



# Briefing to the incoming Minister for Social Development



MINISTRY OF SOCIAL DEVELOPMENT  
*Te Manatū Whakahiato Ora*



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## **EXECUTIVE SUMMARY**

This briefing sets out the current context and challenges in your portfolio and some areas of opportunity. We are committed to strengthening our value for money programme, continuing to reduce costs and do more for less. We look forward to working with you to develop a comprehensive programme of work that meets your priorities.

An overview of the Ministry and our responsibilities, together with the Crown Entities and Boards for which you have responsibility, is provided on page 29.

### **Current situation**

Since 2008, demand for our services has risen significantly, reflecting the impact of the recession and the Christchurch earthquakes as well as other factors. Throughout, we have improved the efficiency and effectiveness of our services and have continued to manage within our nominally declining baseline through our comprehensive value for money (VfM) programme.

The recession saw Unemployment Benefit (UB) numbers climb sharply to more than 68,000 in January 2010. Since the start of 2011 the number of people receiving UB has trended down to 55,000 in October. The recession also had a significant impact on young people. However, the increase in young people receiving UB did not come close to the levels reached during the late 1990s.

The growth in the number of people receiving working-age sickness-related and invalid's benefits has slowed. Domestic Purposes Benefit (DPB) numbers have risen to 114,377 in October 2011, reflecting increased grants and fewer people moving into employment. The number of people receiving DPB – Care of Sick and Infirm has been growing as well.

Child, Youth and Family has faced increasing numbers of notifications for child abuse or neglect. This is a result of a growing public willingness to raise concerns about a child's welfare. Notifications, including family violence referrals, increased from 62,739 in June 2006 to 150,747 in June 2011.

Finally, student loan and allowance forecasts predict that the recent increases in volumes owing to the recession will decline as the 'baby bubble' works through the population. This decline may be flatter than forecast if the economic recovery remains slow.

### **Current challenges**

At the end of October 2011, 331,000 working-age people were receiving a benefit. More than 170,000 people have spent the majority of the last 10 years receiving a benefit and over 140,000 have spent more than a decade on benefits since 1993. The costs, including the social costs, of benefit receipt for prolonged periods are of significant concern.

Our young people need to be supported to achieve job-relevant skills and qualifications. This will ensure they do not come onto benefit, and if they do they have the skills to move off benefit and build sustainable careers.

While New Zealand has a strong foundation of services and support for children and families, we need to work smarter across government agencies and with communities, non-government organisations, iwi and private sector organisations.

The full impact of the earthquakes on our clients and the communities we work with is still emerging. Experience with natural disasters elsewhere tells us that there is likely to be an ongoing need for support.

Finally, New Zealand's population continues to age, and this has wide-reaching implications for all of us.

The Ministry is continuing to identify and realise efficiencies in the way we operate and reprioritise existing resources to better meet the Government's objectives. We anticipate that further efficiencies will go part-way to managing the pressures we face. However, given the likely scale of reprioritisation necessary, we expect that more difficult choices will need to be made.

### **Opportunities for action**

We are well positioned to meet the significant challenges ahead. We are committed to driving innovation, using technology in new ways to deliver excellent services that are value for money.

Changing client expectations and the need to find further efficiencies mean we need to take our digital strategies further. We will encourage people to use new channels that best meet their needs and that support us to meet efficiency and effectiveness goals. However, we will always provide face-to-face contact and services to our most vulnerable clients.

Events in Christchurch have demonstrated how adaptable and innovative we can be. The rebuild in Christchurch provides us with an opportunity to incubate new ways of doing things and apply the best ideas across the Ministry.

More broadly, the Service Transformation Programme (jointly led by the Ministry, Inland Revenue and Internal Affairs) aims to transform the way New Zealanders access and transact with government agencies. Taking a client-centric perspective, the Service Transformation Programme will develop more efficient and effective models for delivering services across the public service.

To improve the effectiveness and efficiency of our services we will need to advance information sharing and data matching between agencies. Alongside this we are improving our data integrity and data inputting practice. We are building our applied research capabilities by partnering with other agencies to share more information and create enhanced datasets. This will help us better understand how and when people interact with social agencies, and ensure interventions are more effective and reach people as early as possible.

The Privacy Act allows data matching between agencies for the purposes of research and evaluation. We can further strengthen our evidence base by integrating individual-level data across the Ministry and developing predictive analytical tools.

More active policy levers are critical to further improving the management of the demand for benefits and reducing prolonged benefit receipt. These levers include earlier intervention to prevent people coming onto benefit, incentivising working-age beneficiaries back into work, and supporting them to develop job-relevant skills, as well as strengthening obligations. As the economy recovers, we will also expand our partnerships with employers and industry to grow new job opportunities to move more people into work.

The Green and White Papers on Vulnerable Children will highlight areas for action to improve the lives of children. In addition, Child, Youth and Family is in a strong position to focus on promoting and enhancing quality practice.

We expect that the community sector will play an important and significant role in the future delivery of social services. We are committed to working with the sector to transform community-based services and to ensure that funding is directed to services that focus on results.

Finally, we are strengthening our fraud investigation activity to detect fraud earlier, and to define fraud to include deliberate non-compliance with welfare obligations.



PART

# 1

The current situation

## ROLE AND STRUCTURE OF THE MINISTRY

The Ministry of Social Development (MSD) has two principal roles. First, we are the Government's lead provider of policy advice and services for children and young people, working-age people, older people, families and communities. The Ministry is responsible for:

- delivering employment and income support services
- the statutory care and protection of children and young people, youth justice services, and adoption services
- leading and co-ordinating social and support services and funding to family and community service providers
- providing student allowances and student loans
- ensuring the benefit system has integrity and minimises the debt levels of clients
- delivering New Zealand Superannuation and administering New Zealand's international social security agreements
- negotiating and providing access to SuperGold Card concessions and discounts for senior citizens
- providing access to subsidised health care for older people, families and lower-income New Zealanders.

An overview of the Ministry and our responsibilities, together with the Crown Entities and Boards for which you have responsibility, is provided in on page 29.

