



# Report

**Date:** 30 April 2021

**Security Level:** IN CONFIDENCE

**To:** Hon Carmel Sepuloni, Minister for Social Development and Employment

## Welfare Overhaul: Review of Social Obligations

### Purpose of the report

- 1 This report is part of phase one of the review of obligations and sanctions in the welfare system. It outlines the results of an initial review of social obligations and 9(2)(g)(ii) OIA

### Executive summary

- 2 In November 2019, you signalled your intention to review obligations and sanctions in the welfare system to Cabinet [SWC-19-MIN-0768 refers]. In July 2020, you agreed to a phased approach for this review, with phase one to focus on specific obligations where changes could improve client experience, including social obligations.
- 3 Social obligations are a series of obligations imposed on Ministry of Social Development (MSD) clients who are receiving a main benefit and have a dependent child, with the aim of reinforcing social objectives through the benefit system. They require clients to meet specific health and education outcomes for their child or risk having their benefit sanctioned. These obligations require that clients take all reasonable steps to ensure their dependent children are:
  - 3.1 enrolled with a primary health care provider (eg. a Primary Health Organisation (PHO) or a general practitioner)
  - 3.2 enrolled in and attending a form of early childhood education (ECE) (including via correspondence or home education) for at least 15 hours per week from the age of three until they start school
  - 3.3 up to date with core Well Child/Tamariki Ora checks through their provider (eg. Plunket, a Māori health provider, or a Pacific health provider), if aged under five
  - 3.4 enrolled in and attending school from the age of five or six (depending on when they start school).
- 4 Since their introduction in 2013, there is no indication that social obligations have achieved their stated intent of improving wellbeing outcomes for the most vulnerable, hard-to-reach clients. They have not resulted in obligations failures for clients, and sanctions have never been imposed.
- 5 On balance, we recommend the removal of the social obligations as they currently stand. The policy is not achieving its stated intent and does not appear to be fully implemented – with no international evidence that a full implementation (ie. with sanctions being applied) would be more likely to achieve the intent.

9(2)(f)(iv) OIA

9(2)(f)(iv) OIA

- 8 We note that removal of social obligations is aligned with this Government's vision for the welfare system, which envisions a system based on mutual expectations that supports client dignity, and the recommendations of the Welfare Expert Advisory Group (WEAG).

**Recommended actions**

It is recommended that you:

- 1 **note** that social obligations were included in phase one of the review of obligations and sanctions
- 2 **note** that the WEAG recommended the removal of social obligations
- 3 **note** that there is no evidence that social obligations meet their stated intent, and that sanctions have never been applied as a result of a social obligations failure
- 4 **indicate** whether you are comfortable with the welfare system being used as a lever to achieve social outcomes, such as those currently targeted by social obligations

Yes / No

9(2)(g)(ii) OIA



Leah Asmus  
Policy Manager  
Welfare System policy

30 / 4 / 2021

Date



Hon Carmel Sepuloni  
Minister for Social Development and Employment

2 / 5 / 21

Date

## Background

*This government has committed to reviewing obligations and sanctions*

- 9 As part of their 2019 report *Whakamana Tāngata*, the Welfare Expert Advisory Group (WEAG) recommended the removal of multiple obligations and sanctions currently in the welfare system. In response to this, Cabinet agreed in November 2019 to a review of obligations and sanctions as part of the Welfare Overhaul work programme, with a specific focus on those which impact on children [SWC-19-MIN-0168 refers].
- 10 In July 2020, you agreed for this review to take a phased approach, with an initial focus on the:
  - Comprehensive Work Assessment
  - social obligations
  - drug testing obligation and sanction
  - warrant to arrest obligation and sanction [REP/20/7/804 refers].
- 11 These obligations and sanctions were chosen for phase one as changes to them could improve client experience by simplifying the welfare system. Advice on the other obligations and sanctions included in phase one will be provided in due course.

