

Briefing to the incoming Minister

**Improving wellbeing for
all New Zealanders**

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This document sets out our assessment of the major issues for New Zealand social policy.

The Ministry of Social Development's role is to help government to improve the wellbeing of New Zealanders by:

- providing strategic advice across the social sector, so that there is a consistent, long-term and integrated approach to social policy;
- providing advice that specifically focuses on social support for individuals, children, our families and our communities;
- delivering services that help people when they are unable to support themselves and help people moving into work; and
- delivering New Zealand Superannuation, Student Services and the Community Services Card.

Social development is a process of social change to promote the wellbeing of the population as a whole, and of disadvantaged groups within it.

The Ministry's work in promoting social development is guided by the social and economic environment within New Zealand and internationally. In our advice to government and the way we deliver our services, we take into account global and national trends and their implications for New Zealanders.

The Ministry's policy advice is guided by the importance of links between different areas of social policy in understanding and addressing social policy trends. Health, education, justice, income and employment outcomes are inter-linked and significantly affect each other. The process of identifying solutions must take into account the contribution of different agencies to social policy outcomes. Collaboration between agencies is essential.

This document provides an analysis of priority social policy issues and recommends some next steps to address these issues.

A key theme through the document is the desirability of a well-targeted social investment strategy to lift poor outcomes in ways that are likely to have greatest effect and improve wellbeing over time.

Investment in people and a focus on encouraging sustainable employment are also some of the best contributions government can make towards a stronger economy.

While many of our social outcomes are positive, a concerning number of New Zealanders are excluded from full participation in society. In particular there is a critical need to address disparities before these have serious impacts on New Zealand's economic progress and social cohesion. Disadvantaged groups are continuing to experience higher levels of unemployment, poor health, low literacy and numeracy, and lower life expectancy than other New Zealanders.

We have a small but significant group of people who tend to be reliant on the benefit system or short term, low-paid jobs, and who receive services from numerous government agencies, sometimes over long periods. The gap between these individuals and the rest of the population will continue to widen unless economic growth is matched by progress in social development.

The issues in this briefing require practical responses. We have thought carefully about possible plans of action over the next three years. We look forward to working with you and your colleagues on the Government's priorities for improving social outcomes for New Zealanders.

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Part 1

Taking a broad view

Key Messages

- *The Social Report 2001* shows that, while many areas of social life in New Zealand are improving, a concerning number of New Zealanders are experiencing poor outcomes. They are more likely to be young, poorly educated, living in sole parent families, and be Māori or Pacific peoples or from certain ethnic minority groups. A social development approach is needed to improve outcomes for these and all New Zealanders.
- Social development is a process of co-ordinated social change to promote the wellbeing of the population as a whole. It aims to improve health, education, housing, employment, living standards and safety, rather than focusing on any one outcome to the exclusion of others.
- Government promotes social development by:
 - helping people through bad times by providing a social safety net (“social protection”);
 - investing for better outcomes for people in the future (“social investment”);
 - strengthening partnerships with communities and families; and
 - ensuring social and environmental sustainability.
- Since the 1970s growth in social assistance, super-annuation payments and health services has moved the balance of government social spending away from social investment and towards social protection. A tilt towards social investment will improve outcomes and reduce demand for spending on social protection in the longer term.
- Investment in the health and capability of our children and young people is vital to the future wellbeing of New Zealanders. Investment in the workforce of the future will also be important in ensuring that we are able to meet future costs resulting from an ageing population.

Key Messages continued over page.

- We have a window of opportunity to make progress before the full effect of an ageing population starts to bite from 2010 onwards.
- We need to identify priorities for social investment based on evidence about which government-led interventions can make a difference in improving outcomes.
- A social development strategy, similar to the United Kingdom Opportunities for All, is needed to co-ordinate a programme of priority social investments. The social development strategy must complement the Growing an Innovative New Zealand framework.

Chapter 1

Social development - the goal of social policy

Introduction

Social development is a process of co-ordinated social change to promote the wellbeing of the population as a whole. It goes hand in hand with economic development. It aims to improve health, education, housing, employment, living standards and safety, rather than focusing on any one outcome to the exclusion of others.

Social development requires us to have a view of people's lives as a whole rather than focusing on specific sectors, departmental groupings or population groups.

To be sustainable, economic and social development must complement each other.

We emphasise four broad elements to social development:

- social protection;
- social investment;
- strengthening families and communities; and
- ensuring sustainability.

Social protection

The welfare state provides a safety net to protect people against hard times by providing a minimum level of income if people become unemployed, sick, or otherwise unable to work. It also provides health services for people who are sick, services to assist people with disabilities, and housing support for people with housing needs.

This sort of protection (or social insurance) is provided because private insurance markets and people's families cannot adequately meet all needs. Society as a whole through government provides this form of insurance.

By helping society function more smoothly, social protection can support both social and economic development. It needs to be designed to avoid economic disincentives as much as possible. However, social protection can also reduce economic development if it reduces incentives.

