Annual Report 2021-2022

Chief Executive’s Foreword and Executive Summary



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# Chief Executive’s foreword

**Kia ora koutou,**

**Manaaki tangata, Manaaki whānau**

We help New Zealanders to be safe, strong and independent.

The Ministry of Social Development (MSD) is the organisation people in New Zealand turn to if they need income support, a job, to study, or have nowhere to live. We are there for people at the times in their life when they need us, right through to supporting seniors in their later life. What we do – and how we do it – makes a big difference to people, to their whānau and their community. With over 160 sites across Aotearoa, we are part of our local communities and we understand the importance of our role in these communities.

Looking back over the last year, I have been constantly impressed by the way our people – and those we work with – have responded to every challenge and kept the welfare of New Zealanders at the front and centre of what we do.

There is a lot we can reflect on and be proud of over the last year, including:

* setting up Whaikaha – Ministry of Disabled People
* our response to the evolving COVID-19 pandemic
* our record results getting people into work
* being able to build on the strength of our partnerships
* reaching a major milestone with our Te Pae Tawhiti programme.

#### Whaikaha – Ministry of Disabled People

It is a privilege for MSD to be the host agency of Whaikaha – Ministry of Disabled People. Whaikaha was established on 1 July 2022 and represents a significant shift in how government works with, and for, disabled people. The launch was the culmination of a huge amount of work to set up the Ministry and was an emotional day, especially for those who had advocated for its creation for many years. Whaikaha has its own Chief Executive, the first appointment of a disabled person as a public service Chief Executive.

#### Doing our bit for the COVID-19 response

The COVID-19 pandemic continues to impact the lives of New Zealanders, as does the subsequent rise in the cost of living. We have seen, and responded to, an increase in the demand for social support.

As well as Wage Subsidies and the Leave Support Scheme, we alongside others led the Care in the Community welfare response, which helped whānau who were isolating. Whether people needed income, emergency accommodation, assistance with food, masks, bills or medication, we were there (eg during the Omicron wave, Community Connectors supported 107,300 families who were isolating).

We scaled our services up at pace and ensured support went to hard-to-reach communities. We made sure local organisations were ready to provide support on the ground, and we tailored that support for Māori, Pacific, ethnic and migrant communities, disabled, youth and older people.

More recently, we’ve been focused on the longer-term issues emerging from the pandemic, such as social isolation, reduced income, debt, and poor mental and physical health – the impact of which we will see for some time.

#### Getting more people into jobs than ever before

A relentless focus on getting people jobs has seen 226,836 clients move off benefit into work in the last two years – our highest recorded result.

Programmes like Flexi-wage and Apprenticeship Boost helped upskill jobseekers and encourage employers to take on new staff. Targeted campaigns around seasonal work connected students and other clients to work in the horticulture industry, while job expos held around the country saw queues around the block of people looking for work and had businesses signing up new recruits on the day.

#### Kotahitanga – partnering

This year we saw just how important the relationships and networks we have developed are. We have worked with a wide variety of individuals and organisations to focus on areas, such as:

* reducing family and sexual violence
* strengthening social cohesion, following the 2019 terrorist attack on the Christchurch mosques
* responding to civil defence emergencies, in particular the floods experienced up and down the country
* social sector commissioning on behalf of the public service
* progressing youth development.

The work of the Regional Public Service Commissioners came to the fore, joining up the work of the public service in the regions. MSD has 12 senior leaders in these roles.

Our Crown-Māori partnerships go from strength to strength with the Te Hiku o te Ika Social Accord, Koiora Accord with Waikato-Tainui, the Ngāi Tūhoe Service Management Plan and other iwi relationship agreements. We have staff embedded at marae, bringing support to Māori whānau in an environment they are comfortable in.

Access to affordable housing remains an issue. Our priority is to make sure people have somewhere to stay and we work closely with local councils, city missions and other agencies to make this possible.

#### Te Pae Tawhiti

I am proud of the contribution MSD has made to the lives of New Zealanders over the last 12 months. What we achieved is made all the more remarkable when you consider it was done using outdated technology and systems. This is why one of my highlights is Cabinet signing-off Te Pae Tawhiti – our transformation programme that will modernise our systems and the way we operate at MSD.

At no point, amid all this activity, did we lose sight of the important day-to-day work, income support, ensuring students get their loans and allowances, annual adjustments, increases in benefits, winter energy payments, managing the Public Housing Register, hosting the Independent Children’s Monitor, managing historic claims, youth development and valuing the contribution of older people through the Better Later Life strategy.

Having seen this organisation from every angle, I am full of admiration for what our people do. Of course, there is always more to do, but we have a great team in place keen to do more and make that difference in people’s lives.

COVID-19 may not be gone or forgotten, but we’re enjoying being able to open our sites back up, do more face-to-face and reconnect – with clients, partners, each other, as well as with who we are and what we do.



Debbie Power

Secretary for Social Development

Chief Executive, Ministry of Social Development

# Executive summary

Our work at MSD, together with that of our social sector partners, is essential to achieving a sustainable and prosperous future in which all New Zealanders are able to take responsibility for themselves, be successful in their lives and participate in their communities.

