

Briefing to the Incoming Associate Minister

Social Development and Employment

01 February 2023



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Welcome to the Social Development and Employment portfolio

To support you in your role, this briefing provides information on:

- the Social Development and Employment portfolio
- the Ministry of Social Development (MSD or the Ministry)
- our environment and current work programme
- Budget 23 timeline and process
- key Ministry contacts.

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

Scope of the Social Development and Employment portfolio

The Social Development and Employment portfolio directly influences the strength and fabric of New Zealand's society and economy.

The Ministry oversees New Zealand's social welfare system and the implementation of the Government's employment policies and programmes, covering:

A range of income support payments for:

- people with low or no income, through the provision of main benefits and supplementary assistance
- students, through the provision of student allowances and student loans
- seniors, through the provision of New Zealand Superannuation and the Veteran's Pension

Note that MSD administers the payment of student loans on behalf of the Minister of Revenue, and the payment of the Veteran's Pension on behalf of the Minister for Veterans.

Employment services – through case management, training, partnering with employers and providing other services to help people get into sustainable work. This included the provision of the wage subsidy.

Housing support – through the provision of financial assistance and managing the Public Housing Register.

Community partnerships and programmes – including contracting and funding community-based providers and partnerships with Iwi who provide services to people. For example, building financial capability, and providing services to prevent and respond to family violence and sexual violence.

Social policy and investment advice – with the aim of achieving the best possible outcomes for New Zealanders from the Ministry’s funding and system settings.

The Minister for Social Development and Employment is responsible for **Vote Social Development**, with a number of other Ministers responsible for appropriations within the Vote. Appendix Two sets out these responsibilities.

An overview of the Ministry of Social Development

About MSD

MSD is the lead agency for managing and delivering New Zealand's welfare system – contributing positively to the wellbeing of people today and into the future.

Our purpose – *Manaaki Tangata, Manaaki Whānau* | *We help New Zealanders to be safe, strong and independent* – forms the basis for what we do.

We are one of New Zealand's largest government agencies with over 9000 staff across the country. We have a large regional and community presence, with clients being able to access services through our large network of office locations, including 125 service centres where people can seek the assistance they need.

The map below shows our footprint across New Zealand.

MSD service locations

Centr



Portfolios within MSD

The Office for Seniors and the Ministry of Youth Development sit within MSD, and provide support and advice for these key population groups. While these groups come under the responsibility of different Ministers, they are still accountable to the relevant Deputy Chief Executive within MSD.

Services we provide

Income support and superannuation services:

- Benefits
- Other financial support (for people in, or outside of, the benefit system)
- Retirement income (in particular, New Zealand Superannuation)
- Accommodation-related financial support
- Student financial support (via StudyLink)
- Child-related benefits.

Employment services and support:

- Connecting clients to employers and job opportunities
- Upskilling clients through industry-based recruitment partnerships
- Responding to local labour market conditions by working with local employers and industry partners through our regional employment teams
- Supporting rangatahi to gain the skills they need to work and have an independent future.

Housing support services:

- Assessing people's eligibility for, and assisting them with access, to emergency, transitional and public housing
- Providing grants and recoverable assistance to help with housing costs.

Contracting and funding community services through partners:

- Supporting victims, survivors and perpetrators of family violence and sexual violence
- Growing leadership within communities to address family violence
- Reducing the isolation, abuse, and neglect of older people
- Building people's financial capability and resilience
- Ensuring refugee and migrant communities can participate in local initiatives
- Supporting community providers to develop their capability.

We provide a range of services to the Government to support the welfare system, including:

- advice to Ministers on a wide range of social policy issues, such as the welfare overhaul work programme, income support, employment programmes, active labour market policies, housing-related social assistance, support for children and rangatahi, retirement income, social policy issues relevant to seniors and disabled people, social sector policy initiatives, regional development and governance, and our international obligations
- co-ordinating the whole-of-government approach to strengthening social cohesion, which is part of the Government's response to the recommendations from the Report of the Royal Commission of Inquiry into the terrorist attack on Christchurch Masjidain in March 2019
- protecting the integrity of the welfare system by minimising errors, client debt and fraud, and managing the collection of overpayments and recoverable assistance loans
- providing requested information and preparing for hearings of the 'Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions' and supporting the Crown Response Unit
- assessing and resolving claims of abuse and neglect for people who were under the supervision of, in the care, custody or guardianship of, or who had come to the notice of the State before April 2017
- co-ordinating the Care in the Community welfare response to COVID-19
- responding to adverse and crisis events, such as floods, droughts, and earthquakes
- monitoring three Crown entities¹ and providing advice to the responsible Minister
- leading Connected², a central place for information from the New Zealand Government relating to Employment, Education and Training.