Social protection provides a safety net against hard times

Social investment

Some government programmes yield benefits to society not only today, but also into the future.

For example, improving a child's eyesight or hearing today enables better education outcomes tomorrow, which in turn help that child get a job as an adult and maintain a good living standard later in life. In this sense society invests in people through the Government.

Social interventions can be viewed as investments that lead to better outcomes in the future. Social investment interventions can be seen as an 'investment portfolio' that the Government holds in the expectation of a future return to society.

Like other investments, this portfolio should be diversified to offset the risks of any one social investment failing. The make-up of the portfolio should be constantly re-appraised as new information on what works best becomes available.

Good social investment will reduce the future burden on the social protection system. The child whose eyesight improves and who consequently gains an education is less likely to need an unemployment benefit in 15 years time.

Strengthening families and communities

Families and communities have a natural role in promoting the wellbeing of their members. Government interventions should focus where government can help families and communities.

Government can support families and communities by passing legislation to protect their interests, by sharing information, and by helping build the capacity of families and communities to make things better.

Supporting strong families and communities is important for insuring against governments not always getting it right. Strong families and communities also reduce current and future burdens on social investment and social protection.

Social investments are made to improve future wellbeing

Government interventions should support the role of families and communities in achieving wellbeing

Ensuring social, economic and environmental development and sustainability

Social development must reinforce economic development and sustainable environmental practice if it is to be effective in improving wellbeing over the long term.

In particular both social development and a sustainable environment require economic growth. Both also require the right sort of economic growth. A focus on economic growth without a similar focus on social development could simply increase inequality.

A social development approach must take an active interest in issues like growth policies, monetary policy, tax policy, and air and water cleanliness. Policies must be co-ordinated and trade-offs pointed out.

Social development must promote sustainable wellbeing for future generations.

Ensuring effectiveness for Māori

In addition, Māori remain over-represented among the most disadvantaged individuals and families. This disadvantage is being transferred across generations. While average outcomes for Māori have improved recently, this can happen more quickly.

Effective social development strategies for Māori will need to consider the government's relationships with iwi, hapū, whānau and other Māori social organisations. Such relationships arise through the Crown's Treaty relationship with Māori.

We also need to recognise the different cultural preferences of Māori. Services to Māori are likely to be more effective where Māori culture is reflected in service design and delivery. Strengthening Māori institutions, through Māori social and economic capability building, can provide for more effective delivery of services to Māori. Such services must also be delivered in an integrated and co-ordinated way if they are to effectively address Māori development needs.

Social development, economic development and sustainable environmental practice must complement each other to produce sustainable wellbeing

We need to design and deliver services so that they are effective for Māori

Chapter 2

**How well are we doing
as a society?**

Introduction

Consideration of how well New Zealand is performing socially is the starting point for our social development approach. By considering areas where we are performing relatively well or poorly we can identify areas which may require policy attention.

Where possible we should also consider likely trends over the next 10 to 20 years. This helps us develop an understanding of whether problems are likely to emerge or diminish in the future. Again, by doing this we can identify areas that require some policy attention.

The Social Report 2001 indicates that many areas of social life in New Zealand society are improving. However, a concerning number of New Zealanders are excluded from full participation in society. These individuals are more likely to be poorly educated, living in sole parent families, and be Māori, Pacific people or from certain ethnic minority groups.¹

Four significant trends have a major impact on New Zealand's social performance. They are:

- ageing;
- changing ethnic composition;
- changing family structure; and
- innovation and economic growth.

The remainder of this chapter attempts to analyse the likely impact of these trends. It also considers New Zealand's performance in terms of the high-level outcomes of *The Social Report 2001*.² For reasons of space we have not provided comment on two domains (human rights and the environment) where the current set of indicators are not as developed.

Key trends

Ageing population

The proportion of the population over age 65 will grow dramatically once the current generation of baby boomers begins to retire. However, in New Zealand the real impact of this trend will not be felt until after 2010.

In the short term, the relatively large group of children born in the late 1980s and the early 1990s (the 'baby blip') will increase youth populations through to about 2010.

While many social outcomes are positive, a concerning number of New Zealanders are excluded from full participation in society

The 'baby blip' will increase youth populations through to 2010

The ageing New Zealand population, particularly after 2010, will lead to greater demands for expenditure on older people. These demands will inevitably compete with demands for increased investment in younger people.

Other countries that also have ageing populations will increasingly seek to attract our skilled young people. It will be increasingly important to make working and living in New Zealand attractive to skilled New Zealanders who have the option of moving overseas.

Family structures

Growth of non-traditional family types will be slower than in the last 30 years, when there were major shifts away from traditional two parent families.

Relationship breakdowns will, however, continue to drive demand for the Domestic Purposes Benefit, Child Support and family violence services.

The related trends of greater female participation and declining male participation in paid work will continue. Over time this should result in a reduction in the gender pay gap.

