



19 October 2022

Tēnā koe

On 29 July 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

1. *REP/22/2/098 - Meeting with Hon Poto Williams on Resilience to Organised Crime in Communities, dated 18 February 2022.*
2. *REP/21/11/1282 - 2019/20 Employment Assistance Effectiveness Report Findings and the release of the Employment Assistance Evidence Catalogue, dated 25 February 2022*
3. *REP/22/2/036 - Benefit System Update, dated 25 February 2022*
4. *REP/22/2/118 - 2022 Annual General Adjustment - Amendments to Ministerial Directions and Welfare Programmes, dated 25 February 2022*
5. *REP/22/3/151 - Aide memoire - Meeting with Zespri & New Zealand Kiwifruit Growers (NZKGI), dated 17 March 2022*
6. *REP/22/4/284 - Aide memoire - Meeting to discuss report on lessons learned from the Rotorua emergency housing pilot, dated 4 April 2022*
7. *REP/22/3/257, dated 11 April 2022*
8. *REP/22/4/326 - Rotorua Emergency Housing Analysis, dated 19 April 2022, and*
9. *REP/22/4/321 - Strengthening MSD's Service Culture - Progress Report, dated 22 April 2022*

On 26 August 2022, the Ministry emailed you to advise you that more time was required for necessary consultations to make a decision on your request. As such, the due date of your request was extended to 21 September 2022 in accordance with section 15(1) and 15A of the Act.

On 21 September 2022, the Ministry emailed you to advise you that it has been decided to grant your request in part. You were also advised that a response will be sent to you by 19 October 2022.

Please see enclosed the following reports in scope of your request:

1. *REP/22/2/098 - Meeting with Hon Poto Williams on Resilience to Organised Crime in Communities, dated 18 February 2022.*
2. *REP/22/2/036 - Benefit System Update, dated 25 February 2022. The attachments cited on page 5 can be found here: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/covid-19/benefit-system-update-2021.html>*
3. *REP/22/2/118 - 2022 Annual General Adjustment - Amendments to Ministerial Directions and Welfare Programmes, dated 25 February 2022.*
4. *REP/22/3/151 - Aide memoire - Meeting with Zespri & New Zealand Kiwifruit Growers (NZKGI), dated 17 March 2022*
5. *REP/22/3/257, dated 11 April 2022*
6. *REP/22/4/321 - Strengthening MSD's Service Culture - Progress Report, dated 22 April 2022*

As you advised you do not require the names of staff members, this information has been redacted as 'Out of Scope'.

Some information is withheld under section 9(2)(ba)(i) of the Act as it is subject to an obligation of confidence, and if released, could prejudice the supply of similar information in the future. The greater public interest is in ensuring that such information can continue to be supplied.

Some information is withheld under section 9(2)(b)(ii) of the Act as, if released, it would be likely to prejudice the commercial position of the person who supplied or who is the subject of the information. The greater public interest is in ensuring that the commercial position can be maintained.

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Some information is withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. I believe the greater public interest is in the ability of individuals to express opinions in the course of their duty.

In regards to *REP/22/4/326 - Rotorua Emergency Housing Analysis, dated 19 April 2022*, you can find this report on the Ministry's website at the following link: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/rotorua-emergency-housing-analysis-redacted.pdf.

In regards to *REP/22/2/118 - 2022 Annual General Adjustment - Amendments to Ministerial Directions and Welfare Programmes, dated 25 February 2022*, this report refers to an Appendix which can be found at the following link: www.msd.govt.nz/about-msd-and-our-work/about-msd/legislation/notice-of-change/2022/instrument-amending-ministerial-directions-and-welfare-programmes-2022.html.

In the spirit of being helpful, other AGA-related papers can be found here: www.msd.govt.nz/about-msd-and-our-work/publications-resources/information-releases/cabinet-papers/2022/annual-general-adjustment-2022-and-related-regulatory-changes.html.

Regarding *REP/22/4/284 - Meeting to discuss report on lessons learned from the Rotorua Emergency Housing pilot, dated 4 April 2022*, this information has been withheld in full under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

Regarding *REP/21/11/1282 - 2019/20 Employment Assistance Effectiveness Report Findings and the release of the Employment Assistance Evidence Catalogue, dated 25 February 2022*, this information is refused under section 18(d) of the Act on the basis that the information requested will soon be publicly available. This information will be published as soon as possible.

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

pp 

Magnus O'Neill

**General Manager
Ministerial and Executive Services**

Aide-mémoire



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

Meeting

Date: 18 February 2022 **Security Level:** IN CONFIDENCE

For: Hon Carmel Sepuloni, Minister for Social Development and Employment

File Reference: REP/22/2/098

Meeting with Hon Poto Williams on Resilience to Organised Crime in Communities

Meeting details	2.30 pm -3.00 pm, Monday 21 February 2022
Expected attendees	Hon Poto Williams, Minister of Police Hon Carmel Sepuloni, Minister of Social Welfare and Employment Serena Curtis, General Manager, Pacific and Community Capability, Ministry of Social Development
Purpose of meeting	Meeting with Hon Poto Williams regarding the Resilience to Organised Crime in Communities work programme.
Suggested talking points	<p>I am aware that Serena Curtis from MSD has been engaged with Resilience to Organised Crime in Communities (ROCC) at a working group level over the past two years.</p> <p>The MSD E Tū Whānau team work closely with and alongside many of our most marginalised communities including whānau affiliated to gangs and provide a transformative kaupapa Māori strategy based on tikanga and Māori values.</p> <p>The E Tū Whānau team has helped bridge the gap and reconnect people in relation to identity, relationships, culture, and the support and services they may not have otherwise engaged with.</p> <p>MSD have been supporting whānau affiliated to gangs who want to create positive change. It has been a longstanding feature of</p>

the mahi at MSD and this experience has informed the engagement with the support of the ROCC programme.

I understand MSD are one of the participating agencies in supporting the multi-agency initiative, the Gang Intelligence Centre (GIC) and its efforts to understand and address the harms being caused by, to and within the New Zealand adult gang community.

MSD's Pasefika Proud Family Violence Prevention Programme actively partner with our colleagues across the NZ Police, Affirming Works Ltd and the Tongan Methodist Church. The focus of that is to identify ways to arrest the targeted gang recruitment of Tongan youth in Otara and to develop an Otara focussed Youth Development Strategy.

Key issues

Operational decisions around continued funding and sustainable resourcing to support the partnership group beyond June 2022.

Next steps

We will continue to engage in monthly partnership working group meetings and expand community stakeholder's representation.

We intend to draw on the evaluations to Affirming Works and Tongan Methodist Church's work in this area to inform and strengthen the direction these community-led interventions take to prevent youth recruitment into gangs.

We will also engage with the Ministry of Youth Development and discuss what if any, contribution they may be able to make in regard to work.

MSD will be looking at initiatives that have been supported through the Community Capability and Resilience Fund that may also support the intentions of the ROCC work programme. It is exploring opportunities to work more collaboratively with community groups and organisations that work with whānau who are impacted by organised crime.

Responsible manager: Serena Curtis, General Manager Pacific and Community Capability

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 4 February 2022

**Security
Level:**

IN CONFIDENCE

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

Benefit System Update - 2021 report

Purpose of the report

- 1 To provide insights from the latest *Benefit System Update*, which summarises the longer-term performance of the benefit system, economy, and labour market, and inform you of our intention to publish the attached report. This report focuses on the 12 months to June 2021 but was extended to include more recent information following the Delta community outbreak in August 2021.

Recommended actions

It is recommended that you:

- 1 **note** the findings in the attached *Benefit System Update* report
- 2 **note** we propose to publish this report in February 2022 and will work with your office on the specific timing and communication approach

Fleur McLaren

Fleur McLaren
General Manager
System Performance

3/2/2022

Date

C. Sepuloni

Hon Carmel Sepuloni
Minister for Social Development and
Employment

27/2/22

Date

Background

- 2 Since 2020, the COVID-19 pandemic has significantly impacted New Zealand's economy and labour market, with flow-on effects for the benefit system. To document and understand how demand for income support has changed throughout this period, MSD has produced a range of data and insights products.
- 3 This includes [weekly](#) and [monthly](#) reporting on uptake of main benefits and other supplementary assistance, and a series of analytical reports investigating trends in people coming onto and leaving Jobseeker Support – Work Ready (JS – WR) and the COVID-19 Income Relief Payment.
- 4 In addition, in August 2020, we began publishing the [Benefit System Update](#) report, which described the impact of COVID-19 on New Zealand's economy, subsequent policy responses, and how these factors affected demand for benefit support. The report summarised existing insights to present a cohesive and comprehensive story on what happened in the benefit system and why.
- 5 This first *Benefit System Update* report covered the period up to early August 2020¹ and highlighted the initial impacts of the pandemic. We have now completed an updated version of this report, which builds on the narrative initially presented, and provides a longer-term perspective on how the benefit system, economy, and labour market have performed, including for key priority groups.
- 6 This is a historical report, which is intended to provide an overall description of the benefit system throughout the 12 months to June 2021. Following the second nationwide shift to Alert Level 4 in August 2021, we extended our analysis to also include trends observed following these changes.