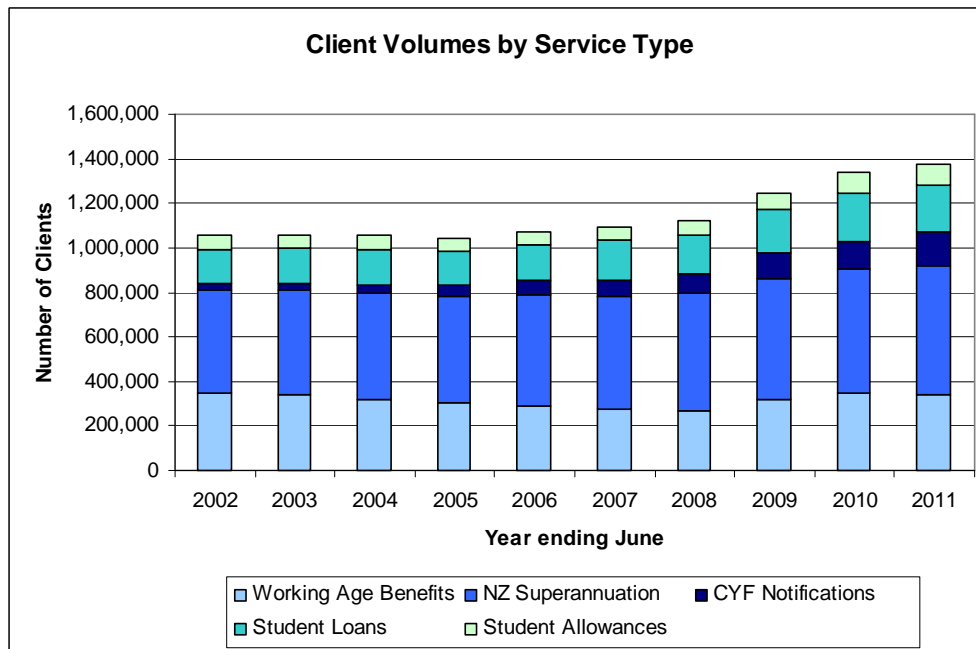
Secondly, we are the lead agency for the social sector. We help the Government to set priorities across the sector, to co-ordinate the actions of other social sector agencies, and to track changes in the social wellbeing of New Zealanders. This role is discussed in more detail in the Social Sector Forum's *Briefing to the Incoming Government*.

## SERVICE DEMAND

Since 2008, demand for the Ministry's services and supports has risen significantly across all areas of our business (see Figure 1). This growth reflects a number of factors including the economic recession and the Christchurch earthquakes.

Unemployment Benefit numbers were significantly affected by the recession. Other factors, outlined below, drove increases in notifications to Child, Youth and Family. We responded to these pressures by improving the efficiency and effectiveness of our services and supports.

Figure 1: MSD client volumes<sup>1</sup> by service type 2002–2011



## INCREASING EFFICIENCY

Since 2006 the Ministry has had a comprehensive value for money (VfM) programme. This has allowed us to manage within a nominally declining baseline and to do more for less.

The VfM programme has resulted in a total of \$255 million in savings through efficiency gains and managing cost pressures, such as salaries and property costs. By managing costs, the Ministry created productivity and efficiency gains of between 2 and 3 per cent per annum. We have also reprioritised Crown expenditure and returned savings to the Crown.

Over the last three Budgets:

- \$69 million in cash (off the Ministry's balance sheet) and \$96 million of programme savings have been returned to the Crown
- \$817 million of programme expenditure has been reprioritised.

From 2011/2012 we will return \$7.59 million in Departmental funding to the Crown each year. In addition, from 2012/2013 we will return efficiency savings of \$15 million per annum, growing to \$25 million from 2014/2015.

## BENEFITS

Unemployment Benefit (UB) numbers declined sharply from more than 160,000 in December 1999 to fewer than 20,000 by mid-2008. This was owing to strong economic growth and an intensive effort to get people into work. The deteriorating economic situation during late-2008 and 2009 saw UB numbers climb markedly to over 68,000 in January 2010.

UB numbers remained high during 2010, but since the start of 2011 have trended downwards to reach 55,000 in October. This is 10,000 (15 per cent) fewer than October of the previous year.

Some groups, such as sole parents and young people with limited work experience, have found it particularly difficult to compete in a weak labour market. Despite these economic conditions, we have actively moved people off UB and into work, or diverted them from coming onto UB, by:

- redeploying resources to Work and Income's frontline
- triaging people seeking UB into work before they start receiving a benefit
- fostering industry partnerships to bring jobs onto Work and Income's books
- implementing the last Government's Future Focus reforms, which are designed to get people on benefits back into work as quickly as possible.

While our focus was on managing the growth in UB numbers, we also managed to:

- slow the rate of growth of working-age sickness-related benefits (59,109 recipients of Sickness Benefit (SB) at the end of October 2011 compared with 58,307 at the end of October 2010)
- hold the numbers of working-age recipients of Invalid's Benefit (IB) steady.

Future Focus changes have meant that around 6,200 SB clients are now part-time work tested. The number of people on IB had risen steadily over the previous 15 years, in line with international trends, to reach 83,461 by October 2008. Since then, numbers have stabilised as a result of improvements in Work and Income decision-making processes. The number of people on IB was 84,488 at October 2011.

The Pre-election Fiscal Update forecast that the number of people on IB will start to fall.<sup>2</sup> Of the 28 countries compared by the Organisation for Economic Cooperation and Development (OECD), 21 had higher rates of people receiving disability benefits than New Zealand in the latest survey.

The number of people receiving the Domestic Purposes Benefit (DPB) fell from around 110,000 in 2004 to a low of 95,735 in May 2008, before rising to 114,377 in October 2011. The key driver of this is increased grants and fewer people moving into employment as a result of New Zealand's weak labour market.

