



Ministry of Social Development

# Statement of Intent

2017-2022

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of the Public Finance Act 1989



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

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

MSD people:



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# Minister's foreword

In April 2017 the Ministry of Social Development (MSD) handed over functions and resources for supporting vulnerable children and young people to the new Ministry for Vulnerable Children, Oranga Tamariki. The scope of services MSD provides to New Zealanders and their families has changed as a result.

Over the next five years, MSD will continue to deliver better public services for New Zealanders through welfare support, housing, employment, superannuation, student loans, administering funding for community service providers, and providing social policy advice to the Government.

The Government is committed to reducing the long-term cost of welfare dependence. This means targeting the right support to those who need it most and making decisions based on evidence. As part of this social investment approach, MSD will make greater use of its data and analytics capability to help more people get into work and live independent, successful lives.

We know that young people who are not in education, training or employment, people with a health condition or disability, and Māori are more likely to stay on a benefit long-term. Part of MSD's focus will be providing intensive support to these clients in order to break down barriers to them gaining employment.

The investment approach will also support improvements in the effectiveness of the social housing system. This will help MSD ensure the right people are housed in the right place and at the right cost.

The challenges MSD faces are complex and will not be met by working alone. MSD will continue working with other social sector government agencies, as well as trusted partners, local communities, employers and iwi, to support social and economic gains.

In addition to delivering its own core corporate functions, MSD has been providing a range of shared corporate services to the Ministry for Vulnerable Children, Oranga Tamariki. This will continue for at least the first two years of the new Ministry's existence.

As MSD looks to the future, it is undertaking work to refresh its strategic direction, considering the best use of technologies and digital channels, supported by data and analytics, and working with trusted partners.

This will ensure MSD is better able to help New Zealanders to help themselves to be safe, strong and independent, over the next five years and beyond.



**Hon Anne Tolley**  
**Minister for Social Development**



# Chief Executive's introduction

Over the next five years, the Ministry of Social Development will continue to focus on delivering better outcomes for New Zealanders.

Our strategic intentions are clear and are underpinned by our commitment to deliver high-quality client-centred services as we help New Zealanders to help themselves to be safe, strong and independent.

We will continue to strive to improve employment outcomes for all of our clients, with a particular focus on the responsiveness of our services to Māori and the way we work with clients with health and disability conditions.

We will continue to make it as easy as possible for clients to access our services through further investment in digital channels. This includes considering ways in which we can further enhance and expand our online MyMSD service to facilitate a wider range of transactions.

Improving the effectiveness of social housing is a priority, recognising that warm and secure housing provides a stable base for people to build independence in all aspects of their lives.

Improving the way we collect, use and share data will enhance our role as responsible custodians of our clients' data over the next five years. Improvements in technology will make it easier for us to do this. Information is crucial to our investment approach, and greater use of data and analytics will enable us to make better decisions and investment choices, leading to bigger and lasting differences in people's lives.

The issues our clients face go beyond what they need from us. Many have complex problems that require complex solutions. Our future is firmly anchored in working more collaboratively with our partners across government, as well as with our trusted third-party providers. Together we will work to ensure that the right services are delivered to the right clients at the right time.

We will build on our culture of continuous improvement to the health, safety and security of our staff and clients. This is paramount as we go about delivering our services to New Zealanders.

Our people are crucial to our current and future success. We will work together to embed a bold and empowering organisational culture, which will help us to embrace the challenges and opportunities of the future.

I am confident that we have the right combination of ambition, knowledge and capability to deliver our intentions over the coming years, and in doing so, improve the lives of New Zealanders.



**Brendan Boyle**  
Chief Executive





# Statements of responsibility

## Chief Executive's statement

In signing this information, I acknowledge that I am responsible for the information on strategic intentions for the Ministry of Social Development. This information has been prepared in accordance with sections 38 and 40 of the Public Finance Act 1989.



**Brendan Boyle**  
Chief Executive  
Ministry of Social Development

August 2017

## Minister's statement

I am satisfied that the information on strategic intentions provided by the Ministry of Social Development is consistent with the policies and performance expectations of the Government.



**Hon Anne Tolley**  
Minister for Social Development

August 2017



# Nature and scope of functions

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

Ko ta mātou he whakamana tangata kia tū haumarū, kia tū kaha, kia tū motuhake.

## Our role and functions

In 2016 the Government took the opportunity to review our role and functions in the light of its decision to create a new department as part of its programme of transformation of the care and support system for vulnerable children and young people in New Zealand. From 1 April 2017, when the Ministry for Vulnerable Children, Oranga Tamariki began operations and took over our functions relating to vulnerable children and young people, we are responsible for:

- developing and delivering effective and efficient client-centred services for New Zealanders, including:
  - assessment and payment of welfare benefits and entitlements, New Zealand Superannuation and Veterans' Pensions
  - employment support and training, including work preparation, training and in-work support services
  - social housing assessments and services
  - funding the delivery of emergency housing
  - access to concessions and discounts for seniors, families and those on low incomes
  - Student Allowances and Student Loans.

In addition we:

- provide strategic social policy advice to the Government
- manage the investment portfolio to achieve the best possible outcomes from the welfare and social housing systems
- maintain programmes and detection activities to protect the integrity of the welfare system
- working with communities and non-government organisations to design and provide community service.

We will also provide Oranga Tamariki with a range of shared corporate services for at least the first two years of its operation.

During the next year we will develop a new strategic direction. This will help us to develop innovative thinking and approaches to address challenging social policy issues such as material wellbeing, poverty and inequality.

We are taking the opportunity provided by the recent transfer of functions to Oranga Tamariki to refresh our strategic direction, streamline our structure, and continue to apply our significant organisational capability to maximise the contribution we make to our clients and to wider social and economic outcomes for New Zealanders.

In carrying out these functions, we collaborate closely with other government agencies, non-government organisations, advisory groups, communities and iwi to design and provide services that make a positive and lasting difference in the lives of New Zealanders.

## Delivering Better Public Services

Government agencies are changing the way they work together and with communities to deliver better public services, with a focus on achieving outcomes that matter for New Zealanders. We refer to these as our Better Public Services (BPS) Results.

We are the lead agency<sup>1</sup> for cross-government work to achieve two of the Government's ten Better Public Services (BPS) results: Result 1 (Reducing long-term welfare dependence) and Result 8 (Better access to social housing)<sup>2</sup>. We are also responsible as a supporting agency for Result 7 (Reducing serious crime), which is led by the Ministry of Justice, and Result 10 (Improving interaction with government), for which the lead agency is the Department of Internal Affairs.

Progress against these Results is shown on page 37.

## Result 1: Reducing long-term welfare dependence

The goal of reducing long-term welfare dependence is to enhance people's well-being through connecting more New Zealanders to the workforce. Higher participation in the labour market also supports economic growth, which has wider benefits for New Zealanders.

<sup>1</sup> The lead agency for a BPS Result Area is the agency that has formal accountability to the Government for its success.

<sup>2</sup> In May 2017 the Government announced a major refresh of the BPS Results that were originally introduced in 2012. The refresh included the removal of some Results, the introduction of others, and changes to targets. This, and the establishment of the Ministry for Vulnerable Children, Oranga Tamariki in April 2017, resulted in changes to our lead and support responsibilities, but we will continue to contribute to cross-agency work to deliver better public services and to achieve results that make a real difference for New Zealanders.

In 2015 the Government set two new challenging targets for BPS Result 1, to:

- reduce the number of New Zealanders on a main benefit from 295,000 in June 2014 to 220,000 by June 2018
- reduce the long-term cost of benefit dependence over the same period by \$13 billion<sup>3</sup>.

We will continue to work towards these targets by developing a deeper understanding of clients that are at a higher risk of long-term benefit dependency. We design services and supports that are increasingly effective at assisting these clients into sustainable employment.