Key insights

- 7 While the response to COVID-19 led to rapid growth in the number of people receiving a benefit, overall, the benefit system responded better than expected.
 - Growth in benefit numbers peaked significantly lower and more quickly than initially expected, with month-on-month decreases seen throughout 2021, up to the August community Delta outbreak.
 - This sustained decrease contrasts with typical trends and reflects historically high exit rates from benefit, particularly for JS – WR. The year to June 2021 saw the highest number of people move from a benefit into employment for the last 20 years.

¹ The report included data up to 7 August 2020, so did not cover any effect of the second COVID-19 community outbreak in New Zealand, which was announced on 11 August 2020.

- 8 The strong performance of the benefit system was supported by the Government's policy response to COVID-19, the recovery of the economy and labour market, and MSD's sustained employment focus.
- By June 2021, GDP and unemployment indicators had returned to pre-COVID-19 levels, supported by significant Government investment through the Wage Subsidy scheme and COVID-19 Response and Recovery Fund.
 - Reductions in the number of people on benefit also reflect MSD's sustained focus on supporting people into work throughout this period.
- 9 The benefit system and economy have responded well overall, but some indicators of weakness and uneven recovery across industries and regions remain.
- While economic conditions are strong overall, there are ongoing impacts on tourism and other associated sectors, and some regions (like Auckland) have been more impacted by Alert Level changes, slowing recovery.
 - The labour market is also facing complexity, with reports of labour and skill shortages, but also indications of spare labour market capacity. People on benefit typically have higher barriers to work and may need additional training to enter sectors reporting labour shortages.
 - The COVID-19 pandemic has highlighted that some sectors were likely relying on the immigration system to meet their workforce needs, including for higher-level or specialist skills that are scarce in the domestic workforce.
 - Housing is another area where we have continued to see evidence of poor outcomes for some groups, with applications for the Public Housing Register and demand for emergency housing continuing to increase.
- 10 Some priority groups have done better than expected compared to previous recessions, while there is an opportunity to improve outcomes for others.
- Throughout 2021, we saw strong patterns of overall recovery for youth, Sole Parent Support recipients, and people who entered the benefit system following the pandemic. In contrast, people who were already accessing a benefit prior to March 2020 exited at lower rates and are more likely to stay on benefit longer.
 - While main benefit numbers for Māori and Pacific Peoples had returned to pre-COVID-19 levels by June 2021, vulnerabilities for these groups remain, as previous recessions show they have a greater risk of remaining on benefit for longer, even as the economy improves.

- There is a long-standing gap between employment outcomes for disabled people and the wider population. While this issue persists, work exit rates for Jobseeker Support – Health Condition or Disability recipients were higher in 2021 than in 2019. Although we may see more people moving from unemployment-related benefits to health or disability-related benefits over time, in line with previous recessions.
- 11 Early trends suggest the higher Alert Levels in August 2021 had less of an impact on the benefit system and economy than in March 2020.
- While the August 2021 shift to higher Alert Levels lead to more people receiving a benefit, growth peaked at a lower level and numbers decreased again rapidly, suggesting the economy and benefit system have become more resilient over time.
 - By the September 2021 quarter, despite the ongoing effects on the Delta outbreak, labour market outcomes were historically strong, with decreases in the unemployment rate overall and for women, Māori, and Pacific Peoples.
 - In line with this, we continued to see historically high rates of people moving from benefit into work, with numbers in the September 2021 quarter the highest since 1996, when electronic records began.

Next steps

- 12 While not covered in this report, the performance of the benefit system was maintained in the December 2021 quarter, with benefit numbers decreasing 5.5% from the same quarter in 2020. [Quarterly reporting](#) also shows increases in the number of people moving into work, including for those with a longer duration on benefit (more than one year).
- 13 This *Benefit System Update* highlights the general recovery of the economy, labour market and benefit system throughout 2020/21, following the initial impact of the pandemic. However, it is important to note this report is written in the context of high levels of uncertainty.
- 14 The longer-term performance of the economy and benefit system will depend on several factors, including the impact of an Omicron outbreak in the community, the new COVID-19 Protection Framework, international supply chains, and how quickly and safely borders reopen.
- 15 MSD will continue to monitor the ongoing effects of the pandemic on the benefit system, through our regular reporting on income support trends, other additional insights reports and the next iteration of this *Benefit System Update* report. The recently released [Half Yearly Economic and Fiscal Update 2021](#) also provides a forward outlook for the benefit system over the next five years.

- 16 In addition, we are also undertaking further work to understand how the pandemic has affected the labour market in different sectors and regions. This will support investment decisions around training and support needs for our clients.
- 17 We intend to publish the attached report on 18 February 2022 and will work with your office on the specific timing and communication approach. We recommend that proactive publication is limited to making the full research reports available on the MSD website.

Attachments

Benefit System Update – Summary report

Benefit System Update – Full report

REP/22/2/036

Author: (Out of Scope) Principal Analyst, System Performance)

Responsible manager: (Gareth Williams, Manager, Monitoring and Analysis)



Report

Date: 24 February 2022

Security Level: IN CONFIDENCE

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

2022 Annual General Adjustment Amendments to Ministerial Directions and Welfare Programmes

Purpose of the report

- 1 This report seeks your approval to amend two Ministerial Directions and eight Welfare Programmes, through signature of the attached instrument, to give effect to decisions made as part of the 2022 Annual General Adjustment (AGA).

Recommended actions

It is recommended that you:

- 1 **note** that yourself and the Ministers of Finance, Children, Housing, Education, Health, and Veterans agreed, as part of the 2022 Annual General Adjustment, to increase [REP/22/2/049 refers]:
 - 1.1 main benefit rates by upwards movement in the net average wage of 4.71 percent
 - 1.2 rates of New Zealand Superannuation and Veteran's Pension by increases in the Consumers Price Index of 5.95 percent, which would set the net married couple rate of New Zealand Superannuation at 66.81 percent of the net average wage
 - 1.3 the hourly rate of the Home Help Programme by six percent, in line with the increase in the adult minimum wage rate from \$20.00 per hour to \$21.20 per hour from 1 April 2022 [CAB-22-MIN-0005 refers]
 - 1.4 other rates and thresholds of assistance in line with movement in the Consumers Price Index for all groups (5.95 percent).
- 2 **note** the adjustments to most forms of assistance will be given effect by Orders in Council and Amendment Regulations which will come into force on 1 April 2022, however amendments to Ministerial Directions and Welfare Programmes need to be approved by you [LEG-22-MIN-0012 refers]
- 3 **note** that Cabinet have agreed to annually index the Training Incentive Allowance from 1 April 2022, according to the Consumers Price Index growth [CAB-21-MIN-0116.27], which requires amending the Training Incentive Allowance Welfare Programme
- 4 **note** amendments to the Special Needs Grants Programme, Recoverable Assistance Programme and Direction on Advance Payments of Instalments of Benefit are needed to adjust temporary income limits for hardship assistance on 1 April 2022 in line with growth in the Consumers Price Index

- 5 **approve** and sign the attached *Instrument amending Ministerial Directions and Welfare Programmes 2022*, effective on 1 April 2022

Agree / Disagree

- 6 **direct** your office to arrange for copies of the *Instrument amending Ministerial Directions and Welfare Programmes 2022* to be tabled in the House of Representatives
- 7 **note** that officials will arrange for publication of the *Instrument amending Ministerial Directions and Welfare Programmes 2022* in the *New Zealand Gazette* and on the Ministry of Social Development's external website at the earliest opportunity.



24/02/2022

Polly Vowles
Policy Manager
Income Support Policy

Date



27/2/22

Hon Carmel Sepuloni
Minister for Social Development and Employment

Date

Background

- 2 Rates and thresholds for most forms of social assistance are being adjusted from 1 April 2022, in a process known as the Annual General Adjustment (AGA).
- 3 As part of the 2022 AGA, we are increasing:
 - main benefit rates by upwards movement in the net average wage of 4.71 percent
 - the rates of New Zealand Superannuation and Veteran's Pension by increases in the Consumers Price Index (CPI)¹ of 5.95 percent, which would set the net married couple rate of New Zealand Superannuation at 66.81 percent of the net average wage
 - the hourly rate of the Home Help Programme, in line with the increase in the adult minimum wage rate from \$20.00 per hour to \$21.20 per hour from 1 April 2022 which is an increase of six percent [CAB-22-MIN-0005 refers]
 - most other forms of assistance, in line with movement in the CPI for all groups (5.95 percent)².
- 4 Under delegated authority, you and the Ministers of Finance, Housing, Education, and Health, and the Ministers for Children, and Veterans have agreed to the new rates and thresholds [REP/22/2/049 refers].
- 5 In addition to the indexation of benefit rates, Cabinet agreed to additional income support changes being progressed through the AGA process on 1 April 2022, as part of the Budget 2021 package initiatives and a Budget 2022 pre-commitment [CAB-21-MIN-0116 and CAB-21-MIN-0457 refer].

