MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

7 September 2023

Tēnā koe

On 10 August 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

> *The Te Pae Tawhiti business case (72vh7ewzmz 2023-06-12 19:18:10) p9 says:*
>
> *'To assess eligibility and entitlement staff must go between as many as 10 systems requiring re-keying of information, separate logins, and switching between multiple screens.7 The different applications have different rules, calculations, and payment functions that do not allow for one source of truth or easily accessible data on a client and their circumstances. As a consequence, staff struggle to provide our clients with Full and Correct Entitlement (FACE) with pilot surveys and analysis indicating that this level could be as low as 47%.8*
>
> *On average there are nine internal handoffs to grant a benefit application. The average time taken to approve a main benefit application is 21 days from entitlement.9 This creates distress for clients who often have to repeat information and contact us multiple times to get an issue resolved. They then wait days or even weeks to get a payment which can often mean multiple hardship payments in the interim.*
>
> *Our clients continue to incur overpayment debt, with $340 million being incurred in the 2021/22 financial year.10'*
>
> *requests release in full, and in fully searchable and copyable format:*
>
> - *The core item denoted by the numbers in red above, that are described in footnotes as:*
>   - *7 Metric sourced from Eligibility and Entitlement architecture work completed in 2021.*

- *8 Metric sourced from initial pilot work as this business case was being finalised.*
- *9 Metric sourced from internal work undertaken by Costs and Benefits Team.*
- *10 Metric sourced from Costs and Benefits Team for the 2022 year.*
    - *So, this is to request the most substantive info in whatever format/s it is held that is the basis of these citations, and all of the most relevant parts of it, given there may be more than one report that relates to a metric*

The Ministry's multi-year Te Pae Tawhiti transformation programme will make it easier for New Zealanders to get the support they're entitled to from the Ministry and its partners. In June 2023, Cabinet approved the Te Pae Tawhiti Horizon One Transformation Detailed Business Case.

Redesigning the way we deliver services, whether directly or through partners, will mean everyone can focus on what really matters – giving people the support they're entitled to, and meeting their immediate and longer-term needs, with a focus on sustainable employment.

It's an ambitious programme that will involve significant changes to underlying systems and introduce simpler processes and redesigned services that put people first.

In response to your request, we have attached three documents that fall within scope of the footnotes denoted by numbers 7-10 in the Detailed Business Case. It should be noted that overall, these footnotes are minor elements of the Detailed Business Case (which is based on careful and comprehensive analysis and synthesis of many different components and data sources).

Please refer to the attached **Appendix 1** which contains information relating to footnote 7 and footnote 9 of Te Pae Tawhiti Programme Horizon One Detailed Business Case.

In both cases, the source document is the *Eligibility and Entitlement architecture work*. Due to the labelling of the footnotes, that was not clear, but we have doublechecked this, and that is the case.

Please note that in the **attached Appendix 1**, one of the bullet points says that "contact centre calls end in 59% failure demand". Please note this means that 59% of calls require further help as a result of the discussion. This work is either referred to the appropriate person at the time or the client is called back later. An example is where a client calls and the call is referred to another person who is best to deal with the work.

Please refer to the attached **Appendix 2** which contains information relating to footnote 8 of Te Pae Tawhiti Programme Horizon One Detailed Business Case.

It's important to us that clients receive their correct entitlement and the support they need. To help us understand more, we did a baseline study for Te Pae Tawhiti on whether clients were receiving their full and correct entitlement run over a 12-month period.

The full findings of the study will inform improvements to processes, practices and systems in the short term as well as the long term through the Te Pae Tawhiti programme.

The purpose of this high-level report was to provide an operational update on the progress of the Full and Correct Entitlement Pilot in its first month.

This progress report covers only an early stage of the pilot, reflected in the smaller sample size of 89 clients, who were assessed between 18 July 2022 and 31 August 2022. Because of the size of this sample and the early stage of the pilot, these initial results need to be interpreted within this context.

As the pilot continued, we continuously improved the way we engaged with clients to increase the uptake of the pilot.

The total number of clients we engaged with voluntarily increased over the 12 months and when the pilot finished on 30 June 2023 we had engaged with and assessed 1432 clients in total.