The 2016 valuation of the benefit system showed us that Māori clients represent 31 percent of all benefit recipients and 36 percent of those in social housing, but only 15 percent of the general population; and that the average benefit liability is \$55,000 higher for Māori than for non-Māori.

Over the next five years we will focus on working:

- with other government and non-government agencies to assist clients who have higher barriers to employment to become work-ready, and to support them towards independence from the benefit system
- with iwi to develop strategies and trial new services that support more Māori into work.

### **Result 7: Reducing serious crime**

This Result reflects the Government's focus on crime which has the greatest impact on people in New Zealand, that is, serious crime. Serious crime has serious social and economic costs. It affects people's ability to interact with each other, lead productive lives, and realise their full potential. The Ministry of Justice leads government effort towards achieving this target.

One of the key contributors to success in achieving the target for Result 7 of 10,000 fewer crimes by 2021 (from a June 2017 baseline of 149,000) is reducing rates of family violence and sexual violence. We are responsible for leading all family violence prevention work in New Zealand and for funding the bulk of services that work with victims, perpetrators and families where violence has been present.

To contribute to success in achieving the target, we will continue to work collaboratively with other agencies and communities to ensure that:

- services in the community are well designed to meet the needs of families and whānau
- the system is more responsive to the needs of those who access it
- we continue to develop, design and evaluate the prevention stream of family violence
- we purchase services that are cost-effective, relevant, appropriate and accessible to the communities that need them.

### **Result 8: Better access to social housing**

This new Result, introduced in the 2017 refresh, reflects the Government's commitment to ensuring that people with the most complex needs and barriers to sustaining a tenancy get access to secure housing sooner, either in social housing or (where appropriate) in the private rental market. The new Result will drive wider changes that will make a real difference to the lives of the most vulnerable New Zealanders.

The target for Result 8 is, by 2021, to reduce by 20 percent from its 2016 baseline the median time to house Priority A<sup>4</sup> clients on the social housing register.

To achieve wider changes, we will continue to work with other agencies towards the following goals:

- people's support needs are met earlier wherever we can, so fewer people need social housing
- there are enough social houses for those who do need them
- people on the social housing register are supported quickly into social housing or (where appropriate) the private market
- people in transitional and social housing have access to tailored support services to help them move into private housing as and when they can.

<sup>3</sup> These targets were unchanged in the 2017 refresh of BPS Results.

<sup>4</sup> Priority A clients are those who are considered 'at risk'. The category includes households with a severe and persistent housing need that must be addressed immediately, where the household is unable to access and/or sustain suitable, adequate and affordable alternative housing.

## Result 10: Improving interaction with government

In the 2017 refresh, the Government introduced a new target for this Result to focus on making it easier for New Zealanders to interact with government agencies to access services. People want to deal with government in new and different ways, in particular to access government services digitally. In response government agencies are increasingly focusing on service innovation and transformation. We have already changed the way clients can access the support they need. Over the next five years we will continue to enhance our use of technology and data to improve client experience and reduce client effort.

The new target for Result 10 is for 80 percent of transactions for the 20 most common public services to be completed digitally by 2021. This basket of common public services includes the provision of financial assistance by the Ministry of Social Development.

Providing accessible digital services for clients is a key enabler towards our priority of strengthening our capabilities as an organisation, and contributes to cross-agency efforts to achieve the target.

### Our scope

As the administering department for Vote Social Development and Vote Social Housing<sup>5</sup>, we oversee about \$24 billion of public money annually and provide services and assistance to more than a million New Zealanders every year. Our client base includes working-age people, families and communities, students, youth, disabled people, and seniors.

We provide services to the following Ministers, who have responsibility for appropriations in the Votes we administer:

- Minister for Social Development
- Minister (and Associate Minister) for Social Housing
- Minister for Youth
- Minister of Revenue
- Minister for Seniors
- Minister for Disability Issues
- Minister of Veterans' Affairs.

### We monitor four Crown entities:

- Children's Commissioner
- Families Commission (Superu)
- New Zealand Artificial Limb Service
- Social Workers Registration Board.

### We support the following statutory tribunals and advisory committees:

- Social Security Appeal Authority
- Student Allowance Appeal Authority.

### We contribute to leadership across government by:

- membership on the Social Investment Board<sup>6</sup> and the Vulnerable Children's Board
- providing cross-agency leadership for two of the Government's Better Public Services results, and supporting one other
- supporting the development of place-based initiatives, including leading that development in the Tairāwhiti region
- working on a number of cross-agency groups aimed at enhancing social sector effectiveness.

### Our legislation

Many key pieces of legislation provide the framework to support the decisions we make, and ensure a fair system for all New Zealanders. The most significant of these is the Social Security Act 1964<sup>7</sup>.

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

<sup>5</sup> Vote Social Housing was established from 1 July 2017 to consolidate funding for social housing that was previously provided for in Vote Social Development and Vote Building and Housing.

<sup>6</sup> The Social Investment Board was established from 1 July 2017 with an independent Chair, and replaces the former Social Sector Board.

<sup>7</sup> The Minister for Social Development introduced a Bill in 2016 to repeal and replace the Social Security Act with an improved legislative structure.



# Delivering on our priorities

This section outlines our overarching priorities for 2017/2018 to help New Zealanders to help themselves to be safe, strong and independent. These priorities will be refreshed in 2017/2018 as part of our new strategic direction.

As one of New Zealand's largest government agencies, we put our clients at the centre of everything we do. To help us towards this goal, we have identified two overarching priorities:

- to use a social investment approach so that we can enhance outcomes for our clients
- to strengthen our capabilities as an organisation to ensure we deliver high-quality client-centred services.

In this section we set out how we will manage our functions, operations and resources to achieve these goals and to help New Zealanders to help themselves to be safe, strong and independent.

# **Priority: Using a social investment approach so that we can enhance outcomes for our clients**

Social investment is about improving the lives of New Zealanders by applying rigorous and evidence-based investment practices to social services. It means using information and technology to better understand the people who need public services and what works, and then adjusting services accordingly. The insights we gain from this process inform future investment decisions.

Reducing benefit dependence helps improve social and economic outcomes by enhancing people's capabilities to support their families and to contribute to their communities.







## Targeting our services more effectively towards clients and groups where they will have the greatest impact

Reducing benefit dependence lowers the long-term fiscal cost to New Zealand of the welfare system and helps reduce the need for and costs of social housing, because benefit status and history are also significant predictors of social housing need.

Evidence from valuations of the benefit system tells us that certain client groups have a higher risk of long-term benefit dependence than others. This signals the need to tailor services to the needs of these higher-risk groups, in order to help them move towards independence.

By helping people become more independent of the welfare system for extended periods of time, we can lessen the risk of poverty, social dislocation and deteriorating overall health. Our investment approach has already allowed us to make steady progress towards supporting people into sustainable employment.

Over the next five years we will work more effectively with clients who face significant challenges to being work ready and who require more intensive support towards independence. We will manage this with greater use of active case management, trialling new ways of doing things and working with clients, and increasing the integration of employment, welfare and housing support services.

### Using a social investment approach to target services for the greatest impact

The Government has a strong focus on reducing the long-term cost of welfare dependence through well-targeted, evidence-based investment.

We intend to focus particularly on two groups who make up a significant part of the liability: clients with health conditions and disabilities, and 18- to 24-year-olds who are not in education, employment or training.

The welfare reforms introduced in 2013 increased the focus on getting people into work and ensuring that the services people receive are based on their circumstances and not their benefit type. The reforms included a new approach to working with people with health conditions or disabilities, including:

- better identification of those who have the ability to work if they have the right supports
- the introduction of a system that acknowledges that work is good for health and wellbeing, and ensures that people do not remain on benefit for longer than is needed
- provision of a welfare system that is always able to support those who need it most
- investment in improved services that help people out of challenging circumstances to further their potential and improve their lives.