A range of regulatory changes are required to give effect to the AGA

- 6 The adjustments to most forms of assistance will be given effect by Orders in Council and Amendment Regulations, which will come into effect on 1 April 2022 [LEG-22-MIN-0012 refers].
- 7 Some Ministry of Social Development (MSD) assistance is provided through either a Ministerial Direction or Welfare Programme and these instruments need to be amended to give effect to the adjustments. The attached *Instrument amending Ministerial Directions and Welfare Programmes 2022*, once it is signed, will make those amendments and come into effect from 1 April 2022.
- 8 Cabinet has agreed that the Training Incentive Allowance weekly and maximum amounts payable will be indexed annually from 1 April 2022, in line with the growth in the CPI [CAB-21-MIN-0116.27 refers]. This will be done by amending the Training Incentive Allowance Welfare Programme.
- 9 Income limits for Special Needs Grants, Recoverable Assistance Payments and Advance Payments of Benefits have been increased temporarily until 30 June 2022. Cabinet has agreed to adjust the temporarily increased income limits for hardship assistance in line with the growth in the CPI on 1 April 2022 as part of the AGA process [CAB-21-MIN-0548 refers]. This will be done by amending the Special Needs

¹ Previously, New Zealand Superannuation and Veteran's Pension were adjusted by upwards movement in the net average wage to keep the net married couple rate at 66 percent of the net average wage. The CPI has been used this year as it is greater than the upwards movement in the net average wage.

² In 2017, Cabinet agreed to use the CPI (excluding tobacco and other cigarette products) until 2021 [CAB-16-MIN-0189 refers]. As this Cabinet decision has now expired, the CPI increase used for the 2022 AGA is CPI 'All Groups' (i.e., headline CPI). The increase in the CPI figure for the year ending 31 December 2021 is 5.95 percent.

Grants and Recoverable Assistance Payment Welfare Programmes as well as the Direction on Advance Payments of Instalments of Benefit.

Overview of all regulatory changes

- 10 The following table summarises the regulatory changes that are included in the attached *Instrument amending Ministerial Directions and Welfare Programmes 2022*. These changes will come into effect from 1 April 2022:

Direction/Programme	Intention of assistance	What you are approving
Direction in relation to Special Benefit	Provides grand-parented assistance to clients who were receiving Special Benefit prior to 1 April 2006, and who continue to be entitled.	A 5.95 percent increase in the standard costs used in the assessment for Special Benefit for recipients without dependent children, consistent with the CPI increase.
Direction on Advance Payments of Instalments of Benefit	Provides advance payments of instalments of a main benefit, Orphan's Benefit, Unsupported Child's Benefit, New Zealand Superannuation or Veteran's Pension to meet immediate needs.	A 5.95 percent increase in the income limits, consistent with the CPI increase.
Family Start and Early Start (Childcare Assistance) Programme	Provides childcare assistance to families who are enrolled in selected Family Start or Early Start programmes.	A 5.95 percent increase in the hourly rate paid, consistent with the CPI increase.
New Employment Transition Grant Programme	Provides payments for parents who have left the benefit system to enter into employment, but: <ul style="list-style-type: none"> - have a period where they are unable to work because of sickness or a dependent child's sickness and paid sick leave is unavailable to the parent, or - because of a breakdown in childcare arrangements when paid sick leave or annual leave is unavailable to the parent to care for the child. 	A 5.95 percent increase in the daily rate and maximum amount payable, consistent with the CPI increase.
Seasonal Work Assistance Programme	Provides non-taxable assistance to clients who have moved from receiving a benefit to seasonal employment and due to adverse weather conditions are unable to work and consequently lose income.	A 5.95 percent increase in the weekly rates and maximum annual amount paid, consistent with the CPI increase.
Home Help Programme	Provides financial assistance to clients who require temporary part-time help to complete tasks around the home where there is no immediate family to provide such help.	An increase to the hourly rate that may be paid to a home helper, in line with the six percent change in the adult minimum wage

		rate from 1 April 2022.
Special Transfer Allowance Programme 2000	Provides financial assistance to clients who were recipients of a Tenure Protection Allowance and who ceased to be eligible for that allowance as Housing New Zealand Limited sold the premises where they were tenants to private landlords.	An increase in the Average Regional Rentals listed in the Schedule.
Training Incentive Allowance Programme	Provides financial assistance to eligible people receiving specified qualifying benefits to enable them to undertake education or training courses in order to increase their skills for employment and improve their employment outcomes in the future.	A 5.95 percent increase in the daily rate and maximum amount payable, consistent with the CPI increase.
Special Needs Grants Programme	Provides non-taxable recoverable or non-recoverable financial assistance for clients to meet immediate and essential needs.	A 5.95 percent increase in the income limits, consistent with the CPI increase.
Recoverable Assistance Programme	Provides recoverable financial assistance to non-beneficiaries on equivalent low incomes for essential and immediate needs, complementary to the advance payments of instalments of Benefit available to beneficiaries under the Act.	A 5.95 percent increase in the income limits, consistent with the CPI increase.

The 2022 AGA is exempt from the requirement to provide a Regulatory Impact Statement

- 11 Following changes in 2021, welfare programmes and ministerial directions are now considered secondary legislation, for which a Regulatory Impact Statement is usually required.
- 12 Treasury's Regulatory Impact Analysis team has determined that the Annual General Adjustment of social assistance rates 2022 is exempt from the requirement to provide a Regulatory Impact Statement on the grounds that the Government has limited statutory decision-making discretion for the content of proposed legislation, or that the proposals implement previous Cabinet decisions.

Next steps

- 13 We seek your approval of, and signature to, the attached legal instrument by 1 March 2022. Officials will arrange for these to be notified in the *New Zealand Gazette* once signed.
- 14 A copy of the instrument will be published on the Ministry of Social Development's external website, as required by section 74 of the *Legislation Act 2019* and section 101 of the *Social Security Act 2018*.
- 15 You should direct your office to arrange for the instrument to be tabled in the House of Representatives as required by section 114 of the *Legislation Act 2019*.
- 16 The updated Ministerial Directions and Welfare Programmes will be made available on the Ministry of Social Development's external website as soon as practicable. This aligns with the usual processes for publishing changes to delegated legislation on the external website.

File ref: REP/22/2/118

Author: Out of Scope, Policy Analyst, Income Support Policy

Responsible manager: Polly Vowles, Policy Manager, Income Support Policy

Appendix

Instrument amending Ministerial Directions and Welfare Programmes 2022

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Aide-mémoire



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

Meeting

Date: 15 March 2022 **Security Level:** IN CONFIDENCE

For: Hon Carmel Sepuloni, Minister for Social Development and Employment

File Reference: REP/22/3/151

Meeting with Zespri & New Zealand Kiwifruit Growers (NZKGI)

Meeting details Monday, 21 March 2022, 10am via Zoom

Expected attendees

Paul Jones, Zespri Deputy Chair
Dan Mathieson, Zespri CEO
s 9(2)(a), Zespri Regulatory Affairs Manager
Mark Mayston, NZKGI Chair
Colin Bond, NZKGI CEO
Kiriwaitangi Rei, Māori Kiwifruit Growers Deputy Chair

MSD attendees

Brent MacDonald, Regional Labour Market Manager – Bay of Plenty
Hayley Hamilton, General Manager – Employment and Housing Policy
Kay Read, Group General Manager – Client Service Delivery
Hugh Miller, Group General Manager - Employment

MBIE attendees

Ruth Isaac, General Manager, Employment, Skills and Immigration Policy

Purpose of meeting

Zespri and New Zealand Kiwifruit Growers Incorporated (NZKGI) have requested to meet to provide an update on the Kiwifruit sector for the upcoming season. They will discuss labour challenges, the industry's efforts to recruit and train employees and create long-term pathways to employment, and potential growth of the industry and labour market settings to assist the industry to achieve this.

Please note that Zespri and NZKGI have two meetings scheduled with Ministers:

- The Minister of Agriculture is meeting with Zespri Group Limited Chair Bruce Cameron and Chief Executive Dan Mathieson on Wednesday 16 March at 5pm.
- The Minister of Immigration, the Associate Minister of Agriculture, and the Minister of Commerce and Consumer Affairs are also meeting with Zespri representatives on Thursday 17 March.

For your information, a copy of the MPI AM is attached with this AM.

MSDs regional relationship with Zespri & NZKGI

The Ministry of Social Development (MSD), particularly the Bay of Plenty (BOP) region, maintains a strong relationship with Zespri and NZKGI, and keep in regular contact with both groups.

The BOP region co-fund the Employment Co-ordinator position within the NZKGI structure. Through this partnership we have been able to work collaboratively both strategically and operationally by attracting more people to the industry and increasing the retention rate. This complements existing relationships with individual employers in the sector.

The BOP region has a strong relationship with the Zespri audit team. This team audits employer performance against the Good Agricultural Practices (GAP) and Global G.A.P. Risk Assessment on Social Practice (GRASP) standards. There often are ongoing informal discussions and communication with them.

The BOP region has noticed that this season in particular retention of New Zealander staff has increased, with people employed for longer periods of time, and some achieving permanent positions.

Bay of Plenty regional initiatives

The kiwifruit sector has expanded their recruitment strategy

A majority of employers are now paying all staff at least \$22.10 an hour (in line with the hourly rate for RSE workers).

The MSD Bay of Plenty region are undertaking several initiatives to attract and retain seasonal workers. These include but are not limited to:

- A bespoke training package for MSD staff specifically on seasonal work and what support is available
- Assisting with transport to get people to and from work (where applicable), and
- Accommodation financial support.