As we noted in an earlier media response, an example of a reason that clients in the pilot were not receiving their full and correct entitlement was that the Ministry did not have full information about their circumstances. While this could be for a range of reasons, an example is that a client may not have informed us of changes in their circumstances. e.g., letting us know when their accommodation costs have changed.

The full findings of the pilot over the entirety of the 12 months are still being finalised and are going through our quality assurance processes with our research team. We intend to publish these findings and are working with our research team to determine a date.

Please refer to the attached **Appendix 3** which contains information relating to footnote 10 of Te Pae Tawhiti Programme Horizon One Detailed Business Case.

Debt is any money owed to the Ministry by a client (both current and non-current). The two most common types of client debt are:

- Recoverable assistance or benefit advances to meet an immediate need for essential items or services, such as essential household appliances or rent, or meeting other urgent needs.
- Overpayment debt – when we paid the client too much. This can happen if they didn't tell us about:
  - their correct income before we paid them
  - their income had changed
  - a change in circumstances, eg starting work or going overseas, etc.

This report shows the number and value of overpayment debt established for the last five financial years from 01 July 2017 to 30 June 2022.

We encourage clients who are finding it hard to repay their debt to the Ministry to contact us. Our staff can work with them to come up with a plan where they repay a regular amount they can afford and will not cause further hardship. The links below contain more information on repaying debt when you're receiving a benefit, and when you're not receiving a benefit.

- www.workandincome.govt.nz/on-a-benefit/debt/repaying-debt-on-a-benefit.html
- www.workandincome.govt.nz/on-a-benefit/debt/repaying-debt-not-on-a-benefit.html

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter and attachments on the Ministry's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

Nadine Kilmister
Deputy Chief Executive
Transformation

Eligibility and Entitlement

As the lead delivery agency for income support, we provide different types of financial assistance to over one million New Zealanders every year. Income support, which is at the core of MSD's business, is delivered through our eligibility and entitlement (E&E) systems.

These systems cover the underlying processes and rules which are needed from initial client intake, managing change of circumstances, and determination of payment amount.

In simple terms,

- **Eligibility** is a product-based algorithm that determines whether an applicant / client can receive the product. MSD has three levels of financial products (primary such as Job Seeker Support and National Superannuation; secondary such as Accommodation Supplement; and third tier assistance such as Special Needs Grants). In addition, MSD also has non-financial products (or services) such as employment-related services and housing-related services.
- **Entitlement** is a product-based algorithm that calculates the amount an applicant / client can receive.

Both are bound by provisions / rules of the appropriate applicable act (e.g., Social Services Act).

Historic organisational changes to the Ministry, coupled with sub-optimal design decisions, left us with multiple E&E engines instead of a unified solution. Our business systems have been built in silos meaning that:

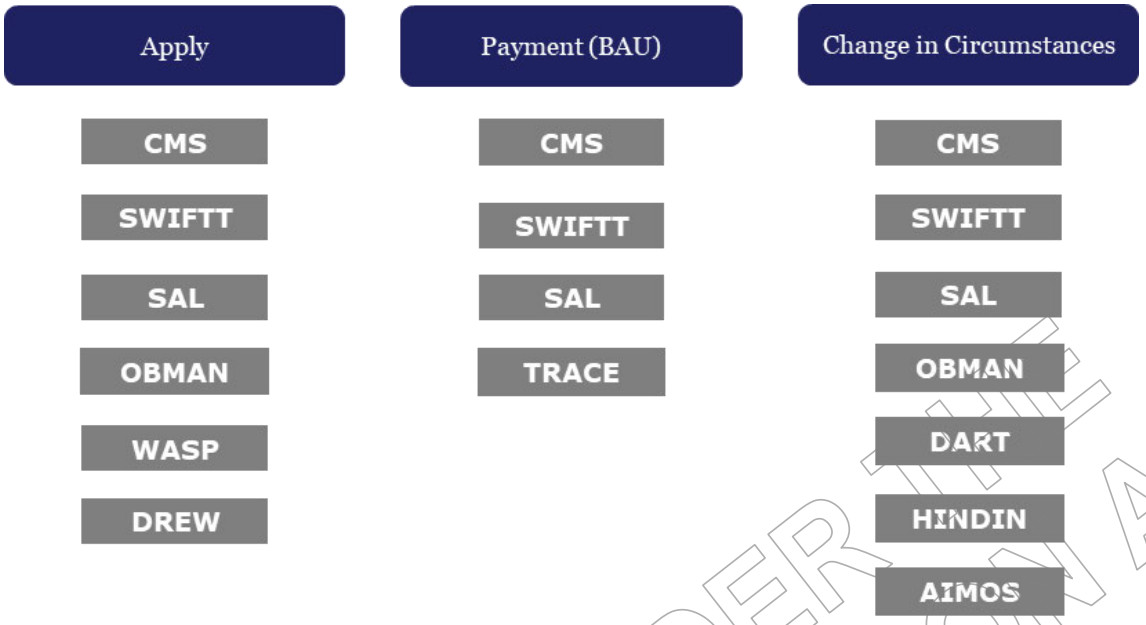
- we duplicate statutory and business rules
- client data is fragmented and locked into multiple systems, and
- processes are fragmented between systems.