At 30 June 2016 (the date of the latest benefit system valuation), about 64,000 people were receiving a Jobseeker Support Health Condition, Injury or Disability (JS-HCD) benefit. Together, they made up about 12 percent (\$9 billion) of the total benefit liability. The 2016 valuation showed that the average lifetime cost to the Government was \$128,000 for a person who had been on this benefit for less than one year, and \$149,000 for a person who had been receiving it for more than one year. The average future time likely to be spent on a main benefit for people on JS-HCD is nearly 10 years.

The annual actuarial valuations now fully integrate data from the vulnerable children, corrections and benefit and housing systems, and as a result we have a fuller picture of the needs of our clients for decision-makers. For example, the 6,400 JS-HCD clients who are also primary tenants in the social housing system were projected in the 2016 valuation to spend on average a further 17 years in social housing – contributing to a total social housing projected liability of \$18.7 billion.

We will continue to co-ordinate efforts with other agencies across the social sector, including non-government organisations, to support these clients to move into sustainable employment. An example of cross-sector collaboration is Oranga Mahi, a partnership with the University of Auckland and the Waikato, Northland, Waitemata and Canterbury District Health Boards (DHBs) to change the way we engage with the health sector and the wider social sector to deliver outcomes. In this partnership we are using data from these other agencies to identify people whose lives we can invest in to support their return to the workforce. By doing so, we will improve their health and social outcomes.

We will focus on designing interventions for clients who have more complex needs and barriers to employment, and continue to look for ways to improve their cost-effectiveness. Recent welfare valuations have provided insights as to how we might address the high liability profile of Māori clients to reduce benefit dependency. We will also continue to work with industry groups and employers to identify employment opportunities for clients.

For example, in conjunction with the Waitemata District Health Board and Odyssey House in Christchurch, we will deliver employment services within mental health primary care settings (such as a medical practice). This will avoid the need for people with mild to severe mental health conditions to navigate multiple systems.

### Responsiveness to Māori

Māori are over-represented amongst our clients, and are generally expected to remain in the system longer, regardless of the type of service they receive.

We are increasingly focusing on the responsiveness of our services to Māori clients, both in terms of the Government's role as a Treaty partner, and in addressing the various factors that lead many to be in the welfare and social housing systems. These factors include intergenerational welfare dependence, low levels of education, and poor health.

We have developed a Māori Investment Plan to help further focus our Māori responsiveness work to reduce long-term benefit dependence. We have a strong focus on improving sustainable employment outcomes.

The Māori Investment Plan sets out four guiding principles for our active engagement with Māori and other stakeholders, underpinned by the investment approach to guide our work:

- **targeting:** we use a robust evidence base to target our investment on specific areas and groups that will achieve the greatest benefits to reduce welfare dependence for Māori
- **partnership:** we work in partnership with Māori to co-develop and implement services that work for Māori
- **evaluation and evidence:** we use robust and culturally appropriate evaluation methods and learning systems to assess the effectiveness of interventions we trial
- **long-term and short-term gains:** we seek to improve sustainable employment outcomes for Māori in the short to medium term, and to improve broader social outcomes for whānau, hapū and iwi over the long term

The Māori Innovation Reference Group (Te Aka Whānau) established as part of the Māori Investment Plan, is challenging us to think more strategically by setting high expectations and aspirations for the improvement of employment outcomes for Māori. This includes thinking about how we can work better across agencies to build a network of services and supports to address multiple barriers throughout a client's life course, designed to positively impact their lives.

In addition to trialling new service approaches to help improve outcomes for Māori clients who are at risk of long-term benefit dependency, we will work with other government agencies to:

- investigate how to improve skill levels and matching for beneficiaries through the Sector Workforce Engagement Programme across five business sectors – building and construction, hospitality and tourism, horticulture and viticulture, dairy farming and road freight transport
- identify pathways into the Māori and Pasifika Trade Training scheme for young Māori on benefit or engaged in the Youth Service
- examine existing government initiatives such as the Regional Growth Programme to identify locally driven growth opportunity partnerships leading to employment opportunities, and the role it may play lifting Māori employment and income levels in the short and long-term.

### Māori Economic Development Strategy and Action Plan

In 2012 the Ministers for Economic Development and Māori Affairs released a Māori Economic Development Strategy and Action Plan, *He kai kei aku ringa* (providing the food you need with your own hands) to boost Māori economic performance. In May 2017 the Government agreed to a new whole-of-government target to reduce the Māori unemployment rate from 11.9 percent to 7.5 percent by 2021.

We will work with MBIE, Te Puni Kōkiri and the Tertiary Education Commission to develop a cross-agency plan to achieve this target. In particular we will work to develop two to three scalable workforce pilots to increase Māori employment, linking this work to the Regional Growth Programme and other existing regional initiatives.

## **Reducing intergenerational welfare dependence of young clients**

The 2016 benefit system valuation showed us that almost 42,000 clients between the ages of 16 and 24 years (at 30 June 2016) had a parent who was or had been a beneficiary. When compared with other young beneficiaries, whose parents had not been on benefit, these young intergenerational beneficiaries have a higher average welfare liability (\$209,000 rather than \$180,000) and are disproportionately Māori (49 percent, whereas Māori make up only 23 percent of those whose parents had not been on a benefit).

We are working in conjunction with other agencies to develop regional plans to improve outcomes for young intergenerational beneficiaries.

### ***Supporting disengaged young people into work, training or education***

We will continue to support disengaged young people to move into work, training or education through the Youth Service. The Service delivers intensive wrap-around support to vulnerable youth to improve their educational and social outcomes and reduce welfare dependency. Providers coach and support youth to achieve NCEA Level 2 or an equivalent qualification or training, work-based learning or employment outcome. Upon exiting the service, providers ensure youth have an achievable plan for employment, further education or training.

Teen parents referred to the Youth Service must attend a parenting course, enrol their children with a Primary Health Organisation, complete Well Child checks, and ensure their children attend early childhood education.

### ***Youth employment pathways***

We will work with agencies and communities to implement the Youth Employment Pathways strategy *He Poutama Rangatahi* to support 15- to 24-year-olds who are most at risk of long-term unemployment into sustainable work in four regions (Northland, Eastern Bay of Plenty, Tairāwhiti and Hawke's Bay). We will explicitly seek to address the high concentration of Māori young people who are not in employment, education or training in these regions.

There are 5,280 youth registered with the Ministry in these four regions who are at risk of long-term unemployment; over 68 percent of these are Māori. We will develop interventions to improve these indicators over the next five years.



# Enhancing the effectiveness of the social housing system

When vulnerable New Zealanders have secure housing, they are better able to focus on other aspects of their lives such as finding work, engaging in education or training, contributing to their communities, or accessing medical care.

The Government is committed to housing those in the greatest need faster, and to supporting people to progress through the housing continuum where appropriate. At the same time we are focused on working across the social sector to intervene early, where workable and cost-effective, before people need social housing - for example through improving access to mental health services.

The Government spends over \$2 billion a year on housing support and services, and it is important that this expenditure achieves positive outcomes for New Zealanders who need social, transitional or emergency housing. Over the next five years, we will continue to manage the social housing register, meet emergency housing needs, and be an active purchaser in the social housing market. We will apply an investment approach to ensure that social housing provides a strong platform from which people can achieve positive social and economic outcomes.

This means:

- using increasingly rich data to better understand who our current and potential clients are
- understanding how interventions elsewhere in the social sector affect housing clients and the demand for social housing, as well as the impact of our interventions on the rest of the social sector, and
- forming a strong evidence base of effectiveness and improving our assessment of which investment choices would be most valuable.

In addition to completing needs assessments, managing the social housing register, and purchasing social housing places through the Income-Related Rent Subsidy and other funding, we also provide assistance through the Accommodation Supplement to support low- and middle-income families with the cost of housing in the private market.

We will continue to explore tailored services for clients with housing needs, including supporting people to move out of the social housing market where appropriate. This work will include greater integration of welfare and housing support for clients in both systems.