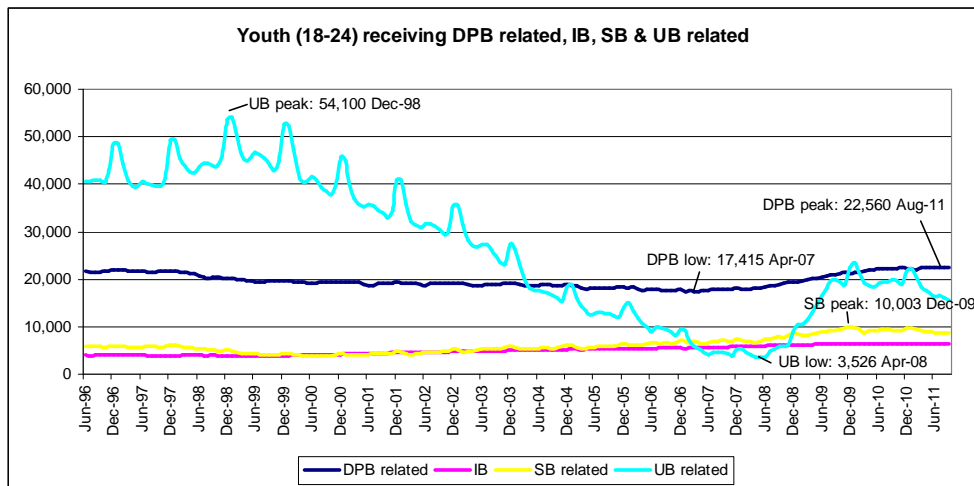
While the main driver of growth is the increasing number of people in the Sole Parent category, the number of people receiving the DPB – Care of Sick and Infirm is growing as well. DPB – Care of Sick and Infirm numbers increased from 4,968 people in January 2008 to 7,529 people in October 2011 – an increase of 37.1 per cent.

## YOUTH EMPLOYMENT

The recession has had a significant impact on young people, as shown in the surveyed youth unemployment rate, the number of young people on a benefit, and the percentage of young people who are not in employment, education or training (NEET). However, as shown in Figure 2, this increase did not come close to the levels reached during the late 1990s recession. The number of young people

receiving Unemployment Benefit has steadily reduced throughout 2011 and at the end of October 2011 there were 14,959 18- to 24-year-olds on UB, compared with 19,482 at the end of October 2010.

**Figure 2: Young people receiving a benefit 1996-2011**



Employment and training programmes, such as Job Ops and Community Max, introduced over the last three years, helped to limit the rise in the number of young people receiving UB in the recession. In Budget 2011 a Youth Employment Package of \$55.2 million over four years was announced to support young people to move off benefit and back to work. The package included:

- 3,000 Job Ops with Training places for 2011/2012
- 4,000 Skills for Growth places over four years (1,000 places per year)
- 5,250 Limited Service Volunteer places over four years.

## CHILD, YOUTH AND FAMILY

Child, Youth and Family has experienced increasing numbers of notifications for child abuse or neglect. This is a result of a growing sensitivity to the situation of children exposed to violence between adults at home and the risk it presents to children's wellbeing.<sup>3</sup> There has also been increased willingness by communities to contact Child, Youth and Family with concerns about a child's welfare.

The number of notifications to Child, Youth and Family, including family violence referrals, increased from 62,739 in June 2006 to 150,747 in June 2011. However, over the same five-year period Child, Youth and Family has reduced the number of care and protection cases that have yet to be allocated to a social worker from 1,089 to an all-time low of 71.

The number of children and young people in the care of the Ministry's Chief Executive has also reduced. In June 2006 the number of children in out-of-home placements was 5,103. At the end of June 2011 this number had reduced to 3,885. This reduction was aided by the successful implementation of the Home for Life programme in October 2010. Home for Life supports foster parents to become a child in care's permanent legal guardian, and in the first 12 months of the programme 576 children achieved a home for life.

## SUPPORT FOR FAMILIES AND COMMUNITIES

The economic downturn placed increased pressure on many families and communities, which in turn increased demand on community-based services. Alongside this, the recession had a negative impact on the amount of philanthropic funding available to community-based services.

In May 2009 a Community Response Fund (CRF) was established for two years to support critical community-based social services facing serious recession-related funding or demand pressures. In April 2011, when the pressure on community-based social services had not reduced, the CRF was extended for a further year. A total of \$66.8 million has been paid in grants administered by the Ministry through Family and Community Services to 1,434 organisations over the eight funding rounds to December 2011.

In addition, we worked with the Government to introduce new contract arrangements (such as High Trust Contracts) that reduce compliance costs and give providers with a track record of successful delivery the flexibility to deliver services in ways that they know work best.

## STUDENTS

It is predicted that the number of student loan and allowance applications and recipient numbers, which increased owing to the recession, will decline as the 'baby bubble' works through the population. This decline may be flatter than forecast if the economic recovery remains slow. Unemployment Benefit – Student Hardship volumes in outyears will be affected by both the strength of the economic recovery and any future changes to policy settings.

StudyLink's web-based self-service tool, MyStudyLink, recorded over 2.3 million individual log-ins for the year ending 30 June 2011, compared with 1.5 million in 2009/2010. Students completed 570,000 transactions on MyStudyLink in 2010/2011, a significant increase on the 400,000 transactions recorded in the previous year.<sup>4</sup> MyStudyLink has increased efficiency and reduced costs while making it easier for students to complete transactions.

## FRAUD

We are focused on reducing client fraud. In 2010/2011 we successfully prosecuted 94 per cent of cases where there was evidence of deliberate, planned and premeditated fraud. We now match data with six other government departments: Corrections, Internal Affairs, ACC, Customs, Housing New Zealand and Inland Revenue.

## DEBT

We are focused on maximising debt collection. Money owed is made up of overpayments, which occur when a client receives a payment that they are not entitled to, and Recoverable Assistance Loans (interest-free loans given for essential items such as school uniforms or a washing machine).

In 2010/2011 we investigated 106,000 cases and identified \$121 million in overpayments. Four years ago, with the same number of full-time equivalent staff members, those statistics were 48,000 cases and \$53 million in overpayments. This improvement is a result of increased data matching, which has enhanced our ability to detect overpayments to beneficiaries who do not notify changes in circumstances in a timely manner. This approach to collection is continuing to prove cost effective at a cost of \$0.18 for every \$1.00 in 2010/2011.