The industry is undertaking an innovative approach to attract workers. One example of this is an employer (Apata) offering daily and weekly rewards and allowing workers to choose their preferred hours of work. **Appendix 1** sets out more detail on this initiative.

The kiwifruit sector has also developed a Horticulture Workforce Development Plan and a Labour Attraction Strategy.

Issues likely to be raised

Industry is likely to raise the following issues with you:

- Not enough seasonal labour
- Industry workforce plans
- Promotion of seasonal work
- Access to migrant workforce
- The effects of COVID-19
- Absenteeism
- Accommodation and transport
- Broader labour market settings and the immigration rebalance, and
- Leave Support Scheme (LSS)
- Increasing the Benefit Abatement rates
- Benefit stand-down

Not enough seasonal labour

There may be discussion about the potential labour shortage including the Omicron impacts.

Industry and MSD are both doing a lot of work to attract New Zealand workers to the kiwifruit sector.

The kiwifruit harvest began in late February and will continue through until May, requiring 24,000 workers this season. The industry is expecting a record harvest this season of approximately 190 million trays, surpassing last year's 157 million record.

The kiwifruit industry estimates they will be 6,500 workers short at peak harvest, compared to 4,500 short in 2021. This is largely due to the lack of working holiday visa holders in the country, who typically make up 20-25 percent of the seasonal workforce.

MSD and industry work very closely together to promote kiwifruit work opportunities. All seasonal work opportunities are listed with MSD and are also loaded on the PickNZ website. MSD is currently undertaking targeted activity to find clients to undertake kiwifruit work.

Industry workforce plans

The industry has responded to the challenge with labour attraction campaigns and boosting the attraction of the sector to New Zealanders. There is concern however around the Omicron outbreak and absenteeism during peak harvest.

Zespri's plans for mitigating the effects of labour shortages include: spreading harvest volumes over a longer timeframe, processing greater volumes as bulk packing, and potentially changing acceptance rules for smaller sized fruit and taste characteristics.

Promotion of seasonal work

MSD regions are undertaking a lot of work to promote seasonal work opportunities and identify suitable people.

This includes the promotion of the New Zealand Seasonal Work Scheme (NZSWS), which was relaunched on 15 November 2020. NZSWS supports New Zealanders to relocate to a seasonal region, along with accommodation payments, daily transport costs and an incentive payment (for work of 6 weeks or longer). Assistance is also available to pay for gear and equipment. Since 1 October 2021, 444 people have been supported by the scheme.

Access to migrant workforce

Visa processing for working holiday schemes will reopen on 13 March. There are about 2,000 working holidaymakers still onshore who have been granted open work rights, and a further 20,000 offshore visa holders have been granted extension and can enter from April. However, there is significant uncertainty on the number of working holidaymakers that will come to New Zealand and choose to work in horticulture.

There are currently 10,216 Recognised Seasonal Employer (RSE) workers in the country, which is slightly higher than pre-covid volumes. The cap on total RSE arrivals has increased from 14,400 to 16,000. In addition, the Solomon Islands, Fiji, and Tuvalu have been added to the RSE border exception. RSE arrivals are likely to increase as the sector fills up this new cap, these workers will not arrive in time for the peak harvest but will be able to support winter pruning.

In February 2022, the Minister of Immigration agreed to extend the temporary SSE settings previously agreed to in 2020.

The changes will allow those visa holders to work in the horticulture and viticulture sectors until December 2022 and will help address some of the expected labour shortages.

Absenteeism

Last year the kiwifruit sector experienced high levels of absenteeism of workers. To respond to this, at the end of the last season industry undertook a survey with employers to understand more around the issues of absenteeism. Some of this information informed the development of their attraction strategy.

Absenteeism had been identified by the industry as a key issue, s 9(2)(ba)(i)

This is in line with the overall advice provided including but not limited to: hours of work, supervision, location, and transport issues.

Absenteeism continues to be a key issue that the industry is trying to address. It is hoped that initiatives such as those being offered by Apata will help to address some of the absenteeism.

Accommodation and transport

They may also raise accommodation availability and transport availability. Public transport schedules continue to not meet the

needs of the industry. There have been attempts to engage with the Regional Council to address the issue of accommodation.

Broader labour market settings and the immigration rebalance

Zespri indicated they wished to discuss labour market settings to support the potential growth of the industry

Along with a shortage of seasonal labour due to the Omicron outbreak and border closures, employers across most industries are reporting general labour shortages, including the horticulture industry.

The horticulture industry is one of the industries (along with agriculture, ICT, health, and construction) where training does not appear to have kept pace with demand, so these sectors have relied heavily on immigration for workers. This has left these sectors vulnerable to skill and labour shortages and represents forgone opportunities for training New Zealanders into rewarding careers.

The Immigration Rebalance, announced in May 2021, is intended to deliver better labour market outcomes s 9(2)(f)(iv)

Agreed mechanisms to implement the rebalance are due to be considered by Cabinet on 30 March.

In the year ending March 2019, migrant workers across all visa types made up 29% of the horticulture workforce, and the majority of these workers held visas under the RSE and Working Holiday Schemes s 9(2)(f)(iv)

There are further opportunities to make use of the domestic labour force. With a record low unemployment rate reported in the December 2021 Household Labour Force Survey, there has been continued speculation the economy is nearing or at full employment. However, around 546,000 people are still estimated to be unemployed and looking for work or underutilised and wanting more hours. **Appendix 2** provides further detail.

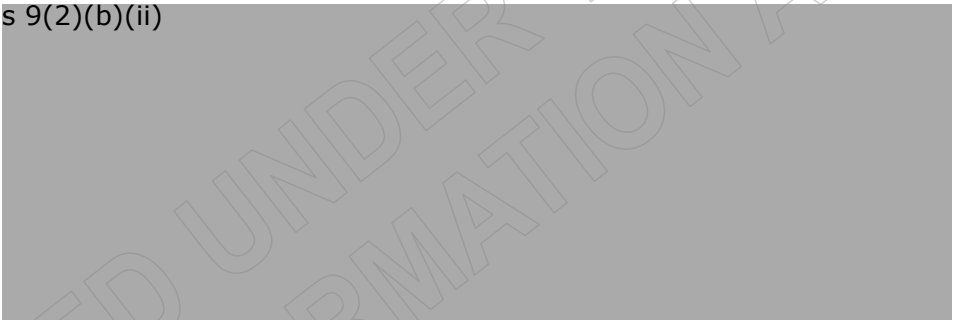
This suggests there is still some untapped labour market capacity, however employers may need to adjust how they organise their labour needs to access this capacity. This includes: their wage offerings, structuring work that helps people overcome barriers to participation (such as childcare and transport), reallocating work or tasks to better fit the skill mix of their workforce, training, and

capital investment. The NZSWS suggests the industry is already taking some of these steps.

Government has a range of initiatives in place to help industry and other stakeholders identify and resolve labour market challenges, such as Regional Skills Leadership Groups (RSLGs), Workforce Development Councils, the Sector Workforce Engagement Programme and development of industry accords (such as the Construction Sector Accord).

The Bay of Plenty RSLG has strong links to the Kiwifruit industry and insufficient seasonal labour has featured strongly in group workshops. Forestry and agriculture employers have been interested in working across sectors to coordinate seasonal workforces, and this may also be an opportunity for the horticulture sector.


s 9(2)(b)(ii)



Leave Support Scheme (LSS)


LSS is available to all employers (including seasonal employers) who have employees who are required to self-isolate for more than four days in line with public health guidelines. It is paid out in lump sums (pro-rated for part-time employees) and does not alter existing obligations under employment law. Any change in pay from ordinary wages must be agreed in writing by the employer and employee. Employers must use their best endeavours to pay at least 80% of each employee's ordinary wages. If they cannot do so, the employer must pay at least the amount of the LSS payment to the employee.

s 9(2)(g)(i)



Legally employers are not obliged to apply, however taking this stance leaves vulnerable people, who are on fixed term or casual contracts without set hours even more vulnerable

s 9(2)(f)(iv)



s 9(2)(f)(iv)

Benefit stand-down

When someone applies for a main benefit such as Jobseeker Support there is usually a period of 1-2 weeks before payments start (the initial stand down).

However, no stand down applies in some situations e.g. when a client is in temporary employment of less than 26 weeks. This means if a client goes off benefit into temporary employment there will be no delay in their payments starting if they come back onto a benefit.

Key talking points

- Acknowledge industry's engagement to support the RSE scheme in this challenging environment, including supporting New Zealanders into work.
- Note that the scheme has continued to support economic and social development in the Pacific.
- Acknowledge the work to champion the NZSWS and the work industry have done alongside MSD to give New Zealanders a chance in the industry, particularly youth and people facing barriers to employment.
- The RSE scheme brings immense economic, social, cultural and community benefits to New Zealand. Success is due to the strong relationships that have been forged between employers, Government, workers, and our Pacific neighbours.
- RSE workers have represented the largest class exception under our border exceptions regime. s 9(2)(f)(iv)
- It is clear however that more needs to be done to secure the RSE scheme's long-term future and support more New Zealanders into work.
- I see opportunities for the RSE scheme to drive better pay, pastoral care and working conditions for both RSE workers and New Zealanders in the sector.