## **Social Housing Reform Programme**

We will continue to lead work, in conjunction with Housing New Zealand, the Ministry of Business, Innovation and Employment, Te Puni Kōkiri, the Treasury, and community housing providers, to deliver the Government's social housing reform programme (SHRP). This aims to increase and diversify the supply of social, transitional and emergency housing, and to support people with housing needs to help them stay safely housed, address the issues that put them at risk, and build more independent lives.

The SHRP commenced in 2013, and its initial priorities have now largely been implemented (for example the transfer of the needs assessment from Housing New Zealand to MSD and the establishment of a strategic purchasing function). During the first half of 2017, agencies have refreshed the SHRP programme to reassess desired outcomes and priorities.

Our key roles in the SHRP are:

- to purchase social housing and to work with community service providers to help them deliver at the appropriate level
- to assess people's housing needs and help them move to the appropriate level of independence
- to improve the quality and breadth of housing data and the knowledge base.

## Increasing the supply of social housing

Increasing supply to meet demand in the social housing market is a key component of a fair, efficient and effective system to meet housing needs. We are continuing to work towards our goal of having 72,000 social houses by June 2020.

Each year we publish an updated version of our Purchasing Strategy for social housing places. This outlines the locations where we are looking to increase the supply of social housing, and provides information to current and future providers on funding and contract settings to encourage new supply, including significant subsidies and long-term contracts for new builds in certain high-demand locations. The most recent (2016) Purchasing Strategy signalled an intention to secure 6,400 additional social houses (from the current 66,332) by June 2020.

We are playing an active role in the housing market through direct engagement with prospective and existing community housing providers, Housing New Zealand and the private sector to help these parties meet their growth objectives and facilitate partnerships. This engagement enables us to identify, and recommend strategies to overcome, barriers these parties are faced with.

We will continue to implement and refine more flexible contracting and funding arrangements to support a more diverse range of providers to enter the market and boost the number of social housing places available. We intend to streamline contracting arrangements, including contract terms and baseline housing costs.

## Emergency housing

The Government has committed \$354 million over four financial years from 2016/2017 towards a new emergency housing funding model. This will allow us to provide a more co-ordinated response to emergency housing, in conjunction with other government agencies. The model includes contracting emergency housing places in areas of high demand, and a new non-recoverable Special Needs Grant for those in emergency situations. As well as supporting those in need, this dedicated grant will help us better identify the demand for emergency housing.

## Housing First

We have provided funding of \$3.7 million towards a two-year pilot programme in Auckland that aims to end homelessness in the city by putting up to 472 rough sleepers into permanent accommodation. The programme is operated by the Auckland Housing First Collective, a grouping of five community organisations, and is based on a model successfully implemented in a number of overseas jurisdictions.

In Budget 2017, the Government committed funding of \$16.5 million towards expanding Housing First into other areas across the country to better support homeless people. We will continue to contract providers that can show they support homeless people to access sustainable housing, and will work with them to maintain tenancies and address issues that may put tenancies at risk.



# Working more closely with the rest of government and with local communities, and increasing our contribution to regional development

In order to effectively address complex needs, government agencies must work together and with communities in different ways to achieve better results.

Over the next five years we will work with agencies and in regions to develop initiatives to create social and economic gains for individuals through the creation of employment opportunities by employers, iwi and hapū groups. Empowering communities to support their people yields positive long-lasting results, and provides more opportunities for our clients to contribute economically, which in turn helps improve the resilience of communities.

## Regional Growth Programme

The Regional Growth Programme (RGP) is an example of how we are working with other central government agencies, local councils, economic development agencies and iwi/hapū in the regions to support more clients into employment opportunities. The RGP is led by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries, and supports ten regions to implement or develop regional action plans to support economic and social growth. The RGP has the potential to provide us with connections to new employers as well as employment opportunities that occur through central and local government purchasing. Central government acts as an enabler, to help regions to support themselves and make local decisions.

## Crown/Māori relationship

Iwi want to work with Crown agencies on a cross-agency basis and to be able to influence government policies, programmes and interventions.

For example, the Government has agreed that Crown agencies should work more closely with Ngai Tuhoe to improve social services, and has designated us as the lead agency for this work. It was envisaged that the work with Tuhoe might be used as a prototype for working with other iwi.

In developing a closer relationship with Tuhoe, we will:

- provide information, data and analytics about social outcomes in the iwi's rohe (tribal area)
- work with the iwi to identify priorities for action.



# Supporting strong, inclusive communities

New Zealand is a diverse and rapidly changing society, and needs strong, inclusive communities in order to maximise everyone's opportunities and ability to participate fully in society.

In strong, inclusive communities people are supported and valued, interdependent, resilient to life shocks, and able to take part in activities as they choose and to access services that best meets their needs.

We will continue to:

- provide support to enable young adults, seniors and people with disabilities to participate fully in their communities
- work across government and with NGOs, business and individuals to effectively respond to the evolving demands of our society
- embed a social investment approach for the \$80 million of social services funding we invest to help address family violence, sexual violence and elder abuse, promote youth development, and build financial capability.

By applying rigorous and evidence-based investment practices we will ensure that funding decisions are based on what we know works and is cost-effective.

## Supporting and promoting positive long-term outcomes for young people by focused investment in youth development opportunities

There is strong evidence that positive youth development supports young people to participate confidently in their communities by building their capability and resilience. Through the Ministry of Youth Development, we work in partnership with iwi, business and the philanthropic sector to invest in quality youth development opportunities. We have specific targets to increase the number of quality youth development opportunities, particularly for young people from disadvantaged backgrounds – that is, young people who may be less able to access these opportunities because of situational factors not faced by their peers.

Focusing on positive youth development supports young people to make confident transitions to adulthood. Our Youth Investment Strategy will ensure that our investment in youth development is effective and signals an intention to recognise youth participation in leadership, mentoring and volunteering opportunities. We also aim to support increased educational achievement, greater employability, improved health, and a reduction in state interventions.

## Supporting older New Zealanders to maintain their independence and participate in society

Older people are key contributors to our economy and our communities, and their numbers are growing. Projections suggest that in ten years there will be more people aged over 65 than under 15, and that in 20 years around one in four New Zealanders will be 65 or older.

This growth will create significant challenges and opportunities for individuals, employers, businesses, organisations and communities, and will have major implications for government expenditure (particularly New Zealand Superannuation, health, and aged care), social services and support (including the supply of appropriate housing), and economic and social participation.

In the coming decades we expect that:

- seniors will make up a greater proportion of the paid workforce, providing an increasingly valuable contribution to economic growth and tax revenue
- families will rely more on grandparents for the provision of childcare
- communities will rely more on seniors' participation as carers and in the voluntary sector
- business and the economy will be more dependent on seniors' consumer spending and investment.

Through the Office for Seniors, we work to actively promote a society where people can age positively, can retain their health and independence, are respected, and are able to stay connected with and participate in their community.

### Positive Ageing Strategy

We will continue to promote the Positive Ageing Strategy's ten goals for seniors. We will do this through meetings with stakeholder groups (including central, local and non-government agencies), and by providing positive ageing messaging via online and other communication channels under our SuperSeniors brand.

### Prevention of elder abuse and neglect

Over 2,000 cases of elder abuse and neglect, which can be physical, emotional or financial, are reported annually. As elder abuse is often hidden and victims are frequently afraid to talk about it, the true incidence is likely to be much higher.

A new nationwide elder abuse and response service and an 0800 24/7 helpline came into effect on 1 July 2017. We will be complementing the intervention services through education, prevention and awareness work.

### ***Preventing social isolation***

Up to 10 percent of older New Zealanders are affected by social isolation or a lack of social connection. In order to help the public identify older people who appear to be at risk, we will provide information, primarily through electronic channels, to older people and communities including local councils, district health boards, Age Concern and Citizens Advice Bureaux on what to look out for and who to contact for help.