PART

# 2

Current challenges

## GROWING DEMAND FOR BENEFITS

At the end of October 2011 there were 331,000 working-age people receiving a benefit in New Zealand – 12 per cent of the working-age population. More than 170,000 people have spent the majority of the last 10 years receiving a benefit. Over 140,000 beneficiaries have spent more than a decade on benefits since 1993.

The benefit system costs New Zealanders around \$8 billion per annum. The total life-time cost to Vote Social Development of all people receiving benefits at the end of June 2011 (including youth under 18 years of age and seniors who do not qualify for New Zealand Superannuation) is estimated to be around \$45 billion<sup>5</sup>.

The primary driver of benefit numbers over the past three years has been the recession. While we have made progress in slowing the steady growth in Sickness Benefit and Invalid's Benefit numbers, these clients continue to make up a large proportion of the people reliant on benefits for long periods.

The social costs of benefit receipt for prolonged periods are of significant concern. There are well-established links between benefit receipt and poverty, poor health, and many other poor social outcomes. The causes of these problems are complex and diverse.

## IMPROVING YOUTH EMPLOYMENT

We need to support our young people to achieve job-relevant skills and qualifications while they are young. This will ensure they have the skills to either move off benefit and build sustainable careers or, preferably, never come onto a benefit in the first place.

More active policy settings would keep young people (aged 16–17 years) from coming onto a benefit and also get those that do come onto a benefit back on an employment pathway. More active case management, effective programmes, and ensuring that our non-government organisation (NGO) partners are focused on getting young people into employment, would also be required to reduce the number of youth in the benefit system.

## SUPPORTING CHILDREN AND FAMILIES

While New Zealand has a strong foundation of services and support for children and families, there is more to be done to help our children thrive, belong and achieve. Poverty rates for children in beneficiary families are consistently around 70%, much higher than for children in families with at least one adult in full-time employment (11% in 2010). Nevertheless, in 2010, around two in five poor children were from households where at least one adult was in full-time employment or was self-employed. All young New Zealanders should have the opportunities they need to succeed and reach their full potential. Public services for all children need to focus on improving their results. In particular, we need to:

- get better at identifying vulnerable families from the start and knowing when those families have 'fallen off the radar'

- build a more accessible, effective and comprehensive set of targeted services for vulnerable families that is tightly integrated into universal support systems
- lift our response to the impact parental mental ill health and drug and alcohol abuse, and inter-partner violence, are having on a significant number of our vulnerable children
- have an ongoing focus on promoting positive attitudes and behaviours to parenting in families and communities.

As noted in both the Social Sector Forum's *Briefing to the Incoming Government* and the Green Paper on Vulnerable Children, no one agency can provide the full mix of support that will make a difference to those most at risk.

Responding to child abuse, neglect and other poor outcomes means working smarter across government agencies and with communities, NGOs, iwi and private sector organisations. It also requires us as a Ministry to continue to:

- effectively manage notifications and unallocated cases
- drive quality social work practice
- ensure that the services we purchase deliver results for these children.

## **INDIVIDUALS AND FAMILIES/WHĀNAU ACCESSING MULTIPLE SERVICES**

We know that some individuals and families/whānau are at greater risk of experiencing poor outcomes. These individuals or families/whānau often lack the education or skills they need, face difficulties finding employment or appropriate housing, and experience poor physical or mental health.

These clients often need support from many different government agencies and non-government providers. We know that this can fragment services, making it difficult for individuals or families to get all the support they need and potentially reducing the effectiveness of services.

For example, many of the families receiving support from Work and Income also face housing and health issues in addition to their need for financial support. Even at-risk families who avoid contact with other social services are in contact with Work and Income to collect benefit entitlements. This places the Ministry in a strong position to identify and intervene with these families. How social sector agencies can tackle these problems together is discussed in the Social Sector Forum's *Briefing to the Incoming Government*.

## **REALISING EFFICIENCIES**

The Ministry is continuing to identify and realise efficiencies in the way in which we operate and reprioritise existing resources to better meet the Government's objectives.

In Budget 2011 we initiated a large-scale value for money plan to manage emerging departmental cost pressures over a four-year period. The plan set in place a

significant reprioritisation of resources to absorb or offset \$230 million in cost pressures through to 2014/2015. This included identified wage and volume pressures, programme costs, and the efficiency saving dividend.

We anticipate that future pressures will be able to be partly managed through further efficiencies. However, given the likely scale of reprioritisation necessary and the potential further pressures, we expect some more difficult choices will need to be made. As part of the process for Budget 2012 we are required to prepare a Four-Year Budget Plan. This plan sets out how we will deliver on priorities and manage pressures over the next four years within the funding allocated to the Votes we administer.

## **RECOVERING FROM THE CHRISTCHURCH EARTHQUAKES**

The full impact of the earthquakes on our clients and the communities that we work with is still emerging. Experience with natural disasters elsewhere, such as the Australian bush fires, tells us that there is likely to be an ongoing need for support. In Canterbury. Thousands of red-zoned residents continue to wait for announcements about new housing developments. As the rebuild gains momentum, many residents will continue to face an uncertain future, including a lack of clarity around resettlement options. This creates stress on relationships and families that is likely to lead to ongoing demand for psychosocial support.

The challenge for the Ministry will be to work alongside other agencies to respond to emerging service needs in new and effective ways. There will also be challenges associated with the social impacts of a large influx of workers once the rebuild gathers momentum.