When applied at a client level, E&E considers the client's personal circumstances as captured by verified evidence.

For any period of assessment, the E&E algorithms need to apply the rules appropriate for the periods being assessed, against the applicable evidence for the sub-periods that they apply, against any other rate changes that may apply. While doing so, the entitlement algorithm needs to keep track of any overpayments and underpayments, the periods they apply to, and whether they're taxable.

MSD staff must go between 10 applications to grant a benefit, many of these require re-keying of information, separate logins, training on each application, switching between multiple screens concurrently.

RELEASED UNDER THE OFFICIAL INFORMATION ACT



This leads to increased cost, complexity, and poor time to value for the business. The engines (outlined above) are in various technology states, from thirty-year-old bespoke applications to more modern rules-engine-based implementations. There is a lack of automation of key processes due to complexity, duplication, and multiple sources of truth. Statutory changes to our governing legislation are extremely difficult and expensive to manage across multiple applications. Also, the age of these systems is a problem with the risk of failure steadily rising.

Use of these multiple applications also varies across cohorts.

- Working age - CMS, SWIFTT, DREW, OBMAN, TRACE, DART.
- Students – SAL, CMS.
- Seniors – CMS, SWIFTT, DREW, OBMAN, TRACE, DART.

As a result of different applications performing rules for different cohorts calculations and payment functions don't allow for one source of truth or easily accessible data.

The above all manifests in some telling metrics concerning our service:

- The average time taken to approve a main benefit application is 21 days from entitlement.
- The slowness and lack of timeliness of the calculations and payments can lead to client debt
- Contact centre calls end in 59% failure demand.
- There are up to nine internal handoffs for a benefit application.
- 42% of clients receiving hardships during benefit application process