### **Creating a society in which disabled people have equal opportunity to achieve their goals and aspirations**

One in four New Zealanders lives with a physical, sensory, learning, mental health or other impairment. We want disabled people to be as healthy and independent as possible, with the opportunity to live full lives and participate in society.

#### ***New Zealand Disability Strategy***

Through the Office for Disability Issues, we work with disabled people's organisations and government agencies and provide advice to the Government on the New Zealand Disability Strategy.

In 2016, after undertaking extensive public consultation, the Government released a refreshed New Zealand Disability Strategy for the next ten years to 2026. The revised Strategy provides the framework for all government agencies' disability-related policy and practice development, and represents the Government's commitment to progressive realisation of the United Nations Convention on the Rights of People with Disabilities (UNCPRD).

We will refresh our Disability Action Plan in 2017/2018 to ensure alignment with the new New Zealand Disability Strategy, the outcome indicators, and issues emerging in relation to the UNCPRD monitoring mechanisms.

#### ***Disability Data and Evidence Working Group***

The Disability Strategy also provides a context for work of the Disability Data and Evidence Working Group so that data is developed and used to provide sound evidence for understanding the experience of disabled people, to shape policy and practice, and to monitor achievement of the outcomes within the Strategy. Over the next five years we will work with Statistics New Zealand to make effective use of new data to inform disability policy and practice.

### ***New Zealand Sign Language***

We will support the New Zealand Sign Language (NZSL) Board to develop a four-year strategy to ensure that the work of other agencies and the projects and activities sponsored by the Board are well aligned with the evidence of how a minority language is maintained and promoted. This support will enhance the ability of deaf people to learn, communicate and participate in society, and will help the Government meet its commitments under UNCPRD and the New Zealand Sign Language Act 2006.

#### ***Transforming the disability support system***

In March 2017 the Government announced a co-design process with the disability sector to begin a nationwide transformation of the disability support system. We will continue to provide support to the work being led by the Ministry of Health on transforming the disability support system based on the vision and principles of the Enabling Good Lives project.

The transformed system will aim to give disabled children and adults and their families greater control and choice over their supports and lives.

#### ***EmployAbility***

The EmployAbility initiative aims to increase employment and economic opportunities for disabled people and people with health conditions. We will continue to work with clients to help identify their strengths and types of jobs that could be right for them. We will also work with employers to understand their needs so we can match the right clients to jobs that suit their particular skills.

We will continue to test new EmployAbility initiatives such as in-work intensive services and an employer advice service.

### **Assisting students to overcome barriers to higher education**

Education leads to more people contributing positively to their communities and society. We want to ensure that all New Zealanders can get the information and services they need to overcome the social and financial barriers inherent in accessing higher education.

We will continue to provide financial support through:

- Student Loans – to help students finance their tertiary study
- Student Allowances – to help students meet their day-to-day living costs while they complete their tertiary education
- Jobseeker Support Student Hardship – to help students during their study vacation periods as they look for work.



With over 98 percent of students applying online for their assistance, we will continue to enhance our online channels for all students, making their online experience with us easier and faster. We will also work with other student stakeholders to ensure that our messages reach New Zealanders, particularly young people, who are embarking on tertiary study for the first time, so we can help them achieve their education goals by ensuring they receive their correct entitlement to financial support.

## **Supporting New Zealanders to contribute to their communities**

### ***Working with vulnerable communities***

We will continue our work alongside vulnerable communities to stop the occurrence of violence. Budget 2017 provided funding for E Tu Whānau to continue work with whānau, hapū, iwi, refugees and migrants in their communities to address issues of violence and harm through increasing their capability, enabling positive change, and strengthening their protective capability.

We will continue to address family violence in Pacific communities through the Pasefika Proud campaign, which aims to prevent violence by changing attitudes and behaviours. This includes the development and implementation of ethnic-specific family violence training programmes for Pacific communities to build the capability of Pacific practitioners and community influencers.

### ***Developing a fit-for-purpose response to family violence and sexual violence***

Family violence and sexual violence affect many people in New Zealand and can have intergenerational impacts on individuals and families. The cost to New Zealand society each year is estimated at \$5.8 billion. We will continue to work as a key partner in supporting the Ministerial Group on Family Violence and Sexual Violence to establish an integrated and sustainable system to most effectively respond to and prevent these types of violence.

We will be leading two major work streams to stop violence from occurring, to reduce the harm it causes, and to break the cycle of revictimisation and reoffending: family violence prevention and family violence services.

We will also:

- contribute to the broader work streams on family and sexual violence
- reduce the level of violence and harm within families, whānau and communities over time
- meet the needs of diverse communities to recover from violence
- support the performance of the new system and develop investment proposals for consideration.

We will continue to lead the development of specialist sexual violence services. This work aims to ensure that services are based on good practice and are accessible across the country for anyone who may need them, whether victims/survivors or perpetrators. In the next five years we will use the \$46 million of funding provided in Budget 2016 for strengthening and developing specialist sexual violence services to:

- develop sexual harm crisis support services to reach an estimated 29,000 victim/survivors, with an opportunity for more providers to deliver these services
- deliver a new national multi-modal 24/7 sexual violence helpline providing free and confidential information, support and crisis counselling
- develop services for adults who are at risk of committing harmful sexual behaviour, and continue the provision of these services for children and young people
- develop and implement a kaupapa Māori pilot for harmful sexual behaviour services for adults
- develop the provision of services for male survivors of sexual abuse through peer-to-peer support.



# **Priority: Strengthening our organisational capabilities to ensure we deliver high-quality client-centred services**

We want to make it as easy as possible for our clients to access the services they need from us such as employment support, training or education opportunities, social housing, or benefit assistance. By improving our data analytics expertise will help us understand our clients' needs better and enable us to better tailor our services to meet people's needs, and by investing in digital channels we can make it easier for clients to access services when and where they want to.





# Enhancing our digital capability to provide a seamless and easy client experience

New Zealanders' expectations about how they want to interact with government agencies to access public services are changing. Increasingly, people want more control over the services they receive, including being able to get access to the help they need at a time and place that suits them.

We put our clients at the centre of everything we do. We are responding to the changing expectations of the public by making more use of technology and innovation to enable our clients to directly access services wherever possible, and by delivering services more efficiently, so that we can apply our resources to providing more effective services to those whose more complex needs require a greater level of interaction.

## Co-design means client-focused self-service channels

Our clients tell us they want to deal with us more through digital channels (that is, online and by smartphone), just as they do with other organisations like banks and retailers. Over the last few years we have been moving towards a client-centred approach to introducing and improving digital channels, through our Simplification programme. Now, clients can easily complete more of their transactions with us at times and places that suit them. We will continue to build on this work over the next five years.

Our new online service, MyMSD, is focused on making interacting with the Ministry easier for clients. It is accessible on a mobile, tablet or desktop, is simple to register for and log in to, uses language clients are familiar with, and is intuitive to navigate. It allows clients to view their payment balances, change their contact details, notify us about wages earned, apply for one-off assistance, view correspondence, and manage some of their appointments. The ability to do more for themselves means clients need make far fewer trips to service centres, saving them time and money. Our Cheap As data arrangement with the main telecommunications providers means MyMSD (and other Ministry online services) costs clients very little or nothing to use.

Over the next five years, we will consider how we can expand the range of services provided through MyMSD and the variety of transactions that can be completed by phone.

This move towards more and easier digital access to services does not change people's eligibility for assistance or their work or social obligations, and no-one will be deprived of financial support because they cannot use digital channels.

## Providing simpler, leaner common transactional services

As well as enhancing self-service options for clients, we have also been simplifying and streamlining our common administrative processes – work that will continue through the next five years.

Together with the enhanced ability for clients to complete their transactional activities through digital channels, this work has reduced the amount of manual processing our staff need to do.

## Redesigning the way we target our services

We are redesigning the way we will deliver services to clients in the future. This involves thinking differently about what services we provide, how, and to whom.