We work with others to deliver effective welfare services and other social service functions, including:

- working with Te Tari Taake Inland Revenue to deliver Working for Families tax credits to people on benefits and COVID-19 business supports to qualifying employers and self-employed people
- participating in cross-government initiatives, including:
 - working with hapū and iwi towards improving outcomes for Māori
 - supporting the Child and Youth Wellbeing Strategy
 - contributing as a member of several cross-agency groups, including the Social Wellbeing Board, the Digital Government Leadership

¹ The Office of the Children's Commissioner www.occ.org.nz, Peke Waihangā (New Zealand Artificial Limb Service) www.pw.co.nz, and the Social Workers Registration Board www.swrb.govt.nz

² www.connected.govt.nz

Group, the Government Health and Safety Lead, and the Joint Venture for Family Violence and Sexual Violence

- sponsoring We Enable Us, an all-of-government disabled employees' network in the public sector
- leading out across government on improving social sector commissioning and hosting the Social Sector Commissioning Hub
- strengthening oversight of the Oranga Tamariki system, including independent monitoring
- supporting place-based initiatives (including playing a lead role in the Tairāwhiti region)
- accrediting social service providers contracted by partner agencies³, managing Core Worker Exemptions and Social Worker Registration non-compliance
- developing a long-term insights briefing that explores opportunities to support better employment outcomes for all young people in the medium- and long-term.

Other core responsibilities

We administer a series of statutes that ensure a fair welfare system for all New Zealanders⁴. The most significant of these are the Social Security Act 2018 and New Zealand Superannuation and Retirement Income Act 2001.

MSD also regularly produces and publishes data and evidence reports to inform our work, including:

- regular reporting and forecasts of the benefit system⁵
- research on a range of topics, including household incomes, and family and whānau wellbeing
- evaluations of services, programmes, pilots and trials.

Income Support

As the lead delivery agency for income support, we provide different types of financial assistance, including main benefits, hardship assistance, and student loans and allowances (through Studylink).

We partner with Inland Revenue to deliver Working for Families tax credits to people on benefits and are the lead agency for the review of Working for Families. We also work with Inland Revenue in the delivery of student loans.

³ Oranga Tamariki, the Ministry of Justice, Ministry of Housing and Urban Development, Ministry for Pacific Peoples, and Ara Poutama Aotearoa (Department of Corrections).

⁴ A full list of the statutes we administer can be found at: www.msd.govt.nz/about-msd-and-our-work/about-msd/legislation

⁵ Informed by Treasury forecasts and Stats NZ data.

Employment

As the delivery agency for employment services in New Zealand, we have seen record numbers of over 110,000 people exiting benefit into employment each year in the last two years.

Over the last few years, we have expanded our employment services to better support communities and increased our efforts toward proactively helping those at risk of poor labour market outcomes, funded through the Improved Employment and Social Outcomes Multi-Category Appropriation. It aims to promote sustainable employment and equity for groups that consistently experience poor labour market outcomes.

MSD's Employment and Social Outcomes Investment Strategy 2022 – 2025 informs national and regional decisions about MSD's employment services, funded through the Improved Employment and Social Outcomes Multi-Category Appropriation. It focuses on priority groups we work with which include Māori, Pacific and at-risk youth. MSD monitors and reports on changes to the profile of our investment, and on its effectiveness.

We also have a joint role with the Ministry of Business, Innovation and Employment (MBIE) in providing advice on the labour market and immigration settings, particularly where New Zealanders might be displaced as a result of settings or decisions.

Housing

We have a client-facing housing role and work with Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (HUD) and Kāinga Ora – Homes and Communities to support people, families and whānau who have significant or urgent housing needs to access emergency, transitional and public housing.

MSD is also responsible for the provision of hardship assistance that supports eligible people with housing costs, including tenancy bonds, rent in advance, rent arrears and essential repairs and maintenance. We work closely with HUD to ensure that there are a range of appropriate housing options for lower-income households.

MSD also provides policy advice on the emergency housing system, housing-related hardship assistance, and the Accommodation Supplement.