The implications of increased female employment participation include an increased demand for childcare and family-friendly workplaces, and the need for help in caring for people with disabilities and older family members.

Ethnicity

There will be an increase in ethnic diversity due to immigration from a greater range of countries.

There will be a steady increase in Māori and Pacific people's share of the population. Partly this rise is due to higher fertility and a younger average age structure. Another reason is that, as a result of inter-ethnic marriage and child-bearing, many multi-ethnic people are counted within these groups.

Innovation and economic growth

Innovation will continue apace in information and biotechnology, raising incomes but also the need for workplace flexibility. The service sector will continue to grow relative to manufacturing. It is unlikely, however, that the shift in demand away from low-skilled workers will continue as strongly as in the last 20 years.

After 2010, unemployment is likely to reduce as workers become increasingly in short supply. The consequence will be upward pressures on

The social protection demands of an ageing population will compete with demands for increased investment in younger people

A growing number of women in paid work will increase demand for support services for children, people with disabilities and older people

wages. Average income per person will continue to grow. The pace will be slower, however, as the retired portion of the workforce grows after 2010.

In the absence of major change, past experience suggests that growth in productivity, driven by innovation, will average between 1% and 1.5% annually. This is likely to be slower than elsewhere in the OECD.

Impact on social outcomes

Health

In the last 20 years there have been gains in life expectancy for New Zealanders. New Zealand life expectancy has recently been improving as fast as in other OECD countries. While life expectancies for Māori and Pacific people have increased over time, they still have considerably shorter life expectancy than other groups.

Our child mortality rates are moderately high by OECD standards. Māori and Pacific children are over-represented.

Suicide rates have risen over the last 25 years, with New Zealand rates at the high end of the OECD. Men aged between 20 and 39 years have the highest suicide rates. Women have their highest suicide rates between 15 and 24 years.³

Teenage birth rates in New Zealand are the third highest in the OECD.⁴

Over the eight year period between 1989 and 1997, obesity rates rose sharply from 10% to 15% for males and from 13% to 19% for females.⁵ The issue is more acute for Māori and Pacific people. More than one in four are obese.

Innovation and economic growth are likely to improve the average health status of New Zealanders in terms of life expectancy and infant mortality. However, current trends suggest that obesity is likely to increase with economic growth and increasingly sedentary lifestyles.

While Māori and Pacific peoples' health outcomes are improving, comparisons with New Zealand averages indicate scope for improved health for these groups.

High numbers of single parents and households where all adults work will continue to limit the ability of families to provide care for family members with disabilities and older relatives.

Workers will be in shorter supply after 2010, which could lead to higher wages

Life expectancy has increased in the last 20 years

Between 15% and 19% of New Zealanders are obese and this number is likely to continue increasing

Knowledge and skills

Participation in early childhood education is relatively high in New Zealand. However, the performance of children from lower socio-economic families in schools is poor.

While New Zealand has good high school performance on average, the proportion of low achievers is high relative to other OECD countries.⁶ About one in six students leave secondary school with no qualifications, although some of these may gain qualifications outside of schools. Māori and Pacific people are over-represented.

New Zealand's rates of tertiary participation are among the highest in the OECD, but our share of the adult population with a tertiary qualification is only middle of the range in the OECD.

In future, as more young people come into the labour market due to the 'baby blip', people are likely to stay longer in education. Looking further out, the growing post-2010 labour shortage is likely to reduce the numbers of people staying at school, as they get drawn into the labour market.

Unless their barriers to education can be removed, increasing Māori and Pacific populations, who have lower average results, could reduce overall education outcomes. Significant increases in Māori and Pacific people's participation in tertiary education in the last 10 years indicates that barriers are being addressed.

Safety and security

New Zealand appears to have high rates of crimes involving assault, threat and burglary, compared to OECD standards.

While statistical methods vary, New Zealand's child abuse death rates also appear high by overseas standards.⁷

Crime is a young man's game. The vast majority of the prison population is male and young. As a result, the 'baby blip' will see upward pressures on crime rates in the next 10 years. In the longer term, with an ageing population, we should experience reducing crime.

Paid work

In terms of both employment and unemployment, New Zealand is performing at the OECD average. Longer term unemployment is lower than the current OECD average.

While average education outcomes are good, about 17% of students still leave secondary school without a qualification

As a result of the 'baby blip' crime may increase in the next few years then decrease as the population ages

In 2000/2001 about 108,000 people reported leaving a benefit for work. This represented 48% of the 226,000 people leaving the benefit system. At the same time, about 218,000 people moved onto a benefit.⁸

While our unemployment rates are higher than in the mid-1980s our employment rates are only slightly lower. Youth unemployment has grown since 1986 compared to elsewhere in the OECD. Despite gains since the early 1990s, the burden of unemployment continues to fall most heavily on Māori and Pacific people. During the same period employment rates increased as women, and others previously outside the workforce, have gained employment.

