 2019. Day-to-day operational support for the Tribunal is provided by the Social Workers Registration Board.

Appendix 4: Emergency management (including earthquake response)

The Ministry has a key role in responding to and assisting the recovery from emergencies, working alongside other agencies, including the Ministry of Civil Defence and Emergency Management (MCDEM) and the National Recovery Office (NRO). We are responsible at the national and CDEM group levels for the coordination of the financial assistance sub-function under the National CDEM Plan, and provide needs assessment, temporary accommodation and psychosocial support.

There are several types of emergencies that the Ministry may need to respond to, for example:

- a regional-level civil defence emergency (eg the Edgecumbe floods, the Kaikoura earthquake, local storms) that can close sites and cause harm to the public
- a national-level emergency (such as a big Wellington earthquake) that could cause government to temporarily relocate to an alternative location.

The Ministry has well-developed and practised business continuity and emergency management arrangements for all types of regional and national civil defence emergencies, and always has leadership coverage.

In response to an emergency event, we will:

- Activate incident management arrangements as appropriate to respond to the event at the local, regional and national levels. This includes establishing an Emergency Operations Centre with an appointed Incident Controller and activating adverse event-related assistance like civil defence payments, which are made to affected people for emergency needs such as food, accommodation and clothing.
- Ensure critical functions continue to be delivered, primarily financial assistance and state/social housing services, as well as the corporate infrastructure (for example, IT, property and HR) required to support these functions.
- Develop and implement new forms of extra assistance and services (for example, earthquake support subsidy for employers) if required.

Ensuring we are prepared for a Wellington-based emergency

As a result of the 14 November 2016 earthquake, we have undertaken a resilience work programme to ensure business continuity and emergency response arrangements are fit for purpose. This will mean the Ministry can meet the expectations of the Officials Committee for Domestic and External Security Co-ordination (ODESC) to maintain critical functions and be able to respond at an appropriate scale to events.

Auckland Default Plan

In the event Wellington is significantly compromised by a catastrophic event, this plan transfers leadership to the Auckland region, delegating the Chief Executive's powers to the Ministry's Regional Commissioner for Auckland. The contact details for the Regional Commissioner are included below. This is to ensure the Ministry can continue to deliver its critical functions and services, including continuing to support our Ministers.

Contact name	Role	Contact details
Eru Lyndon, Regional Commissioner for Social Development, Auckland	Delegated Chief Executive	S9(2)(a) Privacy of Natural Person