Support for Communities

We are responsible for contracting and funding community-based providers. We recognise the diversity of the people, whānau and families, and communities we serve, and we are committed to improving their wellbeing.

We are improving New Zealanders' access to tools, skills and resources, including financial literacy, to help them to respond better to the challenges in their lives.

We support communities to be inclusive, supportive, and free from violence. We want people who have experienced harm, or do not feel safe, to know that help is available and to understand where they can get it.

We do this by:

- collaborating in joint ventures with other government agencies, organisations, and Māori, Pacific, and former refugee and migrant communities 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
- supporting people who care for family and whānau
- improving social cohesion in New Zealand.

Seniors

We also administer the Office for Seniors, which acts as a focal point within government for information and advice on issues affecting older people and their wellbeing, based on sector engagement and good practice.

The Office supports the implementation of the Better Later Life – He Oranga Kaumātua 2019 to 2034 strategy, which provides a roadmap on how to support older people over the next 11 years.

The Office works closely with MSD's Older Peoples Policy team, which is responsible for the development of policies on income support and social issues relevant to older people.

The Minister for Seniors is responsible for the appropriation that funds the Office for Seniors.

Our guiding strategies

As an organisation, we want to be trusted and proactive, connecting clients to all the support and services that are right for them and improving the social and economic wellbeing of New Zealanders. MSD faces a number of challenges including complex and ageing technology that is not well suited to modern ways of working and supporting our clients. We have three key strategies guiding our mahi.

Te Pae Tawhiti – Our Future

This sets out the outcomes and impacts we want to achieve as an organisation and how we are going to get there. It shows our intention to do better for our clients and identifies the three strategic shifts we are undertaking to achieve our outcomes.

Te Pae Tata – Te Rautaki Māori me te Mahere Mahi – Our Māori Strategy and Action Plan

Our vision is that whānau are strong, safe, prosperous and active within their community, living with a clear sense of identity and cultural integrity and control over their destiny – Te mana kaha o te whānau.

Pacific Prosperity – Our People, Our Solutions, Our Future

Our Pacific Strategy and Action Plan places Pacific peoples, families and communities at the heart of our programme development, thinking and decision-making.

Māori-Crown relations

As an agency of the Crown, we are committed to upholding the principles of Te Tiriti o Waitangi. As a Te Tiriti o Waitangi partner, we are committed to supporting and enabling Māori, whānau, hapū, iwi and communities to realise their own potential and aspirations.

MSD leads three significant Treaty of Waitangi post-settlement accords, known as the Social Accords.

MSD leads the Crown dimension of long-term social and economic development work under Te Hiku o Te Ika Iwi-Crown Social Development and Wellbeing Accord, Ngāi Tūhoe Service Management Plan, and the Koiora Accord with Waikato-Tainui.

More broadly, MSD has for many years had a positive relationship with the National Iwi Chairs Forum (NICF), playing a role in key economic and social discussions. In addition to the relationship with the NICF, MSD has also worked to foster strong and lasting relationships with a range of individual iwi.

The NICF is a platform for sharing knowledge and information between the tāngata whenua of Aotearoa, with hui four times a year hosted at different marae throughout the country. All iwi Chairpersons have an open invitation to participate in and contribute to this group.

The overall objective of the NICF is to increase the opportunity for iwi to participate in all decision-making matters affecting te ao Māori.

The first NICF was convened in 2005 at Takahanga Marae in Kaikōura. Since that time, the NICF has met regularly to discuss and enable Māori aspirations in the spheres of cultural, social, economic, environmental, and political development.

Kaupapa Inquiries

In 2015, the Waitangi Tribunal established a new kaupapa (thematic) inquiry programme focused on claims that deal with nationally significant issues affecting Māori as a whole.

MSD is involved in, and responding to, five Kaupapa Inquiries:

- Health Services and Outcomes Inquiry
- Housing Policy and Services Inquiry
- Mana Wāhine Inquiry

- Military Veterans Inquiry
- Te Rau o Te Tika Justice System Inquiry.

The Waitangi Tribunal has also indicated that there will be a Social Services and Social Development Inquiry in the future, for which MSD will be the lead Crown agency.

Emergency management

MSD has a key role in responding to emergencies and assisting in recovery work alongside other agencies, including the National Emergency Management Agency (NEMA) and the National Crisis Management Centre in times of need.