## **AUCKLAND**

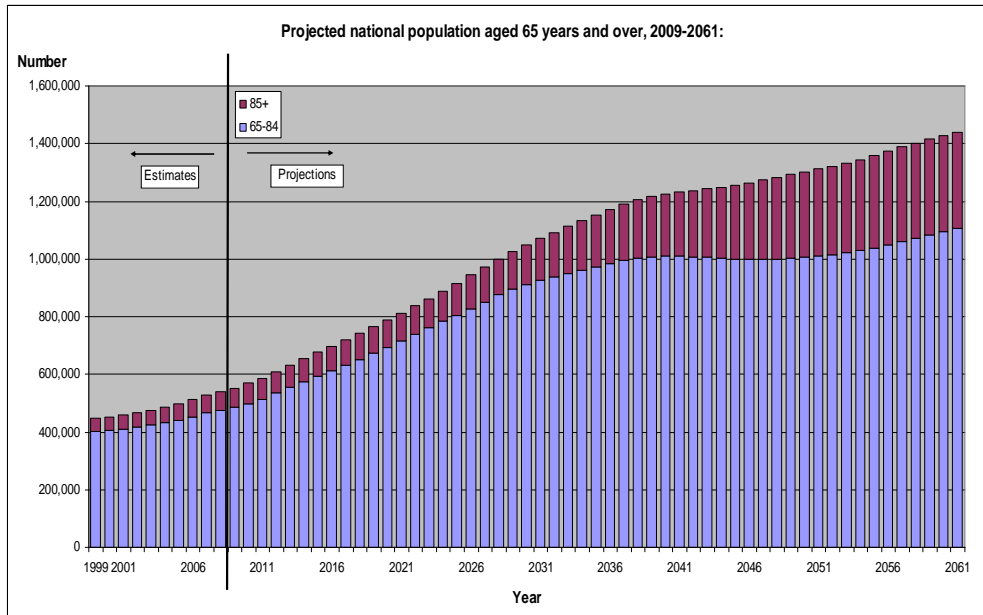
Achieving positive social outcomes is important to Auckland's long-term prosperity. A healthy population, public safety, good education and a well-functioning social safety net underpin a thriving economy and community. Social outcome data for Auckland are characterised by significant variations in social outcomes. These variations are seen across sectors, and by location and ethnicity. Auckland is also characterised by demographic change including population growth, increasing ethnic diversity and changing age profiles.

A key challenge is to achieve the best possible return on investment in the social sector to maximise Auckland's human and economic potential. As Auckland comprises a series of interconnected communities, each with its own needs and unique challenges, social issues need to be tackled with key partners at both regional and community levels.

## **AGEING POPULATION**

Population ageing has wide-reaching implications for all of us, creating challenges and opportunities for individuals, organisations and communities. New Zealanders on average are living longer, healthier lives and are being more productive for more years. This means there is a need for informed choices about how ageing New Zealanders contribute to their families, workplaces, communities and society.

**Figure 3: Projected national population aged 65 years and over, 2009–2061**



New Zealand has high labour force participation and many ‘baby boomers’ have shown a desire to stay engaged in paid work. However, in the future there will be a declining number of working-age people compared with those aged 65 and over. The fiscal costs of this ageing population are expected to increase in areas such as New Zealand Superannuation and health care.



PART

# 3

Opportunities for action

## **MINISTRY-WIDE OPPORTUNITIES: FINDING EFFICIENCIES AND IMPROVING SERVICES**

Over the last few years we have made significant progress in finding efficiencies and improving the value for money and quality of our services. We are well positioned to meet the significant challenges ahead.

## **DRIVING INNOVATION AND EFFICIENCIES: TECHNOLOGY AND SERVICE TRANSFORMATION**

### **IT and new channels**

Technology is a critical enabler of efficient and effective services and will play a vital role in meeting the challenges we face. The Ministry is committed to driving innovation, using technology in new ways to help us to deliver excellent services that are value for money. We have a proven track record of optimising our service channels to improve service efficiency and quality while meeting client needs. We have invested in digital technologies to introduce self-service options for clients and remove manual processes.<sup>6</sup>

Changing client expectations and the need to find further efficiencies mean we need to take these digital strategies further. We will continue to encourage people to use new channels that best meet their needs and that support us to meet efficiency and effectiveness goals.<sup>7</sup> However, we will always provide face-to-face contact and services to our most vulnerable clients.

In addition, we will ensure that we are using our technology efficiently, leveraging existing assets, and managing our technology resources to deal with peaks and troughs.

### **Christchurch**

Events in Christchurch have demonstrated how adaptable and innovative we can be. They also provide us with a unique opportunity to incubate new ways of doing things, test and evaluate them, and apply the best ideas across the Ministry. We need to think creatively and step outside traditional thinking.

Already new ways of working are emerging in Christchurch: new channels, new uses of technology to support staff to be more mobile, and new co-location arrangements.<sup>8</sup> Child, Youth and Family is trialling the use of mobile technology with frontline social workers in Canterbury. Work and Income's Labour Market team is able to offer services 'on the spot' for employers, increasing the timely and efficient matching of clients to jobs.

The planned co-location of Inland Revenue and MSD contact centres will provide opportunities to merge common functions and to provide a better service to shared clients. We are exploring co-location opportunities through the Integrated Family Health Centres and Integrated Health Hubs with the Canterbury District Health Board.

### **Service Transformation Programme**

The Service Transformation Programme aims to transform the way New Zealanders access and transact with government agencies. Taking a client-centric perspective,



and using an evidence-based approach, the Service Transformation Programme will develop more efficient and effective models for delivering services across the public service.

A guiding principle for this work is building services around customer need rather than around the structure of government agencies. Jurisdictions such as Australia, Canada and the United Kingdom have shown that improved customer service and more efficient investment are possible from service transformation interventions.

We are leading the Service Transformation Programme jointly with Inland Revenue and Internal Affairs. The three agencies are working collaboratively to deliver a programme of work for shared clients and to build in extra capacity for services to be extended to other agencies and client groups in the future.

### **Auckland**

We will work with key partners at both regional and community levels to ensure that social services and supports deliver the best possible return on social sector investment in Auckland.

As part of the Auckland governance reforms, the Government established the Auckland Social Policy Forum. The forum's role includes providing leadership, setting clear strategic directions and driving the alignment of thinking and action in areas where priorities align. The Auckland Social Policy Forum is a key way for local and central government to collaborate on Auckland social issues and to deliver on the Auckland Plan.

## **USING DATA TO IMPROVE EFFICIENCY AND EFFECTIVENESS**

### **Information sharing to support better service delivery**

Improving information sharing and data matching between agencies is important if the Ministry is to improve the effectiveness and efficiency of our services and improve outcomes for New Zealanders.

There are currently two potential vehicles for enabling better information sharing to support service delivery:

- Privacy (Information Sharing) Bill which is currently before a Select Committee
- explicit authorisation for information sharing and/or data matching in legislation, such as the Children, Young Persons, and Their Families Act 1989.