RELEASED UNDER THE OFFICIAL INFORMATION ACT

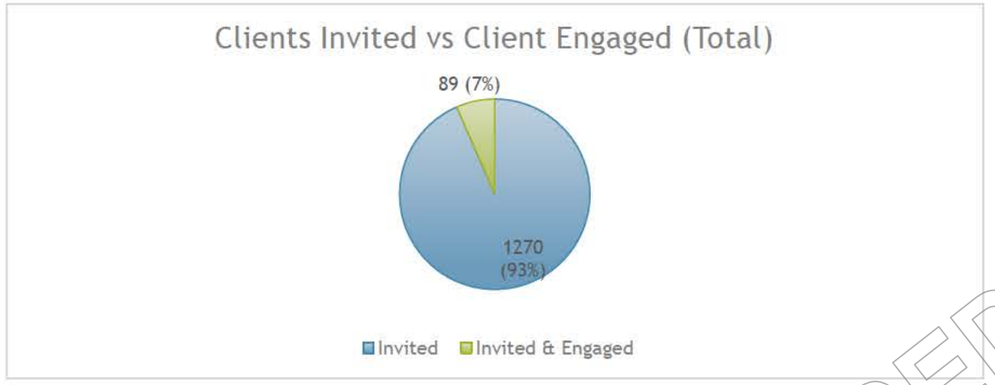
FACE PILOT MONTHLY UPDATE — AUGUST 2022

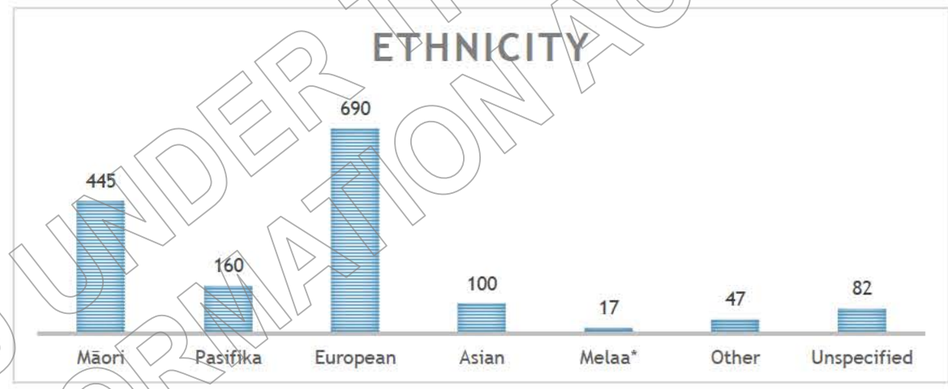
PURPOSE

The purpose of this report is to provide a monthly update on the operational progress of the Full and Correct Entitlement Pilot curerntly being completed by the Centralised Services Hastings Unit. The Full and Correct Entitlement Pilot has been active since 18 July 2022. The results in this report cover the period from 18 July 2022 to 31 August 2022.
Note: This months numbers are not entirely reflective of total engagement, as changes were made to the HTML note templates during the month of August.

INVITED CLIENTS

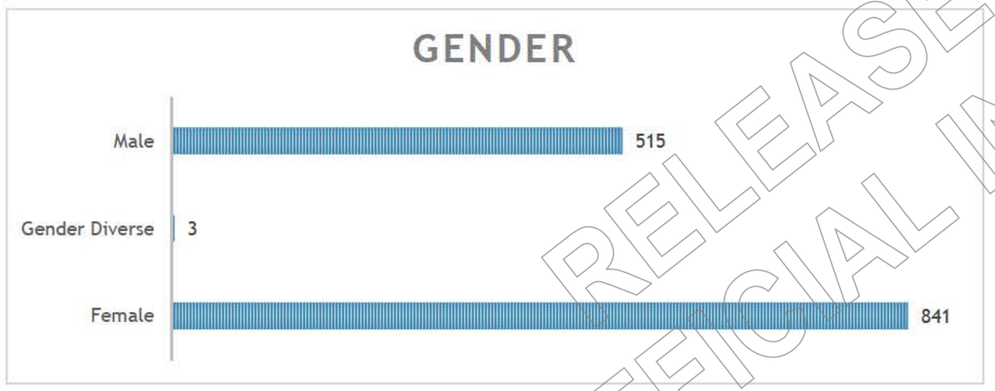
To date we have sent a total of **1,359** invitations to clients in their preferred method of contact and preferred language. A total of 89 clients have engaged with MSD to check they are receiving their Full and Correct Entitlement.