During times of emergency, MSD are the responsible agency for the provision of financial assistance at a national and regional level and assisting with needs assessment, psychosocial support and financial support for temporary accommodation.

We provide assistance to new and existing clients affected by emergencies. These forms of assistance may include Special Needs Grants (including Civil Defence Payments) Recoverable Assistance Payments, and Advance Payment of Benefits.

Hosted functions and shared services

MSD hosts the following functions:

Historic Claims

The Historic Claims team provides an alternative disputes resolution process for people who were abused or neglected in the care, custody, or guardianship of, or who had come to the notice of, Child, Youth and Family or its predecessors, before 1 April 2017. Claims arising after this date are the responsibility of Oranga Tamariki.

Te Kāhui Kāhu⁶

MSD hosts Te Kāhui Kāhu (the Social Service Accreditation Service), which provides the Government and communities with independent assurance that social service providers can deliver safe, quality services to New Zealanders.

Independent Children's Monitor

The Independent Children's Monitor (ICM) provides independent oversight across the Oranga Tamariki system and organisations that care for and have custody of children and youth. The ICM is currently hosted by MSD while it is establishing its functions. It reports to the Minister for Children on its monitoring findings, and to the responsible minister on the establishment of the functions. The ICM is

⁶ www.tekahuikahu.govt.nz

moving to be a Departmental Agency within the Education Review Office (ERO) from **s18(d)**.

We also provide shared corporate services to three other agencies:

- Social Wellbeing Agency⁷
- Office of the Children's Commissioner⁸
- HUD.

Our transitional services arrangement with Oranga Tamariki is being discontinued in 2023.

Whaikaha

Whaikaha – Ministry of Disabled People⁹ (Whaikaha), established on 1 July 2022, is a Departmental Agency hosted by MSD. Whaikaha's role is to fund a range of disability support services and to lead the transformation of the government system for disability issues.

While hosted by MSD, Whaikaha is operationally autonomous. To support Whaikaha, the Government has agreed it will initially operate within MSD's strategic framework while it develops its own systems, processes, and capabilities. Whaikaha's Chief Executive will present a strategic framework to the Minister for Disability Issues within 18 months of establishment. Appropriations that fund Whaikaha sit within Vote Social Development.

The Government has committed to transforming New Zealand's disability support system in line with the Enabling Good Lives vision and principles and informed by evidence of 'what works'. The Enabling Good Lives approach is based on disabled people having greater choice and control over their supports and lives. Whaikaha is responsible for the national roll-out of Enabling Good Lives as part of disability system transformation.

It is important to note that MSD has, and will continue to have, a role in the disability space. This contributes to MSD's focus on long-term social and economic development. Core parts of MSD's role include delivering supports and services for disabled people through the welfare system, administering disability-focused services and policy advice on disability issues.

⁷ www.swa.govt.nz

⁸ A new entity, the Children and Young People's Commission will be in place on 1 July 2023. This means that the Office of the Children's Commissioner will transition to become the Children and Young People's Commission.

⁹ www.whaikaha.govt.nz

Our Operating Environment

We regularly assess how our operating environment is changing to identify trends, risks, and opportunities.

Changing demographics

New Zealand's landscape is changing. The population is ageing and becoming more ethnically diverse. Increasingly, our clients have multiple needs and expect to interact with us in different ways.

Older New Zealanders may experience significant hardship

New Zealand's population is ageing¹⁰, life expectancy is increasing, and more people are working for longer. Older people contribute significantly to the New Zealand economy through paid and unpaid work, and voluntary contributions. With falling rates of home ownership, a growing number of older people are renting and many need to keep working to meet their housing costs. This group is at risk of experiencing hardship across income, housing, health, social connections, and access.

Housing

In recent years, housing in New Zealand has become increasingly unaffordable. At the time of the 2018 census, home ownership rates were at their lowest since the 1950s, and there is a growing demand for rental homes. One third of New Zealand households now rent, and the number of children living in rented accommodation has increased from 26 percent to 43 percent since the 1980s. Increasing demand for public housing and a growing reliance on emergency housing highlight the pressure on the private rental market and the lack of new supply, particularly affordable and secure rental housing for lower income households.

The most vulnerable renters (those on low incomes, with complex needs, with a poor rental history and who potentially face discrimination in the rental market) are being increasingly excluded from the private rental market.