-
- Maintain a continued focus on the focus on the development and implementation of robust, time lined Workforce Development Strategies that identify how current and future labour needs will be met. This needs to be backed up with concrete evidence focussing on:
 - employing more New Zealanders,
 - provision of additional accommodation,
 - provision of transport solutions,
 - provision of training as required, and
 - pastoral care provided for New Zealanders at the same level of service as provided for RSE workers.
 - Moving forward, we need to build on the RSE scheme's achievements and ensure that the scheme continues to support our Pacific neighbours, the New Zealand workforce, and our horticulture and viticulture industry.
 - I am aware that seasonal work is not suited for all New Zealand workers and we need to continue to work together on ways to attract more New Zealanders to the sector.
 - There is still capacity in the domestic labour market. While the Household Labour Force Survey is showing record low rates of unemployment, there are around 546,000 people either still looking for work, or for more hours, spread across all regions.
 - We consider this is mainly a matching challenge, where continuing adjustment in the labour market is needed in areas such as wages and conditions, redesigning work to resolve participation barriers, re-configuring tasks to take advantage of existing skill mixes, training, and investing in labour-saving technology.
 - I would be interested to hear what the effects of the 4,500 worker shortage during last year's season were, how the industry responded and what this means for the continued shortfall into this year's season.
 - I am pleased to hear the industry is making adjustments in some of these areas through the NZSWS. I expect that attracting and retaining a domestic workforce will be a continuing focus as the border reopens.
 - The Government is looking at what we can do across the employment system to smooth this matching. This includes continuing initiatives such as Regional Skills Leadership Groups, Workforce Development Councils, the Sector Workforce Engagement Programme, and development of industry accords (such as the Construction Sector Accord).
 - I am interested to hear what the Government could do further to enable the industry to resolve its matching challenges in a tight labour market.

Author: Out of scope Senior Advisor, Employment

Responsible Manager: Aaron Orr, Principal Analyst, Employment

Appendix One: Apata Seasonal Labour Initiative

Apata, a Bay of Plenty kiwifruit grower, has launched an innovative initiative that it hopes will attract seasonal workers to its company for the upcoming season.

MSD's Bay of Plenty region has an excellent working relationship with Apata and they consider them to be a "Gold Star" employer. This initiative is on top of the usual joint recruitment activities undertaken by Apata and MSD. Apata hope that the initiatives that they have put in place will help to minimise some of the absenteeism that occurred last season.

In order to attract workers, they are offering daily and weekly rewards, plus allowing workers to choose the hours they want to work. The following link highlights what they are going to do ([Home - Apata Recruitment \(worktowin.co.nz\)](http://worktowin.co.nz)). They have work available from March until the end of June.

The incentives they will be offering include:

- the chance to win one of two weekly \$500 gift cards. To be eligible workers need at least 80% attendance rate and to have worked 3 weeks at Apata,
- Everyday rewards, including a \$20 gift card for signing up and doing at least 80 hours work, a \$20 gift card for referring a mate that is employed and does at least 80 hours work, a daily randomly drawn \$20 gift card and if a worker chooses to work on a shift that's been classified by Apata as "short staffed" they will automatically be put in the draw for an extra \$50 reward, and
- Workers can choose the days and hours they work, with a five-hour minimum shift requirement.

Appendix 2: Further detail on domestic labour market capacity

While New Zealand's unemployment rate is at a record low and the official underutilisation rate has fallen to 9.2 per cent, the December 2021 Household Labour Force Survey data suggested that New Zealand still has considerable amount of untapped workforce capacity. This included two important groups:

- **253,900 currently employed workers who work fewer hours than they want.** Collectively, these employees were seeking 2.7 million hours of work, equivalent to 67,500 employees each working 40 hours per week.
 - Employees wanting to work more hours are available across all age cohorts, industries, occupational groups, and regions.
 - StatsNZ data shows that many of these employees are well qualified with about a quarter having degrees and two fifths have Level 4 qualification or higher.
 - NZ's official definition of "underemployment" is restricted to those working fewer than 30 hours and are able to work more hours immediately (107,200 of the 253,900). Most of the other 146,700 are working 30+ hours and want to increase their hours.

A further 292,900 working aged people were jobless and want a job. Of these:

- 92,800 were officially unemployed (i.e., jobless workers who are actively seeking work and available to start)
- 89,400 were included in the official measure of underutilisation as the "potential labour force" (jobless workers who are either seeking or available to work but not both)
- 110,700 jobless workers who said they wanted jobs but were not currently seeking work or available to start (so were not included in labour force statistics).

Together, these groups sum to 546,800 working aged people who were either wanting to get jobs or work more hours. While not all these workers were available to start immediately, we have seen workers moving from each of these different categories into the labour market over the last 2 years and would expect further movement over the next year.

Appendix 3: Key Statistics Summary

- The majority of employers are now paying all staff at least \$22.10 an hour.
- The kiwifruit harvest began in late February and will continue through until May, requiring 24,000 workers this season.
- The industry is expecting a record harvest this season of approximately 190 million trays, surpassing last year's 157 million tray record.
- Since 1 October, 444 New Zealanders have been supported by the NZSWS
- The kiwifruit industry estimates they will be 6,500 workers short at peak harvest, compared to 4,500 in 2021. This is largely due to the lack of working holiday visa holders in the country, which typically make up 20-25 percent of the seasonal workforce.
- Visa processing for working holiday schemes will reopen on 13 March.
- There are about 2,000 working holidaymakers still onshore who have been granted open work rights, and a further 20,000 offshore visa holders have been granted extension and can enter from April.
- There are currently 10,216 Recognised Seasonal Employer (RSE) workers in the country, which is slightly higher than pre-covid volumes.
- The cap on total RSE arrivals has increased from 14,400 to 16,000.

Aide-mémoire



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

Cabinet paper

Date: 11 April 2022 **Security Level:** Cabinet Sensitive

For: Hon Carmel Sepuloni, Minister for Social Development and
Employment, Minister for Disability Issues

File REP/22/3/257

Reference:

Immigration Rebalance – Determining the green list and sector agreements

**Cabinet
Committee**

Cabinet Social Wellbeing Committee

Date of meeting 13 April 2022

Minister

Hon Kris Faafoi, Minister of Immigration

Proposal

The Cabinet Paper reports back with further detail on the Immigration Rebalance changes.

It seeks agreement on the following proposals:

- Green lists be established to provide easier entry by providing two prioritised and streamlined residence pathways for specific occupations.
- Sector agreements be progressed to sector engagement with the Care Workforce, Seafood, Construction and Infrastructure, Meat Processing and Seasonal Snow and Adventure Tourism.

9(2)(f)(iv)



9(2)(f)(iv)

9(2)(f)(iv)

Key issues

The proposed 'green list' will facilitate easier entry for specific high skilled or hard to fill national roles

Depending on the role, the green list will provide two pathways to residence:

- *Straight to Work* fast-track straight to residence pathway. Proposed roles which would be included in this pathway: General Practitioners, Surveyors, Engineers, Veterinarians, and highly paid ICT professionals.
- *Work-to-Residence* pathway which will enable the migrant to be eligible for residence after two years in an eligible role. Proposed roles which would be included in this pathway: Registered nurses, midwives, registered electricians, plumbers, and some teachers.

We consider that there is low risk of migrants accessing green list roles displacing jobseekers in the labour market.

Response	Percentage
Yes, the U.S. should take action to address climate change	95%
No, the U.S. should not take action to address climate change	5%

THE

Sector agreements will provide limited and capped exceptions to the median wage threshold to allow transition, while the attractiveness of jobs to New Zealanders are improved.

Currently the proposed sector agreements are the Care Workforce, Seafood, Construction and Infrastructure, Meat Processing and Seasonal Snow and Adventure Tourism industries. If agreed by Cabinet, it is proposed that officials engage with sector peak bodies and unions for each sector.

9(2)(g)(i)

Proposed Labour Market Testing for the Seafood Sector

Our advice

MSD would like to see EET Ministers, including yourself, being consulted and engaged in the development of the sector agreements.

In your capacity as Minister for Disability Issues, it is proposed you will support the development of the Care Workforce Sector Agreement.

However, MSD considers that engaging all EET Ministers in the development of all the sector agreements would ensure a government wide perspective of work programmes, training, and broader labour market levers. Officials would seek to see this reflected in the recommendations

9(2)(g)(i)



Additional robustness for the process for deciding additional sector agreements is required

9(2)(g)(i)



We anticipate further sectors will likely make the case for such a sector agreement and to support government to respond to and manage the associated risks. A clear mechanism for making these decisions in a transparent and robust way is needed. MSD is concerned that without such a framework there is a risk of a proliferation of new sector agreements.

Further, if Cabinet wishes to progress a multitude of sector agreements, officials encourage you to raise with the Minister of Immigration the workability of implementing the proposed median wage hiring restrictions in the short term, given the number of proposed exemptions already proposed.

Monitoring and compliance of industry obligations with Sector Agreements is unclear

The Cabinet Paper is not explicit as to what would occur if sectors do not follow through on the commitments, they made in the sector agreements, and without good reason.

MSD officials would support a clear articulation of the consequences of not meeting obligations, including a mechanism to address inaction, to create effective tension to encourage industry to meet their commitments. Without this there is a risk that the expected improvements for the benefits for New Zealanders from the sector agreements will not occur.