We will ensure that our services facilitate the best possible outcomes for our clients over the next five years by ensuring our service delivery model is effective in meeting the needs of our clients, and is responsive to changes in client needs.

Our approach to service delivery model design will make use of advanced analytics, prototyping, and testing of innovative ideas and insights from clients and staff.

We are increasingly using predictive and advanced analytics to improve the way we identify which services are likely to be most effective for which clients. In particular, the first iteration of our Service Effectiveness Model allows us to direct clients to the most appropriate service, taking into account individual clients' characteristics and the expected impact of the service. We will continually monitor and improve the Service Effectiveness Model as we gain more insights.

Ongoing evaluation of our programmes and services tells us about their cost-effectiveness and is a critical component of our social investment approach.

We are actively engaging with our top case managers to continue to deepen our knowledge about what contributes to successful outcomes for our clients, so that we can develop tools to support decision-making by case managers.



# Building strategic relationships with trusted third-party providers

Trialling different ways of getting people into sustainable work and housing is a key part of our investment approach. We will continue to work with providers in the government, NGO and other sectors to find and test better ways of achieving sustainable outcomes for our clients.

## Trialling new ways of working with clients

To tackle successfully the complex challenges we now face, we need to build partnerships with a range of stakeholders, including many we have not traditionally worked with.

The 2016 valuation of the benefit system analyses the impact of a client's social housing status on benefit dependence for the first time, and shows that nearly half of those in the social housing system (that is, those who were in social housing or on the social housing register in 2015/2016) are also in the welfare system. Being in both systems tends to give a person a slightly higher future benefit system cost.

To begin understanding client and tenant needs, we have developed in partnership with Housing New Zealand and a select group of social housing providers a Sustaining Tenancies trial. The aim is to learn whether, by offering community provider support, we can help to sustain the tenancies of people who may be at risk of an adverse exit from social housing, such as to prison or homelessness.

## Working across agencies and sectors to better tailor interventions

Taking a greater multi-agency view across the social sector will help us to understand how to best support individuals who need to access social services. We are increasingly working with non-government organisations so that we can better understand the needs of clients who have higher barriers to employment, and to develop new and innovative interventions to achieve improved outcomes for these clients.

In conjunction with other agencies and sectors, we are actively supporting the Government's Business Growth Agenda and regional development priorities through new approaches to developing training and employment pathways for New Zealanders. For example, Project 1000 aims to support 1,000 local people into jobs in Hawke's Bay by June 2019 (up to 31 May 2017, 251 people had been placed in employment)

In conjunction with the Ministry of Business, Innovation and Employment and other key stakeholders, we aim to improve employers' access to reliable and appropriately skilled staff and to create more opportunities for New Zealanders to enter the workforce and develop their skills. For example, Ara, the Auckland Airport Skills and Jobs Hub, is a collaborative approach to support more people into work with employers, central government agencies and training providers. Part of this initiative involves more closely aligning training provision with the needs of industry. Up to 29 June 2017, 251 people have been placed into employment through the Hub.

## Assessing social service providers

Through our Social Services Accreditation team, we assess all community social services providers that contract with ourselves, the Ministry of Justice and the Department of Corrections. As a result of this accreditation process, the agency and the provider's clients can have confidence in the services that are delivered.

We will develop service level agreements with the Ministry of Business, Innovation and Employment, the Ministry of Education and Te Puni Kōkiri in an expansion of the accreditation programme.

As a result of the accreditation process, we will improve information sharing across the social sector, make the process simpler and easier (saving both time and resources), develop a clear operating model for accreditation practice, and increase transparency for the social sector to determine the credibility and suitability of providers.

## Improving financial literacy and avoiding debt

Over the next two years we will implement the next phase of our comprehensive redesign of budgeting services to build the financial capability and resilience of people experiencing hardship. The initial new Building Financial Capability (BFC) service came into effect on 1 November 2016, and we are now rolling out a second phase of new products and services. To ensure services are effective and are continuously improved, we commenced a five-year evaluation in July 2017.

The Community Finance initiative will continue to expand nationwide from its 13 existing sites, following additional funding in Budget 2016. The initiative provides affordable credit to low-income individuals and families who might otherwise take on unsustainable levels of debt and experience financial hardship.



# Safeguarding the information we hold

Our clients provide us with a huge amount of personal information so we can establish their identity and determine their entitlement to assistance.

They trust us to handle it securely and sensitively and to share it only as necessary and in accordance with established information security principles. We need to have in place systems that will support this trust and enable us to deliver improved client outcomes.

We use the information we collect from our clients in a number of operational areas to help provide clients with the right services so that we can support them into housing and employment. We expect this to increase as the public sector focusses on improving client outcomes through greater evidence-based and data-driven decision making.

## Expectations of our clients and the Government

Our clients expect us to use the information we hold to give them better services. They also expect us to handle their personal information securely and sensitively, and to share it only as necessary and in accordance with established privacy principles. As we evolve the ways we use and manage information, we are developing new ways of delivering on both of these expectations. Our future vision of how social services are delivered could be undermined if we cannot demonstrate to clients that we can responsibly manage the privacy of their information.

The Government also has an expectation, set by the Better Public Services programme, that our high-volume transactions can be completed by clients in a digital environment. As we make more services available online, our clients expect that they can transact with us anywhere, anytime. To meet this expectation, we are increasing and improving our use of cloud services, mobility, advanced analytics and information sharing. This provides opportunities for us to deliver services in a way that meets our clients' needs, but also exposes us to new risks that we are developing new ways of managing.

For example, cyberattacks are becoming more sophisticated, with rapid increases in ransomware and malware. We are not immune to these global trends, and we will continue to invest in programmes that reduce the likelihood of these attacks being successful. Our information security response will continue to focus on safeguarding our clients' information from cybercriminals and on developing new approaches to merging cloud and digital services.

## Information Management Strategic Framework

Our Information Management Strategic Framework (IMSF) is about how we can maximise the value from, and demonstrate that we are responsible custodians of, our clients' information. Our readiness to make the most of changing approaches and technologies is dependent on our understanding of the value to be gained from these changes as well as of the risks that need to be managed in our daily work. A key focus of the IMSF is on continuing to build a culture that understands the value to be gained from using client information to improve services, while respecting that information and treating it accordingly.



# Building our data analytics expertise

The way we collect, analyse and use data is becoming more important as we seek to improve our understanding of our clients and to target services that meet the needs of individuals, families and communities.

## **Analytics as part of our broader strategy**

Advances in technology and the way we can use data and analytics have the potential to improve our evidence-based decision-making, and to enable us to make a significant difference to the lives of our clients. We are able to use data and analytics to better understand the root causes of problems and people's life course experiences, so that we can properly address barriers to independence. We are able to identify what works, for whom, under what circumstances.

Over the next five years we will be using more data and analytics across key areas of our work, including:

- identifying target populations, and understanding the needs, circumstances and life trajectories of our clients across a wide range of social outcomes
- choosing the best possible investments, and implementing them as well as possible
- evaluating implementation, impacts and progress towards outcomes.

Data and analytics provide a wide variety of tools to help our decision-making in these areas, and we will continue to develop these over time. For example, we will expand our work examining the value of our employment programmes and services, and what works for whom, to other areas of our portfolio including housing.

We will also invest in building foundational infrastructure for others to use, making data and analytics more widely accessible and useable. This includes making information available to our own front line, and also to other agencies or non-government service providers that might be best placed to deliver services and interventions.

## **Developing and implementing a data and analytics strategy**

We are developing a data and analytics strategy to address areas of governance, organisational capability, technology, and data quality.

We will identify the principal uses of data and analytics to inform key areas of our strategy. We will support these principal uses by continually developing our data and analytics technology platform, which will grow to allow our analysts easy access to the data they need.

## **Increasing the use of shared data, and combining expertise**

We will work closely with other government centres of excellence, including the Social Investment Agency (SIA), and Statistics New Zealand (SNZ) as the government lead for data and analytics, to align with and guide emerging data collection and operational standards.