Rental prices, housing supply, COVID-19 and cost of living pressures have contributed to ongoing increases in demand for housing support through 2020 to early 2022. However, there were signs that rental prices and housing supply pressures were easing in the June 2022 quarter.

Climate change

Climate change is having a more regular and severe impact on communities, in particular the clients we support. New Zealand's plan to reduce greenhouse gas

¹⁰ As at July 2022, there were an estimated 842,100 people aged 65 and over, or 16.4 per cent of the population, including 93,500 people aged 85 and over. This percentage is likely to increase to between 21 and 25 percent in 2048.

emissions will lead to changes that will also impact our clients. We support New Zealanders in emergency events caused by Climate Change and are focused on supporting long-term social and economic development in the transition to a lower-emissions New Zealand.

COVID-19

COVID-19 had a significant impact on the benefit system from early 2020, with a large increase in the number of people accessing support (see Appendix 3 for more details).

MSD played a major role in providing support to those affected by issues related to COVID-19. The Wage Subsidy, Leave Support Scheme, and Short-Term Absence Payment, were available to protect jobs and support people self-isolating. Of these three bespoke supports, only the Leave Support Scheme is still available. The Community and Capability Fund was a fund available to Iwi, hapū and community groups for initiatives that supported the rebuild and recovery from COVID-19. MSD also provided support to those self-isolating as part of the Care in Community – Welfare Response.

We are now transitioning to the phase of understanding what the ongoing situation looks like, the lessons learned for future pandemics, and what worked well including what changes we would want to keep.

Cost of living

New Zealand, like many other countries, is now experiencing a period of high consumer inflation which is putting pressure on the incomes of low-income New Zealanders in particular.

The Annual General Adjustment (AGA) of welfare system rates of assistance on 1 April 2023 will increase the financial support provided through main benefits and many other (though not all) forms of welfare assistance.

For the year to December 2022, the CPI was 7.22 percent while net average wage growth was 6.24 percent. Forecasts suggest wage growth will surpass inflation during 2023 and remain higher throughout the forecast period to 2025/26 resulting in higher wage growth than inflation for subsequent AGAs.

The Minister for Social Development and Employment will receive advice on the 2023 AGA on 9 February 2023.

Welfare Overhaul Reform

Since 2017, \$14.6 billion has been invested across various initiatives to improve the lives of the most vulnerable New Zealanders. This includes over \$12.5 billion on initiatives for improving income support, \$868 million into employment interventions, \$560.8 million on responding to increased demand for housing supports, and \$297.4 million in the community sector.

These investments have had a tangible impact on the lives of New Zealanders. Approximately 351,000 individuals, families, and whānau are, on average, \$113 per week better off than they were in 2017 as a result of the welfare overhaul.

All measures of child poverty have trended downwards since 2017/18, fewer households with children report not having enough income for basics, and total incomes are higher for those supported by benefits in 2022 than in 2018, even after accounting for increases to housing and the cost of living.

s18(d)

MSD systems and processes

Demand for support from MSD and the complexity of need are growing, and we are increasingly less able to make the changes we need to respond. We must transform our service model, systems, practices, and processes, and lift our capabilities to better meet the needs of New Zealanders:

- MSD's fragmented systems lead to significant time spent on administration. This takes attention away from higher impact work with our clients.
- MSD's complex and ageing technology environment means there is a high and increasing likelihood of service and payment failure risks. This could cause serious harm to clients, partners, and New Zealand.
- MSD's current service model can make it difficult for clients to get help. This creates distress for clients who often have to repeat information and contact MSD multiple times to get an issue resolved.
- MSD's lack of automated systems means work programme implementation is slower and more expensive. Without transformation, this takes a significant amount of time and staff.

2023 Work Programme

The following provides high-level information on key items on the Ministry's work programme. Further information on any of the below items can be provided in subsequent briefings.

Welfare system and income support

s18(d)

A large section of the document is redacted with grey bars. The redaction covers approximately 15 lines of text, starting from the 's18(d)' label and extending down to the start of the 'Alongside the welfare overhaul...' paragraph.

Alongside the welfare overhaul work programme, key items of system stewardship work in 2023 will include:

- exploring automated decision-making in the welfare system
- the 2023 Annual General Adjustment
- the passage of a Regulatory Systems Bill
- progressing work on the interactions between the welfare system and the New Zealand Income Insurance Scheme.