Engaging the disability community in developing the Care Workforce Agreement

Officials support additional engagement with key disability community groups, at least the Disabled Peoples Organisations Coalition, to ensure that the disability community's interests are reflected in the end sector agreement.

Disabled people who employ support workers directly will require clarity as to the obligations that apply to them under the sector agreement, and the extent to which any obligations under the sector agreement might limit choices.

Additionally, there is a risk that the Care Workforce Sector Agreement may place further demand on unpaid carers to meet care needs. This will need to be managed during the development of the sector agreement.

Author: Out of Scope, Senior Policy Analyst, Employment Policy

Responsible manager: Edward May, Manager, Employment Policy



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Report

Date:

19 April 2022

Security Level: IN CONFIDENCE

To:

Hon Carmel Sepuloni, Minister for Social Development

Strengthening MSD's Service Culture - April 2022 updates

Purpose of the report

This report provides an overview of the Service Delivery initiatives that are currently underway. These initiatives provide support and strengthen MSD's service culture. The initiatives also enhance the quality of client experience when engaging with MSD.


Geoff Cook
General Manager - Business Enterprise Support Services
Service Delivery

19/4/22
Date


Hon Carmel Sepuloni
Minister for Social Development and Employment

24/4/22
Date

Background: Service Delivery – Building blocks towards strengthening MSD’s service culture

1. Service Delivery plays a critical part in achieving MSD’s purpose - *We help New Zealanders to help themselves to be safe, strong and independent* - through the delivery of services to New Zealanders both directly and through our partnerships with other organisations.
2. This report builds on the previous *Strengthening our Service Culture* reports. MSD will continue to provide quarterly updates on the progress of the key change initiatives.
3. Currently, there are initiatives underway that will help us strengthen the service culture and client experience. These initiatives are designed to make it easier to engage with MSD and to reshape the manner in which services are delivered in Aotearoa to New Zealanders.
4. In 2019, MSD developed and launched four key values to guide the work and embed the characteristics needed to achieve MSD’s purpose and strategic service outcomes.

The key values are:

- *Manaaki – we care about the wellbeing and success of people*
- *Mahi tahi – we work together, making a difference for our communities*
- *Whānau – we are inclusive and build a sense of belonging and place*
- *Tika me te pono – we do the right thing with integrity*

5. In addition, MSD set five key priorities to guide the wider set of change activities across the Ministry.

The key priorities are:

- *Supporting MSD people to help New Zealanders*
- *Income support that’s easier to access*
- *Keeping New Zealanders working*
- *Getting people, a home*
- *Partnering with others*

6. MSD has embedded the key values and priorities in a practical way to ensure that when delivering services, the service culture aligns with MSD’s purpose.
7. The direction of MSD’s initiatives are driven by our values around manaaki and mahi tahi. These values act as critical drivers and touchstones towards providing a caring and compassionate client experience.

Strengthening MSD’s responsiveness: Listening to client feedback

Heartbeat

8. ‘Heartbeat’ is akin to our pulse. It creates an opportunity for us to engage with our clients and not only listen but hear what they are telling us. Using their feedback, we can frame how we respond through our services.
9. We put a high value on our clients’ experience and journey with us and consequently, we have continued to expand invitations for the ‘Heartbeat’ client experience surveys. From October 2021, surveys for face-to-face appointments at service centres have resumed.
10. Results from the ‘Heartbeat’ client experience surveys from October to December 2021 show 78% of clients had a positive experience when asked about their interaction with MSD. Detailed numerical data of the ‘Heartbeat’ survey are attached at Appendix One.

11. The score for 'experience with the person they spoke with' continue to be consistently higher than the score for 'overall experience on the day'. This indicates that frontline staff are contributing positively to the client's experience.
12. It also indicates that MSD ought to focus on improvements to its systems, policies, and processes to achieve the best outcomes for clients.
13. The 'Heartbeat' survey switched to a new survey and dashboard platform in October 2021. This shift has increased usability and functionality, providing customised dashboards and informative graphs, giving our managers clearer visibility of the client experience that they can then use in their coaching and development of staff.

Themes: Client feedback about what drives a positive experience

14. Clients have expressed their appreciation for the support they receive from MSD. The expression of appreciation is not only for the financial support but the general engagement and awhi staff have shown towards them.
15. They have also highlighted areas for improvements.
16. Client responses to the 'Heartbeat' survey together with the hundreds of interviews and workshops conducted over the last two years by MSD has provided invaluable insights and identified central themes. The central themes and client responses are below:

Themes	Responses
Clear and consistent information	"I want the information that I need to be clear, consistent and correct no matter where I look or who I talk to"
Fast and easy	"I want systems, channels and processes that make it fast and easy to get the help I need."
Transparent and responsive	"I want systems, channels and processes that are transparent and open about next steps and how long it will take to meet my need."
Warm and personalised service	"I want you to have my best interest at heart. No matter the channel I use, I want a warm and personalised service every time."
Full and proactive help	"I want you to work with me proactively. I want to know I am getting all the support I can from MSD (FACE and employment) and getting a referral when I still need more help."

17. These themes are being used to support work on our Te Pae Tawhiti strategy, in particular work on the Future Service Model.

Staff compliments and feedback

18. MSD client facing staff continue to work hard to provide a great service experience. The following are some examples from our 'Compliments and Complaints' page which is our online form that allows people to provide anonymised feedback:
 - "Tamati was absolutely amazing to deal with. He did the most incredible job solving my Disability problem which has been an on-going issue for months when no one else could. Even though it's still a work in progress, I want to acknowledge Tamati for his amazing customer service skills and how comfortable he made me feel throughout our phone call - send him to the top!"

- "Nic took the time to listen, was patient and explained everything I needed to know in detail. Nic was very helpful but realistic at the same time. He has exceptional phone manners, and I left the call with a great peace of mind after speaking with him".
- "Waseel is the best person I have spoken to at the Contact Centre. There were three things he did that made my call outstanding, he listened to what I was saying, understood it and followed through on what he said he was going to do, and I was a little bit distracted while talking to Waseel due to children running around but appreciated that he was patient!"

Test and Learn

19. We continue to focus on helping our clients and whānau to get the help they need to lead independent and purposeful lives. Our people and the service they provide are the key to achieving these objectives.
20. 'Test and Learn' is being introduced to help reorient our people to work to the client's purpose, where our mahi focusses on helping our clients as effectively as we can and improving the client experience. This includes;
 - Resolving work (as much and as practical as possible) at the first point of contact
 - Reduce requeuing of work, therefore improving outcomes and timeliness for client needs
 - Identify any barriers to meeting a client need
 - Understand the causes of failure demand and how we may be able to reduce its occurrence
 - Understand how best to build the confidence and capability of our Leaders and our Capability Developers to be in the mahi, supporting our people to deliver help to our clients when they need it
 - Develop a method for effective handovers, supporting an approach of kotahitanga across service lines to help clients and whānau get what they need, when they need
21. 'Test and Learn' will start in late April 2022 with a small team in our Hamilton Contact Centre and then progressively roll in more teams in Hamilton and to other contact centres.

Helping MSD's clients to do more online

MyMSD

22. 'MyMSD' provides 24/7 access to some MSD services to help our clients do more for themselves through their preferred channel. Each week approximately 210,000 people access 'MyMSD'. Daily logins can reach up to 130,000 per day at peak seasonal periods. Over the past year there has been a significant increase in usage, with logins up by 12%.
23. Earlier this year changes were made to increase the number of concurrent users in the MyMSD channel to allow for up to 4,500 users at any one time. This enhancement will continue to help New Zealanders to be independent and provide support that is easier to access.

Click to Enrol

24. We have been working on providing services which give people the opportunity to engage with MSD in a different way. 'Click to Enrol' is a programme that allows clients to self-refer to provider services through 'MyMSD'. This type of service allows people to upskill within their own homes and on their own terms. It is accessible across the

country, rather than only in certain regions thereby increasing their independence and their ability to obtain successful employment opportunities.

25. This support for clients includes working with providers to help create a CV, cover letters, job interview preparation, overcoming barriers to work, and motivational goal setting. Clients can opt-in to these services online or be referred by MSD front-line staff. There have been 801 referrals to this service up to February 2022. To increase referrals to this service we have expanded the eligibility criteria from 0-4 months on Job Seeker or Sole Parent Support to 0-12 months.

Education-to-Employment (E2E)

26. We are working together more closely with our schools and communities. 'E2E' is a collaborative network that delivers real and positive connections in education and employment. It is a work brokerage service designed to build and maintain strong relationships with business and schooling communities. They do this by proactively engaging with young people in schools and expose them to work opportunities in a non-traditional way. Liaising between both employers and schools to highlight local trades and vocational opportunities has helped build stronger relationships within the business communities and given young people options for employment they may not have thought about before.