## A year of reconnecting New Zealanders and leading the COVID-19 welfare response

This year, we supported New Zealanders to reconnect or stay connected with the important parts of their everyday lives such as their community, wellbeing, employment and studies, while ensuring that their immediate housing and income needs were addressed.

We recognise that the impacts of COVID-19 made it a challenging year for many. Our services played a key role in helping many people overcome these challenges. During the year, we continued to work with others to lead and deliver the Care in the Community (CiC) welfare response. We also made more fundamental changes to the way we work and reached a key milestone for Te Pae Tawhiti, our transformation programme.

Some of our key highlights for 2021/22 include:

* having another year of record work-exit numbers with over 113,400 people moving off a benefit into work
* strengthening our partnerships with community providers and partners to deliver essential services, and investing in 500 Community Connectors as part of our CiC welfare response to support people self-isolating or at home due to COVID-19
* implementing increases to main benefit rates and adjustments to income support policy and criteria, to make it easier for income assistance to be accessed by people at the right time
* providing nearly $4.8 billion in Wage Subsidy Scheme August 2021 payments, in addition to other economic supports, to help soften the financial impacts of COVID-19
* working with people in housing distress to contribute towards the drop of Emergency Housing Special Needs Grants (EH SNGs) over the last 6 months (from 6,225 in November 2021 to just over 5,000 distinct recipients by June 2022), demonstrating our commitment to work with others to support people into safe and sustainable housing solutions
* working collaboratively to establish Whaikaha – Ministry of Disabled People, as part of our role in progressing Disability System Transformation
* progressing our Programme Business Case for Te Pae Tawhiti (the Programme), which will enable the transformation of our operating and service models to help us achieve positive outcomes for New Zealanders.

## Progressing our strategic direction

Our strategic direction set out in Te Pae Tawhiti provides a strong and relevant guide for change in the way we work and work with others to achieve our outcomes for New Zealanders.

Our work towards achieving our three outcomes in 2021/22 included:

### Outcome: New Zealanders get the support they require

* Implementing policy changes to increase the amount of income support available to people, such as to main benefit rates and hardship assistance
* Implementing a range of policy changes to help make income support easier to access, such as removing the Subsequent Child Policy
* Providing nearly $4.8 billion in Wage Subsidy Scheme August 2021 payments, along with other economic supports, to help soften the financial impacts of COVID-19
* Providing the Ready-to-Rent Programme, Housing Navigators, Intensive Case Management and housing brokers to help people with the support, skills and knowledge they need to acquire and successfully maintain a tenancy
* Providing $1.8 million through the Flexifund to support the education and wellbeing of children in Emergency Housing
* Improving debt management processes for our clients.

### Outcome: New Zealanders are resilient and live in inclusive and supportive communities

* Investing in 500 Community Connectors and leading the cross-sector CiC welfare response to ensure people were supported and remained connected with their communities while isolating at home due to COVID-19
* Strengthening our partnerships with community providers and partners to deliver essential services
* Maintaining and investing in our Crown-Treaty relationships, including Te Hiku o te Ika and the Ngāi Tūhoe Service Management Plan, to help improve wellbeing for Māori
* Collaborating in Te Puna Aonui and other joint ventures to strengthen our work to keep communities safe and eliminate family violence and sexual violence
* Addressing historic experiences of abuse and neglect in state care
* Advocating for the interests and wellbeing of children and young people in the state care system
* Advocating for people caring for family and whānau
* Improving social cohesion in New Zealand
* Ensuring that social services are being safely delivered to New Zealanders.

### Outcome: New Zealanders participate positively in society and reach their potential

* Supporting further investments in Mana in Mahi, Apprenticeship Boost and other employment programmes, to help New Zealanders prepare for, secure and sustain employment
* Having another year of record work-exits, with over 113,400 people moving off main benefits into work
* Supporting Building Financial Capability service providers to offer over 133,000 sessions to improve people’s financial wellbeing
* Working collaboratively to establish Whaikaha – Ministry of Disabled People, and investing in work to support disabled people and their whānau to be independent and create good lives for themselves
* Providing New Zealand Superannuation and Veterans’ Pensions to over 858,300 recipients, and supporting older people to maintain their independence and continue to participate positively in society
* Providing youth development and youth enterprise programmes and services to over 72,000 young people and providing education, employment and training opportunities like He Poutama Rangatahi to help young people thrive.

### Achieving our impact indicators and performance measures

Some areas of our services and performance this year have been affected by COVID-19, which required us to pivot our programmes of work to support the most immediate needs of New Zealanders. While we continue working through the impacts of COVID-19, we are committed to improving the quality and outcomes of our operations and services.

#### Impact indicators

We have six impact indicators that align with our strategic direction and represent the way we measure progress towards achieving our outcomes, as introduced in our Statement of Intent 2018-2022.[[1]](#footnote-1) Two of the impact indicators are split into sub-indicators, taking the total number of results we report to eight.