Employment

Traditionally, MSD's core employment focus has been improving the employment and wellbeing outcomes for our most vulnerable groups of New Zealanders who are most disadvantaged in the labour market and at risk of being long-term benefit recipients.

Ministers recently agreed to the future direction of MSD's employment service, in line with the overhaul of the welfare system. The core objective of our employment service is to proactively support people at risk of poor labour market outcomes, for example Māori, Pacific and at-risk youth, to prepare for, find and retain suitable employment that improves their long-term wellbeing.

MSD plays a key role in leading and supporting cross-agency work programmes, primarily commissioned through the Employment, Education and Training (EET) Ministers Group. This includes advice on:

- Employment Action Plans
- Active Labour Market Programmes
- COVID-19 business supports
- Recognised Seasonal Employer Scheme

- New Zealand Income Insurance Scheme.

MSD is also the primary provider of government employment programmes (Active Labour Market Programmes). Key programmes include:

- Mana in Mahi and Flexi-Wage expansion
- Oranga Mahi
- He Poutama Rangatahi
- Māori Trades and Training Fund
- Driver Licencing Support (in conjunction with Waka Kotahi)
- Training Incentive Allowance.

Employment Education and Training Ministerial Group

The Minister for Social Development and Employment is a key member of the EET Ministerial Group. The Group was established in 2020 to oversee, coordinate and drive work across the employment, education and training portfolios.

Housing

MSD's delivery of housing-related assessment functions allows us to take an integrated approach to the housing, income support and employment needs of clients. Following funding from Budget 2022, we are making improvements to the way we manage the public housing register and better support clients with a housing need. MSD will be able to make regular contact with clients, ensure information about their housing needs is up to date, and discuss alternative options and support.

MSD's focus on housing recognises that affordable and appropriate housing is a cornerstone to wellbeing and reducing child poverty. Stable housing is associated with a range of positive social and economic outcomes.

Alongside the HUD, we are implementing the reset and redesign of the emergency housing system following Cabinet's agreement in December 2022. We are implementing a new housing-related hardship assistance programme that was funded through Budget 2022, which will better support people to obtain and sustain a private tenancy. This programme is due to go live from March 2023.

s9(2)(f)(iv)

A large rectangular area of the document is redacted with a solid grey fill. The redaction covers approximately four lines of text, starting from the line containing 's9(2)(f)(iv)' and extending to the line containing 'This programme is due to go live from March 2023.'.

Te Pae Tawhiti Programme

Te Pae Tawhiti Programme is a multi-year programme agreed by Cabinet in May 2022, to ensure MSD has the capability to serve New Zealanders for the coming decades.

In three Horizons of three years each, we will redesign MSD's service model and business processes for clients (students, working age clients, and seniors), providers, and employers, enabled by a modern digital technology platform.

We are on track to deliver a Detailed Business Case to the Minister in early 2023.

Social Sector Commissioning

In 2021, Cabinet agreed that government agencies and Crown entities would formally adopt a relational approach to the commissioning of social services provided by non-government organisations (NGOs) and would align policy and practice with a new set of seven commissioning principles.

This work continues to provide the opportunity for system leadership across the social sector so that supports and services are commissioned to enable people to live the lives they value. Without system leadership the sector risks failing those it serves due to siloed investment by government, fragmented services, and commissioning that is more transactional than relational.

Care in the Community

MSD is co-ordinating the cross-sector Care in the Community welfare response to support New Zealanders self-isolating due to COVID-19. Funding is time-limited, ending in June 2023.

Both the Food Secure Communities Programme and Community Connectors have been central to the "no wrong door" approach adopted for Care in the Community.

Regional Public Service Commissioners

Connecting the Public Service across the regions is central to our ability to act collaboratively around communities' strengths and needs.

Debbie Power, Secretary for Social Development, oversees the Regional Public Service Commissioners (RPSCs) and is system lead for the Public Service in the regions. RPSCs help better align Public Service efforts with key regional stakeholders, improve collaboration and connection between different agencies operating in the regions, and support locally-led implementation of national priorities. There are eleven RPSCs.

Emergency welfare leadership

s9(2)(f)(iv)

The text "s9(2)(f)(iv)" is followed by three horizontal grey bars of varying lengths, indicating redacted content.

Climate change

MSD and MBIE are agency co-leads for the implementation of Chapter Three of the Emissions Reduction Plan, *Equitable Transition*, which includes the development of an Equitable Transitions Strategy.