Strengthening MSD's support for Taiohi

Transition to Main Benefit project

27. MSD facilitated workshops across the metropolitan, semi-rural and rural areas, inviting were held with Youth Service providers, Youth Coaches and clients who have recently exited Youth Service and transitioned into a main benefit in June 2021.
28. The purpose of the workshops was to gather insights into a young person's journey when transitioning from Youth Service into Work and Income (W&I) and help us understand how we can provide the best possible client experience.
29. The workshops highlighted that this process should be reviewed to improve the client experience and recommendations included:
- One point of contact at W&I office
 - Extended access to youth coach once on main benefit
 - Information resources on transitions
 - The W&I person engages with youth one month prior to transfer to build the relationship
30. Insights from the workshops have been portrayed into the youth narrative of the Future Service Model and new online training modules are being developed to support Youth Coaches with their learning and development needs.
31. There is now a pilot running in the Waikato region for an Integrated Youth Focused Case Manager to support and improve the communication and transition of youth clients. The Pilot will use the insights we have gathered to support rangatahi and clearly identify their needs and aspirations so we can connect them to the right services and support.

Client experience youth survey

32. MSD received over 600 responses to its quarterly Youth Service Client Experience Survey. The purpose of the survey was to measure satisfaction for the support that Youth Service provides. It was also to enable taiohi to give feedback on how MSD can continue to improve and provide a positive service to young people.

33. A total of 78% of the respondents felt that the level of contact they received in Youth Service was "just right" and over 80% of respondents either "agree" or "strongly agree" that the support from Youth Coaches helped them to work towards their education, training, and employment goals. Results of the survey have been shared regionally and with the relevant providers.

Other initiatives towards improving client experience

April 1 Income Changes - Engagement and Communications

34. We know many of our client's experience vulnerabilities and change can be difficult. This year, as well as the usual Annual General Adjustments we had five other changes that occurred on April 1, which included increases to:

- Main Benefit and Student payments
- Childcare Assistance Income thresholds
- WFF Tax Credit Income Thresholds
- WFF Tax Credit payments
- OB/UCB payments

35. We concentrated on ensuring clients had information early, understood and knew what was happening to their payments to help mitigate any confusion and improve the client experience. From 8 March to 28 March, we began an email campaign to inform clients of the 1 April changes sending 430,539 emails to clients, targeting different groups of clients to specify exactly what was changing for them. A breakdown of the client groups and email volume are attached in Appendix Two.

36. On 17 March we sent out communications to all of our identified Partners to let them know what's changing and what these changes mean for the people they are supporting.

37. On the 1 April to the 11 April, we commenced a Social Media Campaign across Facebook and Twitter to extend our reach across social media platforms and communicate key messages for what changed on 1 April.

38. We worked with our internal staff for 2 months leading up to 'go live' to ensure there was consistent understanding of upcoming changes and that they were confident in supporting our clients through the changes.

Supporting clients to find employment

39. Many New Zealanders who are in critical industries have been impacted by the effects of Omicron. MSD launched the Critical Workforce campaign earlier this year to rapidly respond to the shortfalls for workers in these critical industries. These critical workers perform roles in supermarkets, health care, warehouses and cleaning services.

40. The Critical Workforce campaign helped to place close to 1000 people into critical roles, and it also opened a talent pool for employers. The campaign also provided a touchpoint for clients to learn about additional work ready support and how their skills match with the available jobs.

Redeployment Support Service

41. Redeployment Support Service (RSS) is an initiative MSD has put in place to support employment outcomes and keep New Zealanders working. In 2021, we undertook discovery work to understand how we can best respond early to job displacements so we can respond early to the types of stress this puts on communities. The aim was to design a service that strengthens the existing Rapid Response Service (which is predominately reactive) to deliver effective early response.
42. Based on learnings in the discovery phase, a high-level design was created in collaboration with clients that had used the Rapid Response service and MSD staff in our labour market teams.
43. The new RSS has more emphasis and investment in assisting people at risk of job displacement before their needs escalate and they need assistance from the welfare system. There are two core functions:
- Prompt tailored support for people at risk of job displacement to retrain and retain their employment or transition to new employment or upskilling opportunities
 - Focus on building strong relationships with key stakeholders so we can gather information and opportunities to enable an effective early involvement
44. Recruitment has been completed for the 68 FTE that will make up the regional RSS teams. These are a mixture of Case Managers, Work Brokers and Labour Market Advisors who will work in collaboration with existing regional service and contact centre staff to deliver the improved service.

Flexible medical certificates

45. We want to make it easier for clients to continue to access their income support when renewing their medical certificates improving the current client experience. To achieve this, we have made it easier for clients who have a temporary health condition an injury, or a disability, with a more flexible medical certificate process.
46. Now a client's health practitioner will determine when their work capacity should be reviewed, based on their clinical expertise and when they believe the client needs to consider suitable employment. This means fewer unnecessary medical appointments, lesser costs, and less stress for clients.
47. A new Discretionary Medical Expiry Extension process for primary Job Seeker clients provides extra time for them to obtain a subsequent medical certificate if they are unable to provide one before their payment's expiry. This might be because the client is unable to get an appointment with their health practitioner in time. This minimises any financial impacts if someone is unable to get their medical certificate renewed in time.
48. Job Seeker (primary) clients will be able to advise MSD that they are ready to work via MyMSD, as well as calling MSD or visiting a Service Centre.
49. Based on client feedback, text message reminders will also be sent to appropriate clients, four weeks, two weeks and two working days prior to their medical certificate expiry, as well as a confirmation text in real time upon receipt of a client's medical certificate. MSD also changed the timing of reminder letters to clients by sending letters four weeks prior to their medical certificate expiry. This provides clients with more time to book an appointment with their health practitioner or inform MSD that they are ready to work.
50. MSD worked with clients and external stakeholders to develop, design and embed these improvements and held three workshops with the Primary Healthcare Advisory Group, which consists of a range of health practitioners. MSD also held discussions with the National Beneficiary Advisory Consultancy Group, hosted client experience conversations with client groups in Kilbirnie, conducted phone interviews with clients around New Zealand, and reviewed 347 pre-covid Heartbeat survey comments around Medical Certificates to ensure the voice of clients and communities are heard.

51. MSD will continue to work with these stakeholders to ensure that the improvements have the desired outcomes.

Service Centres for the Future (SCftF)

52. The Service Centres of the future refurbishments continue to give our staff an impetus to connect more with the community and the clients that we serve. The refurbishments have energised our Service Centre staff and our clients feel welcomed into the space. There is an increased feeling of kotahitanga and the upgraded site gives staff a sense of a new beginning.

53. As of March 2022, the refurbishment of 56 sites have been completed, with a further 5 sites at the pre-construction stage and 17 in the design stage.

54. There are 14 Service Centres scheduled for refurbishment in the first half of 2022 with the following 10 remaining to be refurbished:

- Mosgiel
- Kawakawa
- Greymouth
- Kamo
- Hastings
- Motueka
- Taumarunui
- Three Kings
- Oamaru
- Balclutha

55. Of the Ministry's 122 service centres, 46 have bathroom facilities for clients to use in the front of house area. For those service centres with no dedicated toilets in front of house, clients or members of the public who need to use the bathrooms can be taken through to use staff bathrooms in line with the Health and Safety guidelines.

56. An accessible client toilet will be included in the design of any new builds for future MSD service centres.

57. MSD staff and client responses from surveys inform us that people feel safer, and that it meets the needs of our whānau, the local community and how our clients want to work with us, and that clients feel more comfortable in the new layout.

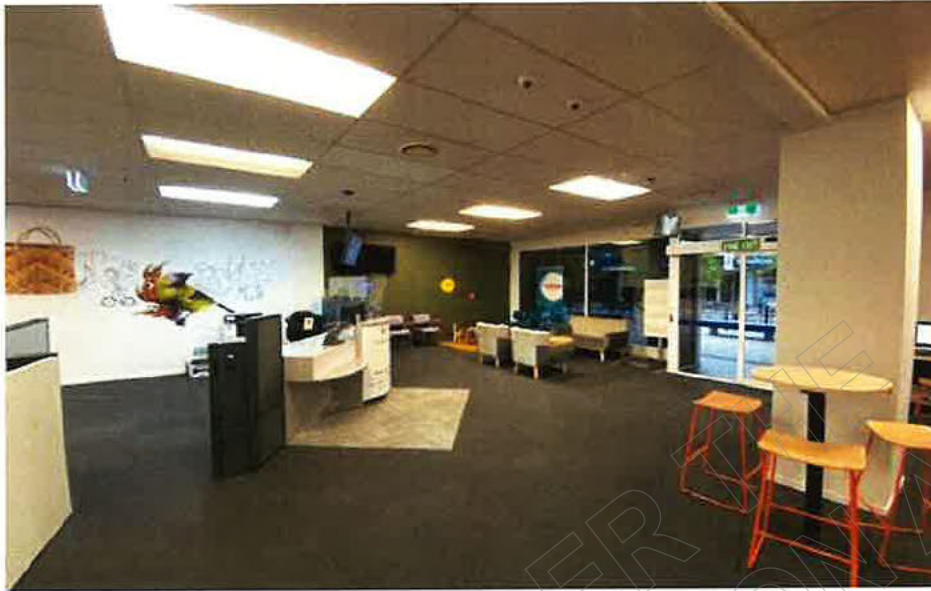
58. Staff at the Dannevirke service centre commented on how "inviting it feels" along with "a more positive vibe". Staff feel proud and this has helped them engage more closely with their community and iwi. It's a more open and practical layout for clients who can now "get their mobility scooters into the office".