Alongside improving the legal and administrative arrangements to support information sharing and data matching, we are working to improve data integrity within the Ministry and business practice around the inputting of data. Planned improvements to the integration of our data systems (Curam) are being advanced as part of the Ministry's IT strategy.

### **Research, evaluation and forecasting: information sharing to support better research and evaluation**

In 2010/2011 the social sector accounted for 74 per cent of all government expenditure, totalling around \$52 billion, of which the Ministry was responsible for

\$21 billion. To spend this money wisely it is vital that we are able to base decisions on good information.

We are building our applied research capabilities by partnering with other agencies to share more information and create better datasets. By integrating the Ministry's own data on client interactions with that of other agencies, we can build a more comprehensive view of clients' pathways through the social sector. This will help us better understand how and when people interact with social agencies and will in turn ensure interventions are more effective, reach people at the earliest possible time, and allow us to evaluate their effectiveness.

The Privacy Act 1993 already allows data matching between agencies for the purposes of research and evaluation. In recent years, the development of the Linked Employer-Employee Data (LEED) database housed at Statistics New Zealand has provided new research insights into benefit-to-work transitions, and this will increasingly be used to strengthen our evaluation of employment outcomes associated with different programmes, policies and services.

We can strengthen the evidence base by integrating individual-level data across the Ministry and by developing predictive analytical tools. Going further, we could combine our data with that of the Ministries of Education, Health and Justice, and link this with birth and immigration data. Over time this could build up a shared, anonymised, research infrastructure that could be used as the basis for a wide range of research and analysis, including:

- predictive analytics and modelling to identify early indicators of children at risk of poor outcomes, such as child abuse, neglect, or conduct disorder, that could inform service delivery improvements
- analysis of the pathways of vulnerable children through social sector service systems, including education, health, benefits, care and protection, youth justice and adult criminal justice
- evaluation of the impacts of programmes or policy changes on individuals' outcomes across social domains.

## **MANAGING THE DEMAND FOR BENEFITS**

Work that we have undertaken demonstrates that more active policy levers are critical to further improving the management of the demand for benefits and reducing prolonged benefit receipt. These levers include:

- earlier intervention to prevent people coming onto benefit
- preventing those that do come onto benefit from becoming long-term recipients
- giving working-age beneficiaries incentives to get back into work, and supporting them to develop job-relevant skills
- strengthening obligations, and making sure beneficiaries are aware of their obligations and of the consequences of not complying.

This will require active case management, relevant and effective programmes, and ensuring that providers of programmes and services are focused on getting people back into employment.

As the economy recovers we will expand our partnerships with employers and industry to grow new job opportunities to move more people into work. We will look outside our traditional partnerships to develop new relationships and explore opportunities in untapped areas such as part-time work. We also need to strengthen our relationships with employers to get a renewed focus on jobs by setting clear expectations about what we can do for them and what we expect in return.

## **STRENGTHENING SERVICES FOR CHILDREN AND FAMILIES**

We need to ensure that the Government's investment in children is applied more effectively by taking an integrated approach to the design, purchase and delivery of services and ensuring those most in need do not fall through the gaps. This means working smarter across government agencies and with communities, NGOs, iwi and private sector organisations. This is discussed in more detail in the Social Sector Forum's *Briefing to the Incoming Government*.

To make further progress we should pursue opportunities for greater information sharing between agencies. Consideration should also be given to creating specific and shared accountabilities for social sector agencies for the early identification and response to the needs of vulnerable children. The Green and White Papers on Vulnerable Children will highlight areas for action within and outside the Ministry to improve the lives of children.

### **Improving the care and protection of children and young people**

Child, Youth and Family has made significant progress in improving its internal business processes and performance. Increased numbers of notifications are being managed and allocated efficiently. Child, Youth and Family is now in a strong position to focus on promoting and enhancing quality practice.

The Quality Practice Strategy is a significant new two-year programme that will strengthen the quality of social work practice. The Strategy's comprehensive evaluation process will allow us to learn as we go and will support continuous improvement to practice and service quality.

The additional 149 Social Workers in Schools, as well as the 80 extra frontline Child, Youth and Family social workers and 16 supervisors announced by the Government on 13 October 2011, will further improve the response to vulnerable children both in the community and in the statutory care and protection system. Recruitment and training plans for the additional staff are currently under way.

### **Family violence**

We have made good progress in addressing family violence through the Taskforce for Action on Family Violence. We need to continue the momentum so that the long-term consequences of family violence are ameliorated. We in the Ministry are committed to continuing to support the Taskforce, and its new independent chair Richard Wood, as it refreshes its mandate and mode of working with the incoming Government.

## NGO SECTOR

We expect that the community sector will play an important and significant role in the future delivery of social services, particularly in welfare and in better supporting vulnerable children and families.

We have introduced changes that increase the focus on results and improve the efficiency and effectiveness of services, including High Trust Contracts, Integrated Contracts and outcomes-based contracts. We are committed to working with the sector to transform community-based services and to ensure that funding is directed to services that deliver the right results to the right people. We will continue to evolve our contracting and contract management systems so that they support this to happen.

## FRAUD

The Ministry has good, well-established, systems in place to detect, investigate and prosecute fraud. We have a responsibility for taxpayers' money, which we take very seriously. In future we want to:

- boost our fraud investigation activity, be more active and identify more clients who are receiving payments they are not entitled to
- increase the visibility and messaging about fraud so that New Zealanders have faith and confidence in what we do and know that if fraud is occurring we will detect it and offenders will be prosecuted
- expand our work across other government agencies to detect cross-agency fraud
- undertake more risk-driven investigations from our risk profiling work to detect fraud earlier
- redefine what fraud is to be more inclusive of deliberate non-compliance with welfare obligations.

Our message is clear – if people are committing fraud, it is theft from every New Zealand taxpayer and they will be prosecuted.

PART

# 4

How we work with you

## WORKING WITH YOU

The Ministry has faced significant challenges over the last three years as we have managed service pressures and responded to the recession and the Canterbury earthquakes. We have met these challenges by looking for opportunities to transform and integrate services, strengthen our focus on results and improve efficiency through our value for money programme.