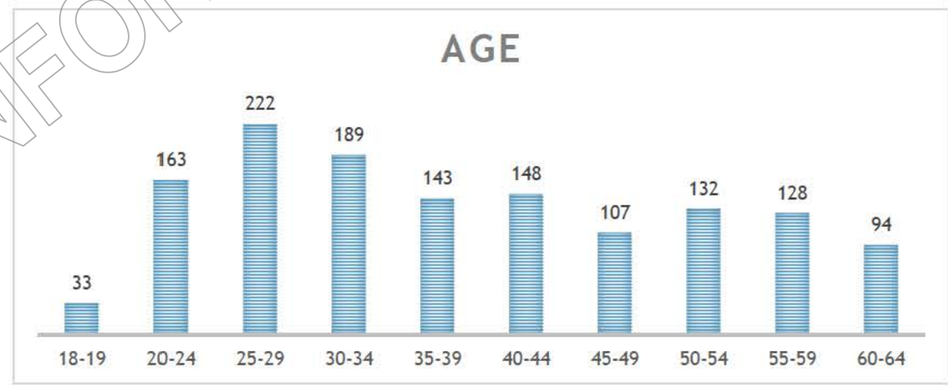


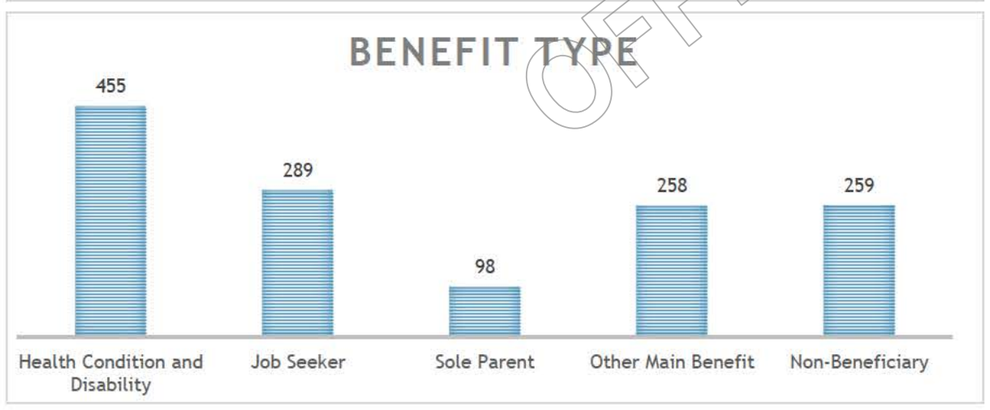


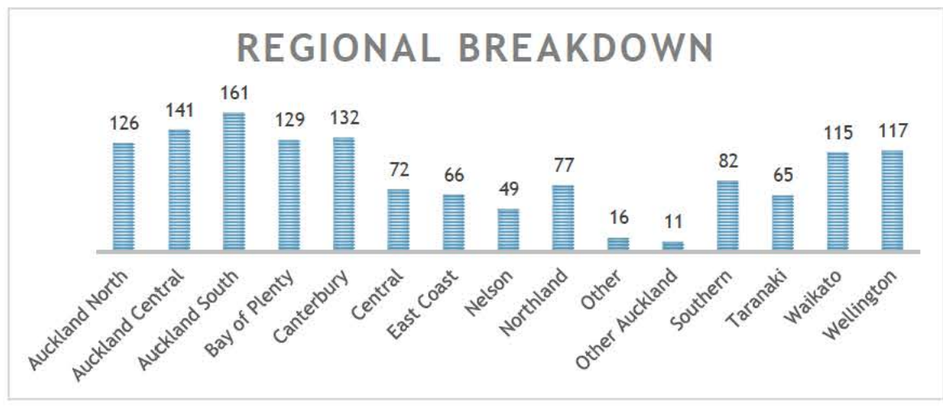
**Melaa: Middle Eastern, Latin American, African*

Note: Ethnicity data is based on total ethnicity, meaning some clients identify with multiple ethnicities.