SNZ's Integrated Data Infrastructure (IDI) has in the last decade shown the importance of having a more complete picture of our clients. By making connections across social data, we are able to put together a richer picture of where the largest needs exist and where the best possible investments can be targeted, and gain a broader understanding of our impact. Already we are using anonymised data in the IDI, and we will expand our use of this resource to contribute more data to the IDI. We will also explore sharing more of our administrative data with other agencies and providers to achieve better insights on our clients across the system.

The SIA's data exchange will allow us to share data on a fast, secure network.

Our use of data and analytics will be guided by our Privacy, Human Rights and Ethics (PHRaE) framework, which is currently in development. We will continue to develop and implement the PHRaE framework in collaboration with cross-sector working groups, including the emerging work on social license from the independent Data Futures Partnership.





# Strengthening our organisational health and capability and fostering a collaborative organisational culture

Any successful organisation requires the right capability and culture to deliver on its priorities and expectations. We want to ensure that our people are enabled and prepared to undertake future roles and functions.

Our workforce needs to be fit for purpose and must have the right mix of skills we need for success. Our People Strategy will help us to achieve this goal, and our focus on building a constructive, collaborative and innovative organisational culture will be fundamental in meeting the challenge of making the biggest difference in our ability to support and help vulnerable New Zealanders.

Organisational culture has a significant influence on organisational capability and performance. It is a powerful element in shaping our work relationships, work processes, and results. Over the next five years we will continue the work we have been doing to develop our organisational culture to a more constructive style.

## Health, safety and security

The health, safety and wellbeing of our staff, clients and contractors is paramount to supporting the effective delivery of service to New Zealanders.

We will achieve our health, safety and security goals by:

- ensuring that our workplaces continue to be safe and fit for purpose for clients, staff and the public
- building a culture of continuous improvement around health, safety and security through active leadership and engagement
- weaving health, safety and security considerations through the design, implementation and review of our services and offices
- understanding the range of activities our staff undertake and the locations they work in, so we can provide the right resources, training and support
- reducing the risk of harm to our staff, clients and the public, through the proactive identification and management of hazards
- responding effectively and quickly to incidents so that our staff are supported.

## People Strategy

Our People Strategy, which we launched in 2016, articulates four broad themes: supporting our people to perform at their best, moving towards a more planned approach for an increasingly responsive workforce, building our leadership capability, and orienting our organisation and workforce around our clients. These themes are underpinned by our principle of embedding a constructive, collaborative and innovative organisational culture.

We will continue to focus on our organisational culture development over the next five years by continuing to invest in:

- developing the skills and capabilities of our leaders
- identifying and acting on opportunities to develop and support our organisational culture
- gathering insights to ensure that our initiatives have a positive ongoing impact on our performance
- ensuring that our systems, technologies and processes are fit for purpose in our future environment
- enhancing our organisational change management capability
- reinforcing the importance of a diverse and inclusive culture in building our performance, engagement, innovation and cultural competency
- continuing to enhance MSD as a place to work, for example through the refinement of our performance, remuneration, reward and recognition approaches.

We are committed to supporting the Government's objectives for the Public Service of addressing the gender pay gap, developing a systems profile, and effectively reporting on diversity and inclusion initiatives and outcomes. We are developing an organisation-wide Diversity and Inclusion Strategy that will help embed a diverse and inclusive culture across all organisational levels.

## Enhancing leadership development

Developing effective leaders who back their people to succeed across all levels remains a priority for creating a constructive, diverse and inclusive culture. We remain committed to attracting and investing in high-quality leaders to ensure they can manage change and to support the development of our organisational culture.

Leadership development initiatives include:

- support for our senior and middle managers, to help them to understand their impact on others
- emerging leader programmes, to identify and ready people for their first people leadership role
- Te Aratiatia and Te Aka Matua – programmes that accelerate the development of Māori and Pacific people
- a New Manager Programme, to ensure that people new to leading a team have core management and leadership skills
- MSD Study Awards, which fund study, development and tertiary qualifications.

### **Equal employment opportunities**

Our equal employment opportunities (EEO) policy promotes equality, diversity and inclusion within a positive work culture based on respect, fairness and valuing individual difference.

Over the next five years we will continue to:

- identify, and minimise or remove, organisational barriers to involvement
- work in collaboration with the State Services Commission to support the Lead Toolkit for employing disabled people
- provide a range of training and educational resources to increase awareness in relation to supporting individuals with mental health conditions and disabilities, and to reinforce an inclusive and diverse working environment, including issues relating to the gender pay gap
- work with other agencies to share best EEO practices, policies and procedures.

### **Maintaining stable industrial relations**

Positive and stable industrial relations support a high-performing organisation. Our collective employment agreements with staff will continue to provide a stable platform as we embed government initiatives for better public services and other programmes that will change the way we work.

We will seek to maintain constructive and positive relationships with the unions that represent our employees, the largest of which is the Public Service Association (PSA). We will achieve this through active line management and ongoing engagement, particularly during times of significant change.

### **Project investment and delivery capability**

We will continue to focus our strategic project investment decisions on directing our resources and efforts towards those initiatives that will contribute most to the achievement of our strategic outcomes.

Our Enterprise Portfolio Management Office will continue to lead the development of portfolio management practices across senior management. This will in turn embed strengthened capability across the Ministry to realise the full value of projects.

### **Managing risk**

We are working in an environment of considerable change; this provides both opportunities and challenges in terms of delivering services and meeting the expectations of our clients, the Government and the public. Good risk management and a strong control environment are key factors in navigating the changing environment in which we operate.

Our Risk and Assurance group continues to support our staff to make decisions in a risk-aware way, so that as an organisation we can take advantage of opportunities whilst managing their associated risks. This provides assurance that the key systems and processes we rely on to deliver our services and safeguard our people are operating effectively and efficiently.

The Ministry's independent Risk and Audit Committee provides critical support to the Chief Executive through independent advice on risk, internal control and assurance matters.

# Financial management, capital intentions and assessing performance

We have significant financial challenges to overcome in order to deliver on the expected changes to our systems, processes and service delivery structures, and to meet our statutory obligations and address our strategic priorities within the current baseline. We are being challenged to improve services and outcomes within a more complex and changing environment.

We monitor a range of measures, indicators and milestones to assess our performance towards achieving outcomes, results and expectations for New Zealanders.

During 2017/2018 we will revise our performance framework to reflect our new role, functions and opportunities.





# Managing our assets

As an organisation we are committed to delivering positive social and economic outcomes for all New Zealanders. Understanding the effectiveness of our expenditure helps us target our resources towards our key strategic projects.

## Capital intentions

Our asset portfolio had a book value of approximately \$276 million as at 30 April 2017.

Each year, under our Long-term Investment Plan, we conduct a capital expenditure planning process to ensure that our capital investment is targeted to meet business needs and assets are appropriately replenished. We assess our performance by ensuring expenditure is in accordance with the Long-term Investment Plan.

Over the next five years we will continue to make significant investment in property and technology to retain our core asset functionality. In addition we will continue to invest in process improvements such as the Simplification programme.

## Asset management

We have adopted the Treasury's asset management maturity and asset performance frameworks. These support the provision of quality information for decision-making, financial planning and performance monitoring purposes. We will maintain a strong focus on ensuring the effective and efficient use of our capital resources.

## Property

We procure and manage 186 commercial offices nationwide, including 76 occupied by the Ministry for Vulnerable Children, Oranga Tamariki. Our property team manages Oranga Tamariki's residential portfolio through a shared services arrangement.

We manage our commercial office portfolio in accordance with the principles and guidelines of the Government Property Group, which include co-locating with other agencies where practical. For example, we have co-located with the Ministry of Business, Innovation and Employment in the Christchurch Integrated Government Office (CIGA), and with the Ministry of Education, Housing New Zealand and Oranga Tamariki in a new office in New Plymouth.