This year, **four out of eight measurements showed improved results** compared to results in 2020/21. Looking at results in comparison over time, **three indicators show trends in the desired direction**.

Further information on our impact indicators results for 2021/22 can be found in the ‘Our organisational impact indicators’ section of this Annual Report.

#### Performance measures

Each year we agree with the Government on how we will use the funding approved by Parliament and how we will measure our performance of this. The performance measures and agreed standards are published in the annual Vote Social Development Estimates of Appropriations and may be amended in Vote Social Development Supplementary Estimates of Appropriations during the year.

This year, we achieved **64** **out of 77** performance measures. This equates to 83.1 percent compared to 83.5 percent last year.**[[2]](#footnote-2)**

For two additional performance measures, no results were available. Further information on our performance measures results for 2021/22 can be found in the ‘Assessing our Performance’ section of this Annual Report.

### Improving our organisational capabilities

Delivering on our strategic direction relies on many things, including having the right organisational capability. This year, we worked to support and keep our people and clients safe, reduce our carbon emissions and improve our corporate functions. We also advanced work on laying the foundations for change through Te Pae Tawhiti (the Programme).

As we look to the future, we will undergo significant transformation through the Programme to deliver to our strategic direction and the Government’s Welfare Overhaul work programme. The changes made through the Programme will make it easier and simpler for New Zealanders to get help and support through the welfare system.

### Our key statistics for 2021/22

#### People receiving NZ Superannuation

30 June 2022: **more than 858,300**

30 June 2021: more than 837,500

30 June 2020: more than 809,000

#### People receiving benefits

30 June 2022: **nearly 345,000**

30 June 2021: nearly 355,000

30 June 2020: more than 353,000

#### Working-age benefits cancelled because people got work

2021/22: **113,427**

2020/21: 113,409

#### Percentage of people with full-time work obligations who left benefit system and stayed off benefit for at least six months

2021/22: **63.1%**

2020/21: 58.9%

#### Applications on the Public Housing Register

30 June 2022: **more than 32,000**

30 June 2021: more than 29,000

30 June 2020: nearly 22,000

#### Youth development opportunities funded

2021/22: **over 72,200**

2020/21: nearly 68,600

#### Student Loan and Allowance applications processed

2021/22: **nearly 266,800**

2020/21: nearly 324,600

#### Value of hardship grants

2021/22: **$900 million** (more than **2.3 million** grants)

* $129.1 million for nearly 1.3 million Special Needs Grants for food
* $393.1 million for over 144,500 Emergency Housing Special Needs Grants

2020/21: $857.5 million (nearly 2.5 million grants)

#### People accessing community support services

2021/22: **90,111**

2020/21: 83,736

#### COVID-19 economic and welfare supports provided

30 June 2022: **nearly $4.8 billion** provided in COVID-19 Wage Subsidy Scheme August 2021 payments to support over 1.3 million jobs

30 June 2022: **$98.3 million in funding** for community food providers to deliver over 548,000 food packs

2021/22 Community Connectors: **expanded from 141 to 500**

### We receive our funding from the Crown

Our budgeted spending is approved by Parliament following the Budget announcement each year. The annual Vote Social Development Estimates of Appropriations details the funding allocated, policy initiatives approved, Ministers’ spending intentions and how performance will be assessed, and may be amended in Vote Social Development Supplementary Estimates of Appropriations during the year.

The Ministry also receives funding from some government agencies to provide agreed corporate and accreditation services.

Full details of spending in 2021/22 can be found in the ‘Financial Statements’ section of this Annual Report.

### Key areas of spending

Table 1: Key areas of spending from 2017 to 2022 (in billions or bn)

|  | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| --- | --- | --- | --- | --- | --- |
| NZ Superannuation | $13.7bn | $14.56 bn | $15.52bn | $16.57bn | **$17.76bn** |
| COVID-19 Wage Subsidies | - | - | $12.17bn | $1.21bn | **$5.18bn** |
| Other benefits and assistance | $5.91bn | $6.57bn | $7.84bn | $9.07bn | **$9.17bn** |
| Housing assistance and rent subsidies | $2.26bn | $1.96bn | $1.98bn | $2.32bn | **$2.40bn** |
| Student support | $1.95bn | $2.04bn | $2.09bn | $2.16bn | **$1.98bn** |
| Departmental operating costs | $1.03bn | $1.02bn | $1.18bn | $1.41bn | $1.57bn |
| Total | $25.09bn | $26.43bn | $40.87bn | $33.71bn | **$39.51bn** |

1. See [How we will assess our performance](https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/how-we-will-assess-our-performance.pdf) [PDF, 139 kilobytes, 1 page]. The name of the document is ‘How performance will be assessed in 2018/2019’. [↑](#footnote-ref-1)
2. MSD’s [2020/21 Annual Report](https://annualreport2021.msd.govt.nz/?utm_source=msd&utm_medium=referral&utm_campaign=annualreport) reported this as a rounded figure of 84 percent. For this year’s 2021/22 annual report, we have revised the figure to 83.5 percent. The reason is to ensure consistency in the application of decimal place rounding throughout the document. [↑](#footnote-ref-2)