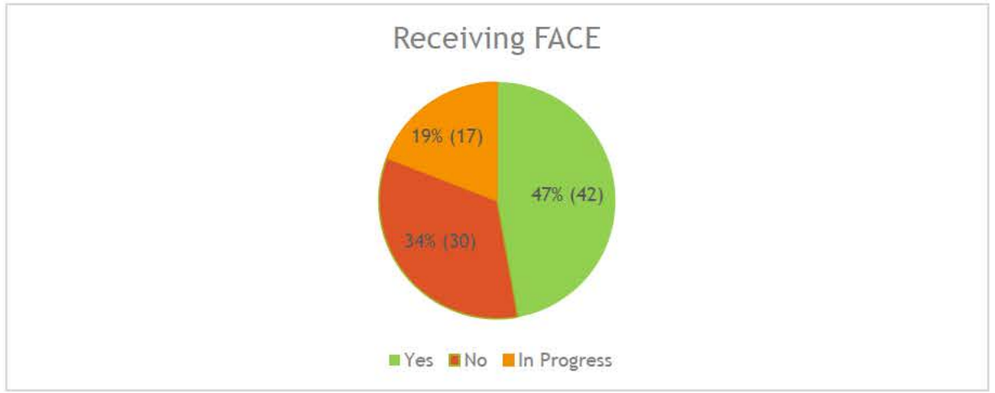


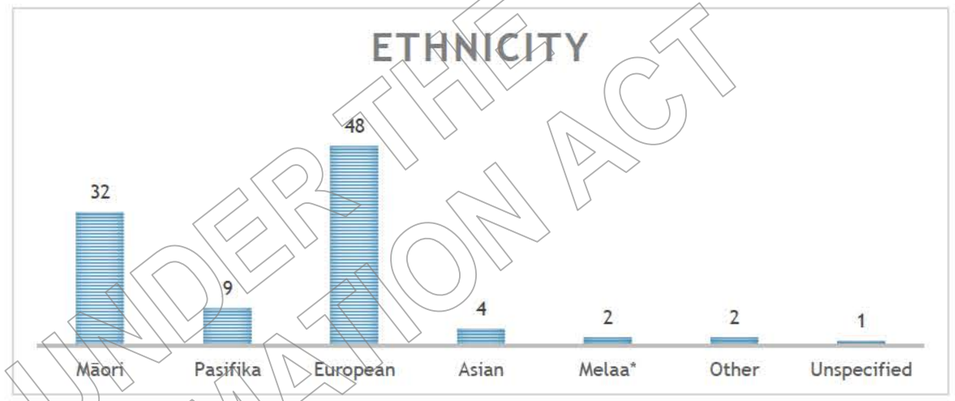
RELEASED UNDER THE OFFICIAL INFORMATION ACT

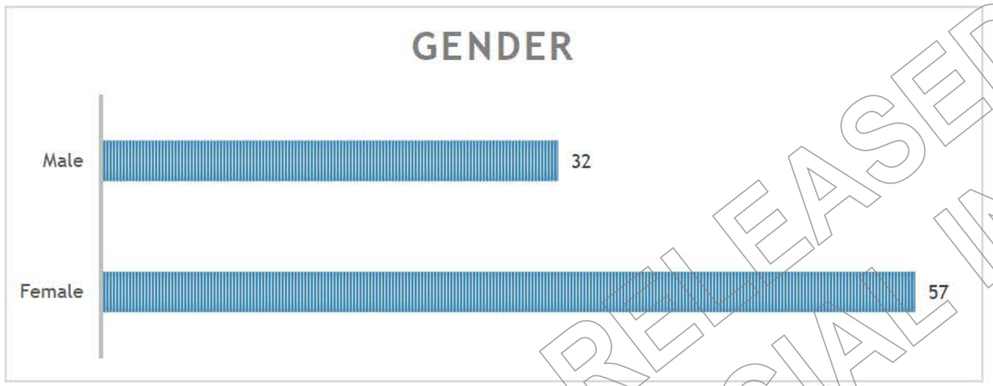
ENGAGED CLIENTS

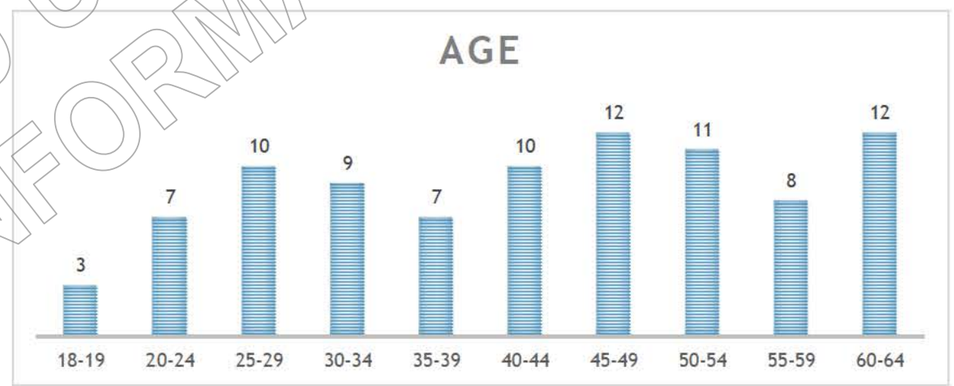
Out of the 89 clients that have engaged with MSD to check their Full and Correct Entitlement;