Our Office Portfolio Asset Management Plan, which replaces our former Property Strategy, sets out the vision and operating principles for management of our office portfolio. It includes specific targets and actions for the portfolio that have been developed in partnership with staff.

We expect our office portfolio to remain relatively stable over the next few years, with any developments or changes driven by user requirements and site-specific opportunities.

## Technology

Our technology assets play a critical role in ensuring that that our own services and the shared services we provide for Oranga Tamariki are reliable and efficient, and are delivered in a timely way and in accordance with current government policy and legislation. We are focussing on investment in systems to support an increased level of activity in digital channels in future years.

## Fleet

We operate a fleet of approximately 1,200 vehicles with a capital cost of \$26 million. Our aim is to provide safe, fit-for-purpose vehicles at the lowest total cost of ownership to enable our people to carry out their core functions. We are trialling a new fleet management system to give us a national view of our fleet and access to meaningful data that will enable us to better meet our transport needs.

We are seeking opportunities to take economic advantage of all-of-government discounts, so that we can buy and sell vehicles at a similar price level. A single provider will help us to simplify our fleet management processes and standardise vehicle features, making it possible to manage our multi-driver, pooled vehicle fleet and the rotation of vehicles across regions more effectively.

**Forecast capital expenditure**

	Forecast 2017/2018 \$000	Forecast 2018/2019 \$000	Forecast 2019/2020 \$000	Forecast 2020/2021 \$000	Forecast 2021/2022 \$000
IT core assets	26,142	30,000	30,000	30,000	20,000
Business applications & Legacy System Replacement	24,441	22,485	18,000	20,000	24,500
Simplification (IT)	9,000	-	-	-	-
Availability	15,000	6,000	-	-	-
End User Compute	3,000	3,000	-	-	-
Future State Physical Security Environment	21,600	20,600	-	-	-
Other property expenditure	13,264	10,270	6,600	7,500	11,600
Motor vehicles	5,368	6,000	6,000	6,000	6,000
<b>Total</b>	<b>117,815</b>	<b>98,355</b>	<b>60,600</b>	<b>63,500</b>	<b>62,100</b>

**Note:** This table includes funding for projects with budget held in contingency but excludes any potential budget initiatives.

# Assessing our performance

We lead and contribute to a number of the Government's priorities for Better Public Services (BPS). BPS Result areas and targets were reviewed and refreshed by Cabinet in March 2017.

The table below summarises progress made against the BPS targets that we lead or contribute to. We will report further progress against these indicators in our next Annual Report.

Better Public Services (BPS) Result <sup>a</sup>	Target	Progress
<b>Ministry of Social Development lead</b>		
Reducing long-term welfare dependence (Result 1) <i>This Result and its targets were unchanged in the 2017 refresh</i>	Achieve a 25 percent reduction in working-age client numbers from 295,000 in June 2014 to 220,000 in June 2018 Achieve an accumulated actuarial release of \$13 billion by June 2018	At 30 June 2017, the number of working-age main benefit recipients stood at 276,331. The cumulative fall since June 2014 is 6.3 percent. The latest valuation of the benefit system (June 2016) put the liability at \$76.0 billion, an increase of \$7.6 billion (approximately 11 percent) from the previous year, and \$7.0 billion (just over 10 percent) since June 2014. The cumulative actuarial release <sup>9</sup> from June 2014 to March 2017 was \$4.6 billion.
Better access to social housing (Result 8) <i>This is a new Result and target</i>	Reduce the median time to house for Priority A clients on the social housing register by 20 percent by 2021	Progress in this Result will be measured against the 2016 baseline. The median time to house for Priority A clients on the social housing register was 48 days.
<b>Ministry of Social Development contribution</b>		
Reducing serious crime (Result 7) <sup>10</sup> <i>The target for this Result was reset in the 2017 refresh</i>	By 2021, the number of serious crimes will be reduced by 10,000 from a June 2017 base figure	Progress will be reported to Cabinet during 2017/2018. The baseline figure is 149,000 serious crimes in the year ended 30 June 2017.
People can access public services easily (Result 10) <sup>11</sup> <i>The target for this Result was reset in the 2017 refresh</i>	By 2021, 80 percent of the transactions for the 20 most common public services will be completed digitally	In the December 2016 quarter, we achieved a digital uptake of 66.2 percent for our standard basket of services.

8 Responsibility for leading Result 4 (Safer kids: Reduce assaults and abuse of children) and for supporting Results 2 and 3 (Vulnerable children) and 5 (Improving mathematics and literacy skills) passed from the Ministry of Social Development to the Ministry for Vulnerable Children, Oranga Tamariki from 1 April 2017. We will describe our contribution to these Results for the period up to 31 March 2017 in our 2016/2017 Annual Report.

9 An actuarial release is an estimate of the change in long-term liability of the benefit system resulting from changes in the number of beneficiaries and their likelihood of long-term benefit receipt.

10 Led by the Ministry of Justice.

11 Led by the Department of Internal Affairs.

Our outcomes and intermediate outcomes form our long-term performance objectives. Below are the indicators the Ministry uses to demonstrate progress towards achieving its outcomes. We will report further progress against these indicators in our next Annual Report.

Ministry outcome	Indicator/s	2014/2015	2015/2016	2016/2017	Intended trend
 <p><b>More people into sustainable work and out of welfare dependency</b></p>	Reduce working-age benefit numbers from 295,000 in June 2014 to 220,000 in June 2018	284,960	279,806	276,331	↓
	Achieve an accumulated actuarial release of \$13 billion between June 2014 and June 2018	\$2.5bn <sup>12</sup>	\$3.8bn <sup>13</sup>	\$4.6bn <sup>14</sup>	↑
 <p><b>More people are able to participate in and contribute positively to their communities and society</b></p>	Reduce the average time taken to house clients in Priority A on the social housing register by 20 percent by June 2021*			48 days*	↓
	The number of contracted transitional housing places**			1,123	↑
	The number of social housing places**			66,332	↑
	The percentage of participants who report they have improved their capability and resilience through completion of a youth development opportunity**			97.8%	↔
	The percentage of participants who report an improvement in their personal, social and decision-making skills through completion of a youth development opportunity**			97.2%	↔
	The percentage of stakeholders who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Seniors**			71%	↑
	The accurate assessment of Community Services Card and SuperGold Card applications	99%	96.9%	96.9%	↔

\* New measure in 2016/2017. Result shown is the baseline at 31 December 2016.








\*\* New indicator in 2016/2017.

12 Cumulative actuarial release from June 2014 to 30 June 2015. Source: Ministry of Social Development *Quarterly Drivers of Valuation Report April to June 2015*.

13 Cumulative actuarial release from June 2014 to 30 June 2016. Source: Ministry of Social Development *Drivers of Long-Term Benefit Dependency April to June 2016 report*.

14 Cumulative actuarial release from June 2014 to 31 March 2017 (latest available result). Source: Ministry of Social Development *Drivers of Long-Term Benefit Dependency January to March 2017 report*.



Ministry outcome	Indicator/s	2014/2015	2015/2016	2016/2017	Intended trend
 <p><b>More communities are strong and thriving</b></p>	The percentage of clients who report having greater financial confidence and capability (comparing pre and post intervention) <sup>†</sup>				
	The percentage of clients who indicate that they have greater control over their lives after receiving the Elder Abuse and Neglect Service <sup>†</sup>				
	The percentage of clients who have expressed that they were satisfied with the service, content and delivery of the Supporting Victims and Perpetrators of Family Violence and Sexual Violence programme <sup>††</sup>				
 <p><b>Fewer people commit fraud and the system operates with fairness and integrity</b></p>	The percentage of successful prosecutions	96.8%	96.6%	96.2%	
	The percentage of non-current debt paid in full, or under an arrangement to pay, within four months	72.3%	71.1%	70.3%	

<sup>†</sup> New measure: target of 80% in 2017/2018

<sup>††</sup> New measure: target of 90% in 2017/2018







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