We are committed to strengthening our value for money programme, continuing to reduce costs and get more for less. We will achieve this by supporting a culture of continuous improvement, innovation and service excellence. We will work with our partner organisations to continue to 'learn our way forward' and to be agile and flexible in how we work.

We would welcome the opportunity to discuss our ideas with you and can provide further briefings on the issues and actions we have raised. We will work with you to develop a comprehensive programme of work that meets your priorities.

We look forward to working with you.

# Ministry of Social Development

The Ministry of Social Development helps to build successful individuals, strong, healthy families and thriving communities.

## Our clients

The Ministry provides services to more than 1.6 million clients\*

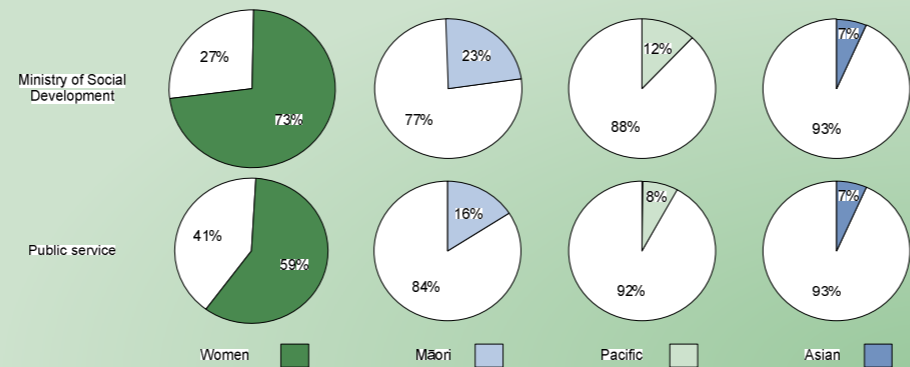
- 331,000 working-age people received a benefit
- 5,020 children and young people were in the custody of the Chief Executive and 3,885 children were living in out-of-home placements
- 150,747 care and protection notifications (including family violence referrals from the Police) were received by Child, Youth and Family
- 581,292 older people received a retirement income while residing in New Zealand or overseas
- 1.016 million Community Services Cards were issued to help individuals pay for health care
- 265,669 student loan and 160,245 student allowance applications were processed to help students pay for their study costs

\*all figures as at 30 June 2011 with the exception of working-age benefits which are at 31 Oct 2011

## Legislation we administer

- Adoption Act 1955 (operational administration)
- Adoption (Inter-country) Act 1997 (operational administration)
- Adult Adoption Information Act 1985 (operational administration)
- Children, Young Persons, and Their Families Act 1989
- Children's Commissioner Act 2003
- Department of Child, Youth and Family Services Act 1999
- Disability (United Nations Convention on the Rights of Persons with Disabilities) Act 2008
- Disabled Persons Community Welfare Act 1975 (except Part 2A)
- New Zealand Sign Language Act 2006
- New Zealand Superannuation and Retirement Income Act 2001 (Parts 1 and 4 and Schedules 1 and 6)
- Department of Social Welfare Act 1971
- Social Security Act 1964
- Social Welfare (Transitional Provisions) Act 1990
- Family Benefits (Home Ownership) Act 1964
- Employment Services and Income Support (Integrated Administration) Act 1998
- War Pensions Act 1954 (operational administration for Veterans' Pensions)
- Families Commission Act 2003
- Education Act 1989 (Part 25)
- Social Workers Registration Act 2003
- Charities Act 2005

## Our staff



## Our service lines

**Work and Income** is a single point of contact for working-age New Zealanders needing job search support, financial assistance and in-work support.

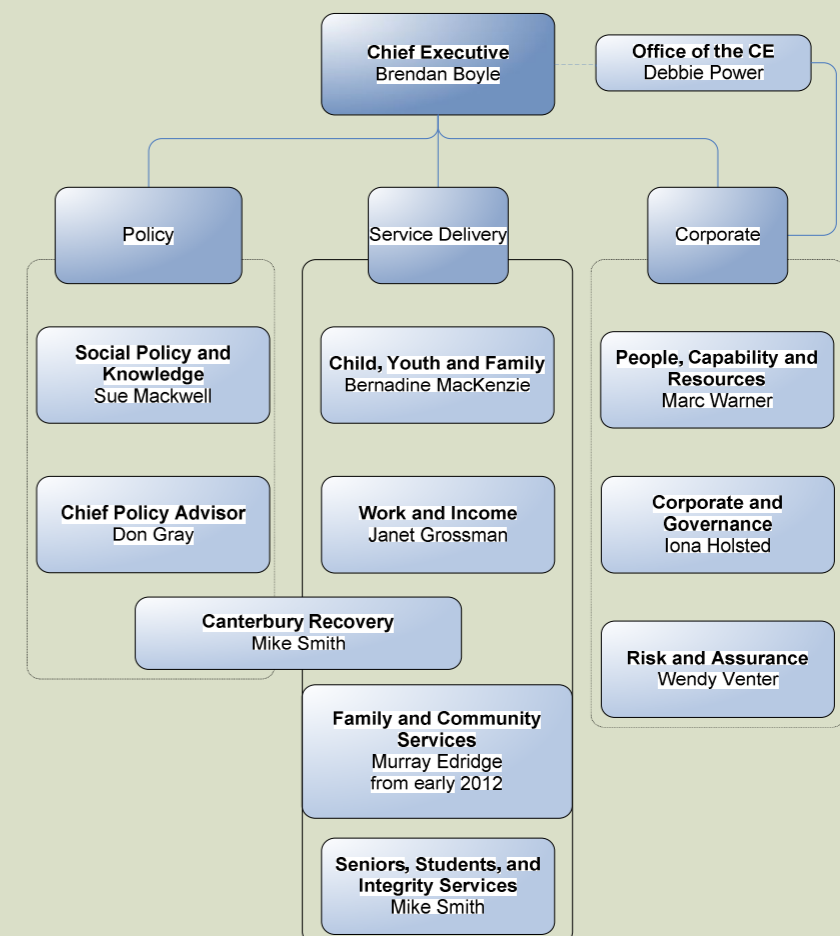
**Students, Seniors and Integrity Services** includes:

- StudyLink**, which administers the payment of student loans, allowances and support to students, and helps students make good decisions on their tertiary education options. StudyLink is responsible to the Minister of Revenue for activities relating to the Student Loan Scheme and to the Minister for Social Development and Employment for the management of all other support for students
- Senior Services**, which provides services to older people, including paying NZ Superannuation, Veteran's Pension and residential care and support, administering overseas pensions, and administering the SuperGold and Community Services Cards
- Integrity Services**, which works to reduce fraud and abuse, maximise debt collection, strengthen integrity, and minimise risk across the Ministry.