We are also committed to reducing our emissions and introducing more sustainable practices to support the Government's Carbon Neutral Government Programme and contribute to better outcomes for people, whānau and New Zealand, for example transitioning our fleet of 480 vehicles to electric vehicles. Over the next quarter, we will be developing a detailed strategy for meeting the reduction targets.

Disability

MSD is currently working on a number of disability-related issues, including undertaking a review of our employment, participation, and inclusion services, and replacing Minimum Wage Exemptions with a wage supplement. We are also continuing to facilitate the Accessibility for New Zealanders Bill through the House and policy work on amending the New Zealand Sign Language Act 2006, until these work programmes are transferred to Whaikaha.

International

Key priorities include s9(2)(f)(iv)

and progressing a Social Security Agreement with the Kingdom of Spain.

Other key programmes

Other programme items related to the Social Development and Employment portfolio include:



- Te Korowai Whetū social cohesion work programme
- Social Sector Workforce
- Family Violence and Sexual Violence Prevention.






Budget 23 process

s9(2)(f)(iv)

[Redacted text block]

Appendix 1: Key Contacts

Name	Title	Mobile
 Debbie Power	Chief Executive	s9(2)(a)
 Lena Sapunova	Director, Office of the Chief Executive	s9(2)(a)
 Viv Rickard	Deputy Chief Executive, Service Delivery	s9(2)(a)
 Marama Edwards	Deputy Chief Executive, Māori, Communities and Partnerships	s9(2)(a)

Name	Title	Mobile
 <p data-bbox="204 548 379 577">Sacha O'Dea</p>	Deputy Chief Executive, Strategy and Insights	s9(2)(a)
 <p data-bbox="204 907 459 936">Simon MacPherson</p>	Deputy Chief Executive, Policy	s9(2)(a)
 <p data-bbox="204 1279 371 1308">Nic Blakeley</p>	Deputy Chief Executive, Transformation	s9(2)(a)
 <p data-bbox="204 1637 427 1666">Nadine Kilmister</p>	Deputy Chief Executive, People and Capability	s9(2)(a)
 <p data-bbox="204 1995 355 2024">Melissa Gill</p>	Deputy Chief Executive, Organisational Assurance and Communication	s9(2)(a)

Appendix 2: Vote Social Development

Responsible for an appropriation in the Vote	Examples of expenditure	Departmental 2022/23 financial year	Non-departmental 2022/23 financial year
The Minister for Social Development and Employment	Benefits, New Zealand Superannuation, Student Allowances, Recoverable Assistance, hardship assistance, Winter Energy Payment, operational funding for the Ministry	\$1.8 billion	\$31.9 billion
The Minister for Youth	Youth development	\$4.1 million	\$18.4 million
The Minister of Revenue	Student Loans and allowances	\$20.9 million	\$1.5 billion
The Minister for Disability Issues	Supporting tāngata whaikaha Māori and disabled people	\$63.1 million	\$2.0 billion
The Minister for Veterans' Affairs	Veteran's Pension	\$0.7 million	\$131.0 million
The Minister for Seniors	Enhancement and promotion of SuperGold Cards	\$4.3 million	
The Minister of Housing	Accommodation assistance, emergency housing support package	\$73.2 million	\$2.4 billion

Appendix 3: COVID-19

Impact of COVID-19

Main benefit numbers began trending down from January 2021, supported by high numbers of exits into work. Across all main benefits, there were 113,400 exits into work in the year to June 2022, the highest number since 1996. From July 2022, the work exit rate has moved in line with pre-COVID-19 trends.

The decrease in main benefit numbers was driven by changes in Jobseeker Support. For example, by June 2022, there were nearly 23,900 fewer people (down 19.3 percent) receiving Jobseeker Support – Work Ready (JS – WR), compared to June 2020. Overall, the decrease in main benefit numbers occurred much faster than following the Global Financial Crisis.

We have seen increases in the amount of hardship assistance provided during the pandemic period, particularly around shifts to Alert Levels 3 and 4, and the March 2022 Omicron outbreak. However, the overall weekly levels of hardship assistance provided decreased over the year to June 2022.