New Zealand spends less than the OECD average on 'active' labour market policies (for example, training programmes, job matching and work subsidies) and more on 'passive' labour market policies (social security benefits).⁹

The longer-term outlook for jobs is good. While innovation will continue to drive economic growth and job creation, the type of jobs on offer will change.

However, in the next 10 years, the rise in school leavers raises the risk of youth unemployment, an area where we already have concerns.

Unless we can successfully remove barriers to employment, increases in Māori and Pacific populations may have the effect of increasing overall unemployment.

Culture and identity

We have few indicators of culture and identity for most of the population.

For Māori, one central indicator is usage of Māori language - Te Reo. Nine percent of those who speak some Māori speak the language "well" or "very well". In the 55 and over age group, the figure is 30%.¹⁰ The proportion of Māori children attending Kohanga Reo peaked in the early to mid 1990s.

There are risks to Māori language sustainability due to an ageing population of fluent speakers. The drop in the proportion of Māori children attending Kohanga Reo could also affect Te Reo sustainability. Unless checked, the net effect of these two trends may reduce future numbers of Māori speakers.

A rising Māori population may, however, help increase use of the Māori language.

While the longer term employment outlook is good, the 'baby blip' will put pressure on youth unemployment in the next 10 years

A drop in Kohanga Reo numbers and the ageing of fluent speakers threaten Te Reo

Economic standard of living

New Zealand average income per person has been increasing but more slowly than elsewhere in the OECD. We ranked 20th out of 26 OECD countries in 1999, compared with 18th in 1986.

Poverty in New Zealand rose sharply between the mid 1980s and 1990s, subsequently declined up to 1998, and on most measures has not returned to the 1980 levels. By poverty we mean not being able to obtain what is considered by New Zealanders to be a minimal acceptable material standard of living. No one measure accurately captures all the different dimensions of poverty. These include people's income, the goods, services and assets they can use, and the persistence of their poverty. We report measures of low income, and a direct measure of living standards.

In the year to June 2001, between 9% and 23% of the total population were assessed as living in families with incomes below various poverty thresholds. The variation depends on whether 50% or 60% of the median income is used and whether the measure is before or after housing costs.

Using income-based measures of poverty, particularly high rates of poverty occur among:

- adults and children living in sole parent families;
- individuals reliant on income-tested benefits for the whole year;
- people living in rented accommodation;
- those with no or few qualifications; and
- people in families containing at least one Māori, Pacific or 'other' ethnic group adult.

While these groups have high rates of poverty, they do not necessarily comprise the largest numbers of those who are poor. The majority of people in poverty receive some labour market income, live in families with at least one Pākehā adult, and are not living in sole parent families.

Using a more direct measure of living standards, provisional results from the 2000 Standard of Living survey show that 20% of the population were living in families with low living standards.¹¹

The survey reveals that children were more likely to experience low living standards than those aged over 65 (29% of children compared to 7% of those aged over 65). Groups at high risk were sole parent families with dependent children (53%), those in receipt of income-tested benefits

Between 9% and 23% of New Zealanders live in families with incomes below poverty thresholds

Families with children and Māori and Pacific people were more likely to experience low living standards than older New Zealanders

(57%), Māori (39%), and Pacific people (42%).

Social connectedness

We do not yet have good indicators of social connectedness, particularly within families.

High volumes of immigration and emigration, and growth in inequality, may put pressure on social connectedness. On the other hand inter-marriage and an increasingly multi-ethnic population may help build bridges between ethnic groups and as a result increase social connectedness.¹²

Increasing growth in Auckland, and urbanisation generally, is likely to increase barriers between urban and rural and provincial communities.

Knowledge on social connectedness in New Zealand is still limited

Chapter 3

**Why do outcomes
differ between people?**

Introduction

Consideration of what causes social variations is the second part of our social development approach. If we have a better understanding of the causes of different social outcomes we should be in a better position to make effective policy.

The causes of differing social outcomes are complex. The inherent skills and abilities we are born with influence our outcomes. But genes are not destiny. Nor does a genetic cause suggest interventions cannot improve outcomes. Parenting, schooling, friends and community all play a role.

While a modest proportion of variation in outcomes can generally be explained by statistical studies, evidence suggests that outcomes are likely to be caused by lots of little things, rather than a few determining factors. The weak nature of the evidence on causation suggests a cautious approach is required in the design and evaluation of policy solutions.

The importance of childhood

Families are most important early in a child's life. Peers and schools become more influential for older children. Neighbourhood is likely to be most important when children are older but before they have choices about where they live.

Early success and failure begets later success and failure.¹³ Early and persistent experiences as children are more likely to influence outcomes than temporary encounters or our experiences as adults.

Children who have good health, positive personalities, few behavioural problems, and good cognitive skills enjoy good social outcomes in many areas later in life. The evidence suggests that policy directed at changing environments for children suffering significant disadvantage can be effective.