*Social obligations were introduced to improve outcomes in Key Result Areas*

- 12 In 2013, Cabinet agreed to the introduction of a series of social obligations for beneficiaries into Social Security legislation, in an attempt to use the benefit system to improve social outcomes in specific areas [CAB Min (12) 26/11.5 refers]. They require that clients on a main benefit take all reasonable steps to ensure their dependent children are:
  - 12.1 enrolled with a primary health care provider, such as a Primary Health Organisation (PHO) or General Practitioner (GP)
  - 12.2 enrolled in and attending one of the following approved early childhood education (ECE) programmes for at least 15 hours per week from the age of three until they start school:
    - a licenced ECE service, such as –
      - Kōhanga Reo, Punanga Reo, Aoga and other programmes with a language and culture focus
      - kindergartens
      - preschools
      - childcare centres
      - play centres
      - home-based education and care services
      - hospital-based education and care services
      - a playgroup that has been certified by the Ministry of Education (MoE); or
    - a correspondence based ECE programme approved by MoE; or
    - another approved ECE programme, which meets criteria set out by the Ministerial direction and is approved by the Chief Executive of the Ministry of Social Development (MSD) [CAB Min (13) 1/11 refers]
  - 12.3 if aged under five, up to date with core Well Child/Tamariki Ora checks through their provider (eg. Plunket, a Māori health provider, or a Pacific health provider)
  - 12.4 enrolled in and attending school from the age of five or six (depending on when they start school).
- 13 Clients receiving the Young Parent Payment have an additional obligation to, where required by MSD, participate in an approved parenting education programme. You will

receive further advice on this specific obligation later in 2021, as part of the wider review of work obligations and sanctions.

- 14 These obligations were introduced within the context of the Better Public Services (BPS) targets, which were launched in 2012 and sought specific improvements across ten areas (such as vaccination rates, ECE participation and numbers on benefits). The BPS targets were discontinued in 2018, but initiatives designed to support them – such as social obligations – remain.
- 15 Beneficiaries are currently required to take all reasonable steps to meet their obligations, and are required to have a good and sufficient reason if they are not met. If there is not a good and sufficient reason, then this can trigger an obligations failure and sanctions can be applied to the beneficiary.

*To date, no sanctions have been applied for a failure to meet social obligations*

- 16 Although there are multiple instances identified where clients have not been meeting their obligations (a snapshot taken on 4 December 2020 identified 870 clients as not meeting their social obligations), this has never resulted in a formal obligations failure or sanctions being imposed on a client.
- 17 Discussions with front line staff suggest the lack of sanctions may be at least partially due to the current operational process (outlined in **Appendix 1**), which is intended to support clients towards meeting their obligations more than penalise them for not doing so. The process contains multiple engagement steps where MSD staff seek to identify and resolve issues which clients face in meeting their obligations. As such, a client may be identified initially as not meeting their obligations, but this may be resolved before they reach the stage where sanctions would be imposed.

*There is little evidence on whether obligations and sanctions can achieve social outcomes...*

- 18 Available data on outcome areas subject to social obligations is not able to determine whether social obligations have resulted in positive change (eg. in higher levels of ECE enrolment). Engagement with the Ministry of Health (MoH) and the Ministry of Education (MoE) has also indicated that their data is not able to distinguish population groups who would be subject to social obligations from the wider population. Data sources which are closest to this (eg. decile-based data for the education system) are also unable to distinguish the impact of social obligations from other initiatives intended to support low-income families in these areas, making it unable to determine the specific impact of social obligations or the threat of sanctions.
- 19 Internationally, there is also little evidence to suggest that obligations can impact on non-work-related outcomes. Evidence on equivalent programmes in the United States and Australia have given little indication that they have any impact on their intended outcomes. While immunisation rates in Australia appear to have improved somewhat after the introduction of a social obligation-type programme, other changes to Australia's vaccination programme were made at the same time, and similar obligation-based programmes for school enrolments have not resulted in similar increases in enrolments. A review of social obligations in the United States showed no evidence of an impact, while a social obligations programme in France was stopped three years after implementation when it was found to violate Europe-wide rights agreements.<sup>1</sup>

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<sup>1</sup> Obligations and Sanctions Rapid Evidence Review Paper 7: Social Obligations, November 2018

<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence-review-paper-7-social-obligations.pdf>

9(2)(f)(iv) OIA

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<sup>2</sup> The interim kaupapa Māori values consist of manaakitanga, whanaungatanga, kotahitanga and takatūtanga.

## We have considered a variety of approaches to social obligations

27 Policy work to date has considered a variety of potential alternatives to social obligations. These have been assessed against a variety of criteria, specifically whether the option:

- achieves the policy intent of supporting positive outcomes for clients and their children
- aligns with the Government's vision for the welfare system
- aligns with the interim purposes of MSD's working policy framework<sup>3</sup>
- aligns with the interim kaupapa Māori values in MSD's working policy framework
- simplifies welfare system settings for clients
- reduces unnecessary compliance-based activities for MSD staff and clients
- is fiscally feasible.