**Child, Youth and Family** focuses on care and protection of children and young people, youth justice services, and adoptions.

**Family and Community Services** leads, facilitates, co-ordinates and funds services that support families, such as parenting programmes. Family and Community Services contracts with community and non-government organisations to provide family support services.

## How we are structured



## Treaty settlements and Social Development Accords

A number of special post-Treaty relationship accords ('Social Development Accords') between iwi and government agencies have been agreed. Social Development Accords are in place with Waitaha/Ngāti Makino, Ngāti Pahuwera, Ngāti Manawa, Tūhoe, Taranaki Whānui, Te Hiku, and Ngāti Porou. The Tūhoe, Te Hiku and Ngāti Porou Accords are the most recent and actions arising from them, including relationship management, are still bedding down.

The Social Development Accords require the Ministry to undertake certain activities such as reporting information on social outcomes, participating in joint planning with the respective iwi, and working together on agreed issues. MSD also has a role in bringing other government agencies into the accord process. The relationships set up in the accords process envisage Ministers working with iwi Chairs, and departmental Chief Executives working with iwi Chief Executives.

The Social Development Accords sit alongside other 'business as usual' activities the Ministry undertakes in working to achieve better social outcomes, including for Māori.

## Crown Entities within ministerial portfolio responsibilities

MSD provides advice to the Minister for Social Development and Employment on appointments to the following statutory tribunals:

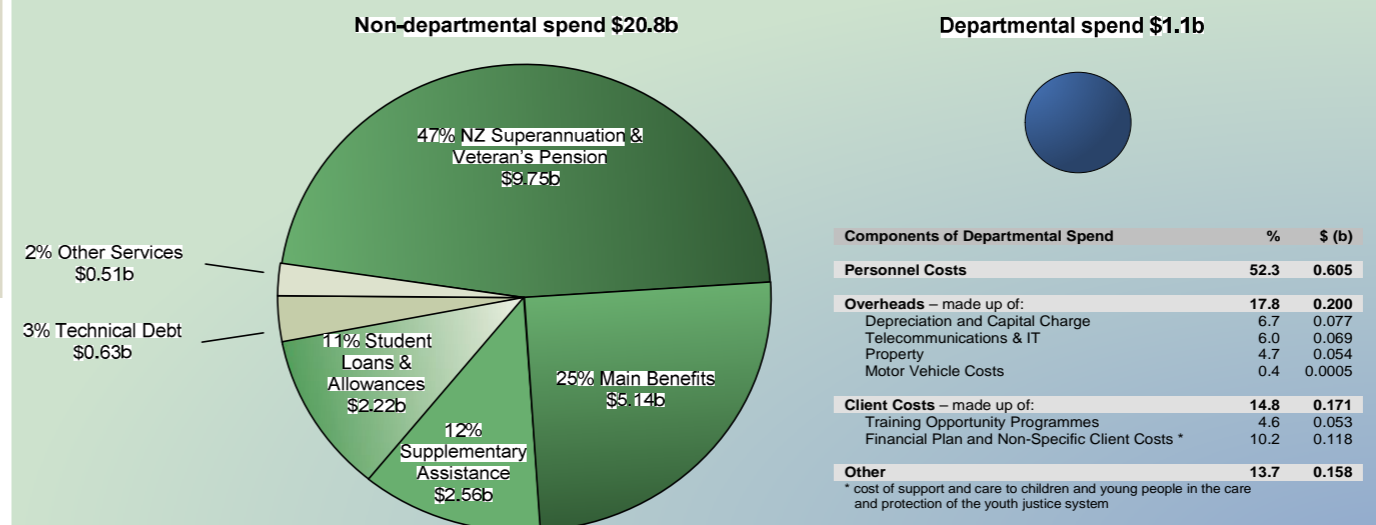
- the Social Security Appeal Authority
- the Social Workers' Complaints and Disciplinary Tribunal
- the Student Allowance Appeal Authority.

## Appointments to statutory tribunals

MSD provides support to the Minister for Social Development and Employment to carry out responsibility for the following Crown Entities:

- the Children's Commissioner
- the Families Commission
- the New Zealand Artificial Limb Board
- the Social Workers' Registration Board.

## Funding we administer



## ENDNOTES

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<sup>1</sup> More than one notification to Child, Youth and Family recorded in the same year may involve the same child or young person. The number of notifications are not, therefore, necessarily an indication of the number of individual children notified to Child, Youth and Family. Not all notifications received result in further action as it may become evident early in the process that there are no issues warranting formal intervention.

<sup>2</sup> The major drivers are demographic change, policy settings and the way the Ministry works with people and their health professionals.

<sup>3</sup> Around half of all violent crime and homicides are family violence related. Police receive a family violence call every six minutes (New Zealand Police).

<sup>4</sup> As at November 2011, 98 per cent of student allowance applications, 97 per cent of student loan applications and 93 per cent of Unemployment Benefit – Student Hardship applications were received online.

<sup>5</sup> While this liability figure gives a sense of the magnitude of liability, it is important to emphasise that it is an estimate, not a substitute for an actuarial valuation.

<sup>6</sup> For example, over 95 per cent of all student loan applications are received online and 32 per cent of seniors apply for New Zealand Superannuation online.

<sup>7</sup> For example, students will be able to access their accounts using smartphone technology.

<sup>8</sup> As a result of numerous co-location arrangements our property footprint is now only 60 per cent of what it was before the earthquakes. This, together with much greater emphasis on joined-up ways of working, has resulted in improved levels of collaboration across our service lines and between the Ministry and other agencies.