The levels and the adequacy of family incomes during childhood can affect outcomes both in childhood and as adults.¹⁴ Outcomes for children in poor families improve more significantly when income increases than outcomes for those in better-off families.

For government, current income is an easier variable to change than other variables like parenting styles. In addition there is a social inclusion argument for reducing income poverty of children.

A happy, positive childhood generally leads to a successful adult life

Multiple poor outcomes

Some people have poor outcomes in many areas. For example, they may have low education, poor housing, behavioural problems, low incomes and poor health.

The strongest health and education associations are between low educational attainment, behavioural problems, and substance abuse. Statistically males and Māori are more likely to abuse substances and have behavioural problems.¹⁵

Those who are on a life course of anti-social behaviour are more likely to come from backgrounds of multiple disadvantage and become adults with multiple disadvantage. Males are 10 times more likely to be on a life course of anti-social behaviour than females.¹⁶

People who experience multiple poor outcomes are more likely to suffer long-term social exclusion.

Ethnic groups and social variation

Ethnicity in itself explains very little observed social variation.

Māori, Pacific and certain ethnic minority groups are over-represented among those with poor outcomes. However, many Māori, Pacific people and people from ethnic minority groups also succeed while many Pākehā New Zealanders fail. In fact the largest number of disadvantaged are from the majority Pākehā group.

The size of the difference in average social outcomes between different ethnic groups can differ markedly when comparing average outcomes for people of different education levels with sole or mixed ethnicity. For example mixed ethnicity Māori with qualifications perform close to the average for non-Māori with qualifications. But on average sole ethnicity Māori with no qualifications perform much worse than non-Māori with no qualification.¹⁷

Causes of Māori, Pacific peoples' and ethnic minority groups' over-representation in poor outcomes are complex. The causes revolve around poorer current education and skills of the adult population and the cumulative effects of poorer outcomes early in life and in earlier generations.

Deeper explanations may involve discrimination, a lack of networks to people who are succeeding, immigration (from country to town for Māori;

Multiple disadvantages in childhood can lead to multiple disadvantage and social exclusion in adulthood

While many social outcomes are positive, a concerning number of New Zealanders are excluded from full participation in society

from overseas to New Zealand for others), lack of self esteem and the disproportionate impact of the economic downturn of 1987-1992. For Māori, land and cultural loss, combined with intergenerational linkages, may also play a role.

Chapter 4

Improving social outcomes - what works?

Introduction

This chapter looks at ‘what works’ in terms of improving social outcomes. Considering ‘what works’ is the third part of our social development approach. Chances of success are much better if we have evidence about what works.

Here we focus primarily on social investment interventions. Social investment programmes can be evaluated by comparing outcomes for those who receive services to outcomes of those who do not. Differences in outcomes can be compared, but evaluation is still challenging.

The evidence is much better in relation to some areas of social investment, for example, in getting people into work, than in other areas such as reducing youth suicide, teenage pregnancy or child abuse.

The impacts of government policies aimed at strengthening families and communities on social outcomes are difficult to evaluate. Equally, in relation to individuals, the universal nature of much social protection means that social protection is more complex to evaluate than social investment.

General interventions for children

Evidence suggests that intensive, early, child-focused interventions aiming at a range of outcomes for children with multiple needs can work.¹⁸ In the specific area of child abuse there is less information on what works.

Income

Poverty experienced by younger children has a greater impact than hardship later in life. The experience of poverty as a child is correlated with poor health, education and employment outcomes in youth and adults.

A variety of interventions can be used to increase parental incomes, including parent education, more effective benefit to work transitions and adjustments to social assistance and tax support programmes. No single solution is likely to be effective in reducing child poverty.

Education

High quality childcare can be effective in smoothing transitions into formal education for children from disadvantaged families.¹⁹

Improving pre-school attendance and quality, providing teachers with more

Chances of success are much better if we have evidence about what works

A range of policy measures are necessary to reduce child poverty

resources, enhancing teacher quality and reducing pupil-teacher ratios all raise attainment for children from low socio-economic families.

Study support at primary and secondary school improves education outcomes and improves attitude and attendance, particularly for pupils from minority ethnic groups.

Employment and training

There are likely to be better outcomes from investing in improving basic learning and behaviour of children up to around age 14 than in education and training investments for adults.

Programmes for sole parents that focus on preparation for employment and provide 'pre' and 'post' employment support can also be effective.

Heavily targeted job subsidies for older people, those with limited skills, and the severely disadvantaged can be effective.²⁰

While generally there is a low return to re-training programmes for unskilled and older workers, adult literacy programmes can be effective.

Matching people to jobs and enhancing their job search activity has significant impacts on employment but less effect on earnings.²¹

Health

Child immunisation, free school meals, water fluoridation, early identification of sight and hearing problems, improvements in accessibility to primary health care services, home injury prevention programmes and health education for children seem to work. In addition dietary interventions during pregnancy, and social and financial support during pregnancy and childbirth, also reduce inequality in health outcomes. Interventions to improve poor housing also improve child health.²²

Increasing tobacco taxes works to prevent young people from smoking. Information on health risks and banning smoking in public places is also effective. Advertising bans are effective. Mass media programmes have small but widespread effects.