9(2)(f)(iv) OIA

9(2)(f)(iv) OIA

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<sup>3</sup> The interim purpose of the welfare system is to whakamana tāngata and ensure a dignified life by:

- providing financial and material support including affordable and appropriate housing
- supporting the wellbeing of people receiving financial assistance
- supporting people to find and remain in suitable employment
- partnering with others to support social and economic wellbeing [REP/19/7/628 refers]

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9(2)(f)(iv) OIA

**Next steps**

9(2)(f)(iv) OIA

57 We will also ensure that this aligns with the other workstreams of the review of obligations and sanctions.

9(2)(f)(iv) OIA

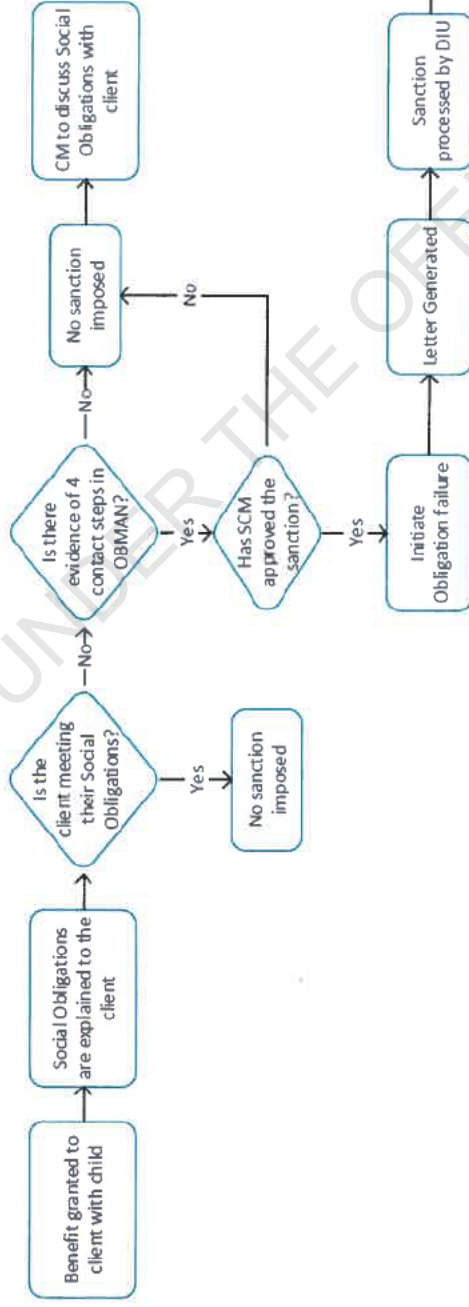
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File ref: A13189743

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# Appendix 1: Current Social Obligations Process



## Background

Social obligations were aimed to improve outcomes for children and families by supporting them to access health services and education. Our role is to support parents and caregivers receiving a main benefit to meet their social obligations or to be in a position where they were taking all reasonable steps to meet these.

Social obligations apply to all clients with dependent children who are receiving a main benefit.

For the purposes of obligations, a dependent child includes children for whom Unsupported Child's Benefit (UCB) or Orphan's Benefit (OB) is being paid, if the client is also receiving a main benefit.

Social obligations are applied to both the primary client and their partner if they are aged 19 or older for couples receiving a main benefit.

## Contact Steps (at least 2 weeks apart)

**Contact step 1:** In a face to face appointment, engage with your client about their social obligations. This will help you identify the appropriate level of support you need to provide to help them meet their social obligations.

**Contact step 2:** Generally a phone call to discuss what social obligations are still to be met. If the client is having trouble meeting the social obligations, it may be appropriate to refer them to community organisations for them to assist them.

**Contact step 3:** Generally a phone call to discuss what social obligations are still to be met. Advise your client that they are required to attend a final appointment and will need to demonstrate that they are taking all reasonable steps to meet their social obligations or have a good and sufficient reason for why they are not meeting these.

**Final appointment contact step 4:** If the client is still not meeting their social obligations and doesn't have a good and sufficient reason the case manager must seek service centre manager approval to sanction the client.

**Note:** Once a case manager is satisfied the client is meeting or taking reasonable steps to meet their social obligations, they are no longer required to actively engage with us on this.

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