59. We are seeing more inclusion with iwi with site blessings and expressing pleasure at the new Te Pae Tawhiti designed mural. *"The refit is fostering new and old relationships within our rohe"*, says Iwi CEO Grant Huwyler. *"The community and iwi were involved in creating the new space"* and *"The more we work together in the community the more integration happens. We are working well with MSD"*.

60. There is also outreach to iwi for other reasons such as naming a new interview or seminar room and wanting to acknowledge connection with local people or rivers, mountains and other taonga. Some sites have even gone on a voyage of discovery, such as Feilding, to discover the wairua of carvers and whānau when looking at gifted items to the site from the past.

Images of recently completed refurbishments are provided below:

Dannevirke Service Centre new layout, delivered December 2021



Waihi Service Centre new layout, delivered November 2021



Strengthening our people: Improving our internal culture, training and capability

Te Kupenga Ora (Change Network) - supporting change implementation

61. Te Kupenga Ora (Change Network) continues to provide meaningful engagement with staff as they provide crucial insights to the business to ensure a successful change delivery. Part of a change representative's role is to feed into what upcoming changes will mean for them and the clients they serve. It will:

- Focus intensive support on those who most need it
- Give more time to engage with clients who most need help
- Use streamlined and simplified end-to-end processes or tools

- Give the opportunity to develop new skills to enable better capability to deal with the diverse needs of clients and whānau
62. The network now has over 400 Change Representatives (MSD staff) involved with nearly 300 assigned to projects.
63. Change Representatives are all volunteers from MSD frontline teams who have said they would like to contribute to future changes that focus on making things simpler and easier for clients and MSD staff.
64. Feedback from project teams and change representatives continue to be positive, particularly to the coordinated approach and the all-round experience. The following quotes capture the sentiment for the change network:
- *"Shout out to our Change Reps that were involved in the Whītiki Tauā expansion project! Because of their valuable feedback, we changed the scope of the work to enable more clients to have access to this service."* – project team
 - *"Thank you for involving us in this project, it has been great to be involved and seeing something meaningful come from these discussions."* – Change Rep
 - *"Being a part of Te Kupenga Ora is fantastic. It certainly makes for good conversations on how we can add value to the proposed changes."* – Change Rep
 - *"It's awesome to be working alongside frontline, we feel a lot more connected, and it's been great hearing everyone's feedback."* – project team
65. Our change network facilitates a sense of whānau in the workplace while doing our mahi with integrity and client focus.

Training and Capability activities

66. At MSD we value our people and their mahi. We strive to support our people to help New Zealanders. A strengths based approach is our chosen approach.
67. A series of interactive learning sessions has been made available to our Capability Developers, aimed to help strengthen their 'Strengths Knowledge and Practice'. With Manaaki i te Mahi, MSD staff are encouraged to be curious about their development. This curated pathway supports our Capability Developers in their strengths exploration and builds their capability and confidence to help MSD staff integrate a strengths-based approach into their mahi.
68. Virtual learning & support has become the new way of delivering learning and providing support to MSD staff. A community of practice has been created on 'virtual learning and support', strengthening the capability development teams ability to continue recruiting and inducting new staff, as well as providing ongoing and immediate support to all the client service delivery teams in the form of chat support groups.

New Zealand Qualification Authority (NZQA): Qualification Programmes

69. At MSD we want to see our people grow in their personal and professional lives. We encourage our people to learn. The knowledge that our people gain through NZQA qualifications enables them to innovate and contribute to progressing MSD's purpose, values and priorities.
70. In the last quarter there has been a significant increase in NZQA qualification activity, with learning hours more than doubling from 6,300 hours last quarter to just under 15,000 hours from January to March 2022, as learners finish their 2021 qualification programmes. Since the qualification programmes concluded MSD has gathered feedback from the 310 learners and their managers. The feedback results are that:
- 70% of Managers feel their team member is applying their knowledge effectively and with increased confidence in their role
 - 85% of learners feel motivated to participate in further development opportunities including undertaking further qualifications

71. These results indicate a better service culture with improved confidence in our training and capability activities to strengthen our people's ability to engage with their mahi and continue to help New Zealanders.

Te Rito: Cultural capability development programme

72. Our cultural capability development programme continues to provide further opportunities to build Māori capability across MSD. For example, Te Rito, an online learning module continues to be accessed with 301 staff and managers having completed all 14 modules within the last six months. Over a period of two years the number of completions is nearing 1,000. There are several thousand staff and managers who are part way through the programme, and they are being encouraged to continue their journey of development and cultural competency.

73. Te Rito helps strengthen and develop our people's growth and discovery in Te Ao Māori. This helps our people to build a sense of belonging and place and understanding of kawa when collaborating with Tangata Whenua.

Emerging Leaders Programme

74. In addition to the Emerging Leader and the Te Aratitia programmes, Service Delivery is participating in the Te Kawa Mataaho pilot for the Ranagatahi emerging leaders programme, a development programme for young Māori across the Public Service who are wanting to grow and develop their capacity and capabilities to lead and serve. We have the following ranagatahi participating:

- Out of Scope Case Manager Out of Scope
- Out of Scope Executive Assistant Out of Scope
- Out of Scope Case Manager Out of Scope

Mentoring Programmes

75. Mentoring continues to grow as a means of developing the capability and confidence of our people. We are in our second round of mentoring with 57 pairs being established within several Employee Led Networks. The scope is being extended out into Regions, Contact Centres, Centralised Services and other parts of Service Delivery to meet a growing demand.

Well-being Programmes

76. Our core wellbeing programmes continue to be offered; however, COVID-19 and other business priorities have impacted on the number of completions¹:

- *Handling Challenging Callers* - 121 completions in March (1,500 completions to date)
- *Mental Health -101* - 90 completions in March (3,700 completions to date)
- *Suicide Awareness* - 30 completions in March (2,750 completions to date)
- *ActSAFE* - online staff security learning - February to March 4,985 completions (75% completed)

77. All these programmes continue to grow the capability of our MSD whānau and support them to engage with our clients in a positive way.

Te Ara Piki

78. Te ara piki is MSD's new capability and development framework - our pathway ahead. It was launched in July 2021 and was designed to provide a consistent and fair means for building and rewarding the skills, knowledge, and capabilities of over 9,000 of our people.

79. Te ara piki is about shifting how people think about development - moving from compliance and push learning, towards self-responsibility for development, supported

¹ Please note that completions reflect the current workforce, trained staff who have left MSD have been excluded

by meaningful kōrero on people's capability needs. This approach, alongside the work of the Learning and Continuous Improvement team, is building a learning culture that encourages people to focus on what matters most for them, the mahi, and MSD clients.

80. Recent evaluation feedback tells us that around 50% of MSD staff are successfully applying Te ara piki (despite the impacts of COVID-19). MSD is building on this by encouraging more regular development conversations, increasing the visibility and accessibility of different development pathways (including learning in the mahi), and empowering MSD leaders to prioritise learning.
81. Over time, Te ara piki will help future proof MSD's capability and organisational culture to deliver better outcomes for our clients, whānau and communities.

Next Steps

Update in July 2022

82. MSD will provide the next Strengthening Service Culture update in July 2022.

Reference number: REP/22/4/321

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Appendix One – Numerical Data: Results of the Heartbeat Survey

Between 1 October to 31 December 2021:

Numerical Data	Actions and Responses
205,658 survey invitations were sent out	Survey invitations were sent out via email and text message link to the survey
23,053 responses were received, and clients provided 51,573 comments	Clients were given multiple opportunities throughout the survey to comment on specific questions
11.2%	Overall response rate
8.4 (out of 10)	From the overall response rate, the Client Experience Score for the person they spoke with
8 (out of 10)	Client Experience Score for overall service on the day

Appendix Two - Email Campaign Breakdown of the client groups and email volumes:

Mailing Dates	Campaigns	Client groups
Tuesday, 8 March 2022	Commence email campaign – drop 1 (bounce backs to be collated)	OB/UCB Clients not on a Main Benefit (approx. 8,956) Main Beneficiaries that also receive OB/UCB (approx. 3,082) Main Beneficiaries that receive WFF and OB/UCB (approx. 1,103)
Thursday, 10 March 2022	Continue email campaign – drop 2	Student Allowance (No OB/UCB) (approx. 39,824)
Tuesday, 15 March 2022	Continue email campaign – drop 3	Main Beneficiaries that also receive WFF (approx. 65,859)
Wednesday, 16 March 2022	Continue email campaign – drop 4	Main Beneficiaries without OB/UCB or WFF (approx. 60,000)
Wednesday, 16 March 2022	OB/UCB NZ Post letter mail-out via NZ Post	
Thursday, 17 March 2022	Continue email campaign – drop 5	Main Beneficiaries without OB/UCB or WFF (approx. 60,000)
Thursday, 17 March 2022	OB/UCB NZ Post letter mail-out via NZ Post	
Tuesday, 22 March 2022	Continue email campaign – drop 6	Main Beneficiaries without OB/UCB or WFF (approx. 60,000)
Wednesday, 23 March 2022	Continue email campaign – drop 7	Main Beneficiaries without OB/UCB or WFF (approx. 60,000)
Thursday, 24 March 2022	Continue email campaign – drop 8	Main Beneficiaries without OB/UCB or WFF (approx. 60,000)
Monday, 28 March 2022	Final email campaign - drop 9	Student Loan Living costs (approx. 11,535)