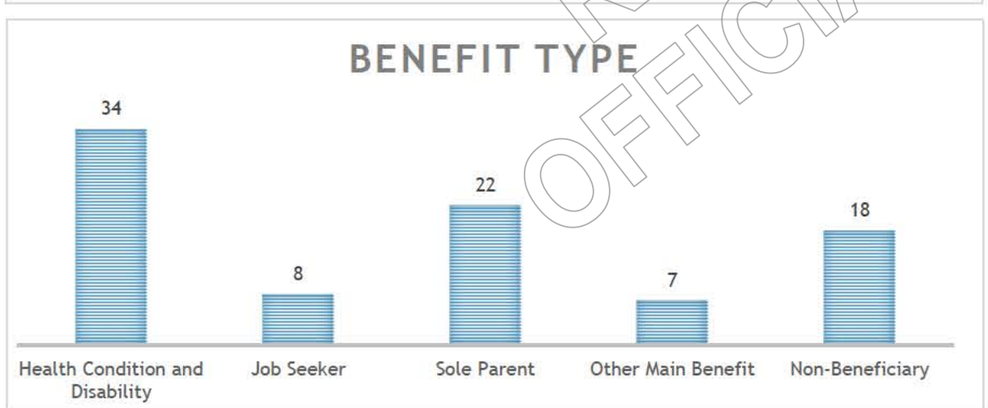
- 47% (42) clients were receiving their Full and Correct Entitlement
- 34% (30) clients weren't receiving their Full and Correct Entitlement
- 19% (17) clients were still in the process of checking their Full and Correct Entitlement

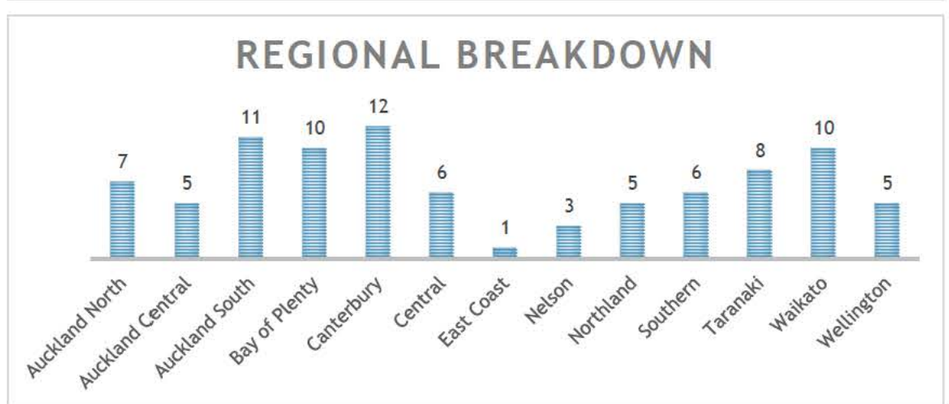












RELEASED UNDER THE OFFICIAL INFORMATION ACT

INITIAL FINDINGS FROM CLIENTS ENGAGED WITH

Nearly half (47%) of the clients that engaged with MSD have been receiving their Full and Correct Entitlement. The majority of clients that have engaged with us are:

- Female (64%)
- Clients in Canterbury (13%) and South Auckland (12%)
- Clients in the 45-49 (13%) and 60-64 (13%) age bracket

Approximately a third (32%) of the clients who have engaged with us identify as Māori and 9% of the clients identify as Pasifika.

During the implementation of the pilot we have found that the original invitation process (sending a letter and email) was taking more time than initally anticipated, which left less time for the case management team to complete engagement with the clients that had signalled interest in the pilot.

The process for recording the engagement with clients (in the client spreadsheet) was also lengthy and further limited the amount of engagement the case management team could complete.

We also found that some clients that completed the FACE check had not contacted MSD in a number of years (7 years in one case) and the amount of time needed to update the clients record delayed the case manager significantly.

IMPROVEMENTS

In order to improve the levels of engagement we have implemented the following improvements.

- Switched from sending clients all forms of invitation (email, letter) to focusing on using clients preferred method of contact
- Started sending SMS messages five days after initial invitation to remind clients of the pilot and whether they want to participate
- Streamlined processes to free up Case Manager time to complete engagement by:
  - removing the need to fill duplicate information in CMS and client spreadsheet
  - reducing the time period case managers were reviewing clients files

RELEASED UNDER THE OFFICIAL INFORMATION ACT