Ongoing challenges

Although we have seen recovery in the number of people receiving JS – WR for short-term (less than one year and 1–2 years duration), the number and proportion of JS – WR recipients who have spent 2–5 years on benefit has grown. While this is a normal pattern following an economic shock, this group has higher barriers to employment and will need more time and support to move off benefit. Overall main benefit numbers are also still higher than pre-COVID-19 levels.

Appendix 4: Key Cohorts

Outcomes for many of MSD's priority groups have continued to improve from the initial impacts of the pandemic. However, some have ongoing vulnerabilities. MSD is shifting its provision of services and programmes to focus more on clients at risk of long-term benefit receipt and other priority cohorts.

The following tables provide numbers of income support recipients as at December 2022, for the key cohorts.

Table 1: Number and proportion¹¹ of main benefit and JS – WR recipients, by ethnicity, at December 2022

Ethnicities	All main benefits		JS – WR	
	Number	Proportion	Number	Proportion
European	178,053	52.8%	41,790	44.4%
Māori	130,974	38.9%	43,806	46.5%
Pacific Peoples	38,283	11.4%	12,066	12.8%
Asian	17,361	5.2%	5,061	5.4%
Middle Eastern/Latin American/African	5,706	1.7%	1,812	1.9%
Other ethnicity	12,060	3.6%	3,651	3.9%
Total recipients with recorded ethnicity	337,074	95.2%	94,185	95.4%
Ethnicity not specified	16,830	4.8%	4,581	4.6%
Total clients	353,904	100.0%	98,766	100.0%

Table 2: The number of people receiving key main benefits, and proportion of total main benefit recipients, at December 2022

Income Support Type	Recipients	Proportion
JS – WR	98,766	27.9%
SPS	73,563	20.8%
JSSH	6,210	1.8%
All main benefits	353,904	100.0%

¹¹ This is calculated using the total number of recipients with recorded ethnicity and will not add to 100 percent as clients may identify with more than one ethnic group.

Table 3: The number of New Zealand Superannuation (NZS) and Veteran’s Pension (VP) recipients, and proportion of the total number of recipients, at December 2022

Income Support Type	Recipients	Proportion
NZS	869,169	99.4%
VP	5,361	0.6%
Total recipients	874,530	100%

Māori

Māori experienced strong reductions in JS – WR numbers through to June 2022, supported by improved work exit rates and labour market outcomes. The number of Māori JS – WR recipients decreased by 11,700 people (down 21.1 percent) between the peak in December 2020 and June 2022. However, Māori remain over-represented in the benefit system.

Pacific

Pacific Peoples have also continued to experience strong reductions in JS – WR numbers, supported by high work exit rates. Improved labour market outcomes for this group were driven by trends in Auckland, where a high proportion of Pacific Peoples live. By June 2022, the number of Pacific Peoples receiving JS – WR had decreased by around 4,500 people (down 25.7 percent) from the peak in January 2021. However, Pacific Peoples remain over-represented in the benefit system.

Seniors

Around 94 percent of New Zealanders over the age of 65 receive NZS or another social security benefit. As of December 2022, there were over 860,000 people receiving NZS and over 830,000 SuperGold Cardholders.

Over the last five years¹², the amount of hardship assistance provided to NZS and VP clients increased much more than the number of clients (e.g. a 90.0 percent increase in grants compared to a 17.1 percent increase in recipients). Continued increases in the amount of hardship assistance provided to this group may be partially driven by the ageing population as well as declining rates of mortgage-free home ownership.

Sole Parents

Compared to Jobseeker Support (JS), Sole Parent Support (SPS) experienced much lower growth in numbers through 2020/2021. However, SPS numbers also reduced slowly through to June 2022 and labour market outcomes for sole

¹² As at June of each year.

parents are yet to recover. Because sole parents have childcare responsibilities and other barriers to work, people on SPS generally have lower exit rates and are more likely to receive this benefit for longer than people on JS.

Students

Jobseeker Support Student Hardship (JSSH) numbers usually increase from October as the academic year comes to an end, and peak in December. JSSH numbers then usually decrease through the first quarter of each year, with the academic year resuming from late February. The number of recipients in December 2022 (around 6,200) was smaller compared to previous years (around 8,000 and 10,000, between 2016 to 2021).

There are several potential drivers for this. Over the longer-term, the number of JSSH recipients has, in general, declined in line with the decline in Student Allowance (SA) recipients¹³.

¹³ To qualify for JSSH students must be in hardship, which can be demonstrated by their eligibility for SA.