Nutrition education and advertising bans, especially for young children, may also work to reduce consumption of foods with high levels of fats, which are a significant cause of obesity.

Improving attendance and the quality of preschool and school interactions will improve education outcomes

Investments in basic education for children are likely to be more effective than adult training programmes

Reducing the consumption of fatty foods by young children in particular, may reduce obesity

Preventative ante- and post-natal care for mothers at high risk and their children, and health checks for children at entry to primary school, can be effective in improving child health outcomes.

Successful programmes to reduce teenage pregnancy actively encourage effective contraception, provide access to contraceptives, and discuss alternatives to sexual activity.²³ However the evidence on what works is less certain.

In terms of youth suicide, the evidence on what works to reduce suicide is not very robust.

Justice

Preventative interventions for mothers of high-risk children around birth, as well as for at-risk children at entry to primary school, seem to work.

Providing more intensive interventions, particularly for high-risk young offenders (aged between 10 and 14 years), can reduce re-offending.²⁴

Effective interventions for older offenders are likely to be costly.

Putting resources into policing, and particularly police technology to target high volume offenders, also seems to reduce criminal activity.

Intensive interventions for high-risk young offenders can reduce re-offending

Chapter 5

Priorities for social investment

Introduction

This chapter outlines why we believe a social investment strategy is important to drive social development. It also provides our assessment of the top areas where social investment is warranted.

A tilt towards social investment is needed

Overall, it is our view that government should tilt its social spending toward social investment.

Reasons for a tilt towards social investment include the following.

- The large growth in social assistance and superannuation payments and health services for older people, particularly since the 1970s, has tilted spending away from social investment and towards social protection.
- Living standards research indicates that currently older New Zealanders experience lower levels of hardship than working age people, families with children, and Māori and Pacific peoples.
- Society may tend to undervalue children and young people, who have less voice politically. Their needs are more investment-focussed than older age groups.
- An ageing population will require higher levels of expenditure on social protection programmes (particularly New Zealand Superannuation and health programmes) in future. The demands of younger and older people will compete for the funds available for social investment.
- Investment in the health and capability of our children and young people is vital for the future wellbeing of New Zealanders. Investment in the workforce of the future will also be important to ensure that we are able to meet the future costs of social protection required by an ageing population.
- We have a window of opportunity to make progress before the full effect of an ageing population starts to bite from around 2010 onwards.
- We have better information on 'what works' in social investment than we did a generation ago.

The Government should tilt its spending towards social investment

The future wellbeing of New Zealanders depends upon our investment now in the health and capability of our children and young people

We have a window of opportunity before the demands of an ageing population start to bite

Criteria for investment priorities

An increasing social investment focus will require the selection of priority areas. We have used the following criteria to select our top social investment areas.

- Areas where outcomes have become worse, assessed by using comparisons with OECD countries or our own past.
- The area may become a major problem unless something is done now.
- Reasonable information is available on the causes of the identified problem.
- The problem affects a large number of people, or small numbers of people are commonly and severely affected.
- The outcome has important points of positive linkage with other social outcomes.
- Government interventions can affect the outcome. Something works.

We recognise that governments will have their own philosophies of social justice and social equity, and of the role of government in promoting these outcomes. This will influence the priorities for social investment.

Social investment must focus in areas where we can make a difference in the future

Social investment priorities

The following priorities have been selected using the criteria on the previous page. They represent our best judgement on the basis of available information.

1. Reduce early childhood poverty

Child poverty has increased. About 150,000 children aged under five years are currently affected by low income. A proportion of these will be in persistent poverty.²⁵ Child poverty matters more for younger children. It impacts on a wide range of social outcomes later in life. There is evidence that policies can reduce child poverty.

2. Improve child health

There is capacity for improvement in child health, especially for Māori and Pacific people. Child health impacts on a wide range of outcomes later in life like adult health, education, and employment. There is evidence that policies can improve child health.

3. Improve the performance of low achievers in compulsory education

About 10,000 secondary school students leave every year with no qualifications. This has not improved much in the last decade. There is capacity to do better. Compulsory education impacts on outcomes later in life including health, education and employment. There is evidence that a variety of policies can improve school leavers' qualifications.

4. Improve outcomes for children and young people with multiple problems, particularly youth offenders

Between 25,000 and 50,000 under-18-year-olds fall into a high risk/multiple problem category.²⁶ Children and young people with multiple problems (including poor mental health, poor education, substance abuse and crime) create high costs for themselves and others across a range of social outcomes throughout life. There is evidence that interventions can help to reduce the impacts of multiple disadvantage and youth offending.

Social investment priorities continued over page.

5. *Ensure young people are active in employment and post-compulsory education*

About 14% of New Zealand young people aged between 16 and 21 years are reported to have spent between two and five years in neither employment nor education.²⁷ Our youth labour market has deteriorated relative to others. Inactivity imposes social costs on the person and others later in life. The 'baby blip' means that the population involved is potentially substantial.

6. *Reduce geographic concentrations of disadvantage*

Geographic concentrations of disadvantage are a source of negative neighbourhood effects. They build disadvantage between generations and risk social cohesion. Housing policies are important here, as are regional development policies.

The most disadvantaged regions are Northland, Eastern Bay of Plenty, Gisborne and the East Cape. However, the majority of disadvantaged people live in Auckland.

7. *Improve bad housing for families with children*

In 2001 there were approximately 2,500 severely substandard dwellings in Northland, East Cape and the Eastern Bay of Plenty. There may be more than twice this many in Auckland.

Very bad housing contributes to health problems for children, which then connects into school readiness and education. Bad quality housing is readily detected and can be improved through interventions. Ideally interventions to improve bad quality housing should fit within a wider package of social development measures.

8. *Improve transitions from long-term benefit receipt to sustainable work*

New Zealand has significant numbers of individuals who have been on benefits more or less continuously for long periods (4.3% of the working age population have been on benefits for longer than six years). As well as generating income, helping

Social investment priorities continued over page.

people who can move into employment is likely to improve the health and wellbeing of both the individual and their families. It reduces reliance on the social protection system and brings in taxes. A number of education and labour market interventions work to support good transitions from the benefit system into sustainable jobs.

9. Reduce obesity and improve nutrition and exercise

Over 500,000 New Zealanders are currently affected by obesity. Ministry of Health reports suggest that improving nutrition, reducing obesity, and increasing physical activity levels would improve health status as much as the total elimination of smoking. Obesity is a major cause of heart problems and diabetes. It imposes major costs on the public health system. It impacts on social and labour market participation, as well as earnings. Obesity has been growing rapidly, and is likely to continue to grow.

10. Improve settlement outcomes for migrants and refugees

About 45,000 new migrants and refugees arrive each year, with around 60% settling in the Auckland region. There is an increasing diversity in the ethnic composition of refugees and migrants and they have different skill levels and settlement needs. New migrants and refugees have lower earnings and higher rates of unemployment and face a number of barriers to settlement and integration into host communities. These poor settlement outcomes compromise the economic and social benefits from immigration and can put social cohesion at risk. There is evidence that policies can improve settlement outcomes for new migrants and refugees.

Other possibilities

Other areas considered as possible investment priorities are: quality childcare, child abuse and neglect, youth suicide, smoking, teenage sole parenthood, indebtedness, gambling, increasing Disability Benefit numbers and sustaining Māori language.

While all of these issues are important, and many of them are addressed in Part 2 of this document, they were not selected as priorities either because the issue was not seen as of sufficient size or urgency and/or there was insufficient knowledge on what government could do to improve outcomes. Some of these issues, such as child abuse and neglect, youth suicide and sustaining Māori language, have recently received considerable policy attention and it was not clear that additional investment focus would be effective.

Chapter 6

A social development framework for New Zealand

Introduction

Addressing these priorities will require co-ordinated interventions from a number of different directions and delivered by a number of different agencies. Effective investment will be reliant on all the agencies involved with services that relate to an issue working closely together. Community providers and other institutions also need to be involved in the delivery of effective social investment. Some of these institutions may in themselves need attention if they are to be effective in the delivery of investment interventions.

A national social development strategy

We believe that a cross-sectoral social development strategy is required to make progress on the most important policy priorities. The strategy would have a major focus on social investment and addressing disadvantage.

It would be similar in concept to the United Kingdom's Opportunities for All.²⁸ It would need to be owned by all social sector Ministers. The strategy would include:

- a clear statement of the end-point vision and of the outcomes sought;
- priorities and targets;
- an analysis of what government is already doing;
- initiatives that agencies need to concentrate on to deliver the desired outcomes;
- a means of ensuring greater local level co-ordination of delivery;
- priorities for knowledge building; and
- a monitoring and evaluation regime.

The strategy would feed into ongoing policy development and Budget decision-making processes. Departmental Statements of Intent would also need to be consistent with it.

The strategy would provide the social equivalent of the Growing an Innovative New Zealand (GAINZ) framework, and be consistent with the general direction of economic and environmental development.

The strategy would complement the Ministry of Social Development's role in monitoring social outcomes through *The Social Report*. It would be central to our role in promoting social development. It would help facilitate relationships between social sector departments and assist in providing advice on social policy and budget proposals.

A cross-sectoral social development strategy with a focus on social investment is required to improve poor outcomes

The social development strategy would complement and support the Growth and Innovation New Zealand strategy

Social development at the local level

An effective social development strategy will also require enhanced inter-agency collaboration where services are delivered. It will require improved links and planning between central government agencies in each region, and between those agencies and:

- local government;
- community and voluntary sector groups; and
- iwi/Māori groups.

The links need to work to the strengths of these different forms of organisation and be based on mutually sought outcomes.

Forms of collaboration have been developing recently in a variety of ways. While variety is desirable because of the range of circumstances we face, greater leadership and consistency is desirable in the medium term. This should be based on what we are learning are the most effective processes.

The Ministry, working together with central and other core social sector departments, can play a key role in leading the next phase of local and integrated services development.

Enhanced inter-agency collaboration at local levels will be vital to the successful delivery of the social development strategy

Endnotes

Chapter 2

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Part 2

*Working with
individuals, families
and communities*

Chapter 1

Improving wellbeing through active social assistance

Key Messages

- New Zealand's social assistance system needs to be more active. It should be as much about social investment as about social protection. We need to put more focus on providing practical help to people so they can get good, well paid jobs.
- Too many New Zealand low-income families do not have enough money to meet everyday basic needs, and rely heavily on discretionary hardship assistance on top of their benefits or wages.
- Many working people on low incomes are not getting the financial help they are entitled to from the social assistance and tax systems. Some who do receive help find that the amount is not enough. Many New Zealanders who are eligible for tax credits, the Community Services Card, Accommodation Supplement or Disability Allowance are not receiving this assistance.
- We need to remove or reduce the disincentives and barriers that people face when they go off benefit and into work. Too many people are not better off from working once they have covered childcare and transport costs. We need to make work pay.
- Encouraging people on benefits into education and training is vital if people's wellbeing is to be improved and New Zealand is to meet the demands of the labour market in the future. We need to do more to help young people with the transition from school into work or other opportunities.
- Work and Income case managers spend too much time on income support administration. They need to be freed up to focus on clients' employment outcomes and to take a wider view of their wellbeing.

Key Messages continued over page.

- New Zealand's social assistance system is complex, confusing and difficult to administer. It needs to be simplified.
- The number of people receiving Invalids Benefit, and other disability-related benefits, has steadily risen in the past 10 years. We need to better understand and respond to the reasons behind this rise.

Introduction

Many New Zealand children are living in poverty, mainly because too many people are reliant on a benefit system that provides minimum protection against hard times. Many working people on low incomes are also struggling without the benefit of the financial help that is available through the Ministry of Social Development and the Inland Revenue Department, while others find the amount not enough.

Many people on benefits are relying on discretionary hardship¹ assistance. Reaching a judgement as to whether a person meets the criteria for such assistance is complex and takes a lot of time for front line staff.

It is much more difficult for people to be focused and equipped to improve their circumstances if they are constantly struggling to pay basic bills such as rent and power. New Zealand's social assistance² system needs to provide people with enough money to live on. It also needs to be more active in helping people towards a better life by supporting them into well-paid and stable work.

A social development approach recognises that social assistance should be active and investment-focused. Social protection insures people against hard times but social investment offers the best opportunity for individuals and their children to lift their living standards overall.

Social assistance in New Zealand should be made more active by focusing on:

- ensuring that people have an adequate income;
- increasing incentives and reducing barriers to work;
- enhancing case management and improving delivery systems;
- simplifying the benefit system; and
- strengthening responsibilities and obligations.

Attention must also be given to understanding the reasons for, and responding appropriately to, the steady increase in the number of people receiving the Invalids Benefit and other disability-related benefits.

New Zealand's social assistance system needs to be more active as well as providing enough money for people on hardship to live on

Where are we now?

The Ministry of Social Development holds policy responsibility for the social assistance system. The Ministry also controls the operation of the social assistance system through its Work and Income service and through StudyLink.

The current social assistance system

The social assistance system impacts on the living standards and employment prospects of the most vulnerable New Zealanders. Around 16.5% of working age people and 26% of all children are reliant on a benefit. In 2000/2001 the social assistance system, including tax credits but excluding New Zealand Superannuation, cost around \$7.1b or 6.7% of GDP.

We currently provide a balance of active and passive forms of assistance. Social assistance should protect people against hard times and help them to be part of the community. Active social assistance policies also focus on getting people into jobs – not just any job but good jobs. An active approach needs to focus on: providing people with information and practical alternatives to going on benefit; assisting people on benefit in the pre-employment stage; assisting people during the transition to work; and ongoing assistance for people placed in work.

New Zealand society has changed substantially since the social assistance system was designed

New Zealand has become a much more diverse society, made up of many different communities and cultures. There are now more people who identify as Māori. There are also more Pacific people and Asian people, and people from other ethnic groups. There have been changes in the traditional structure and composition of families. Societal values are different. The way that New Zealanders live and work continues to change.

The labour market now has more women in paid work, both part-time and full-time, and older workers are remaining in the workforce longer. At the same time, the demand for skills has changed in line with advances in technology. There are now more owner-operated small businesses, but because the costs of recruiting, training and retaining new staff are high, this shift has not always meant more jobs.

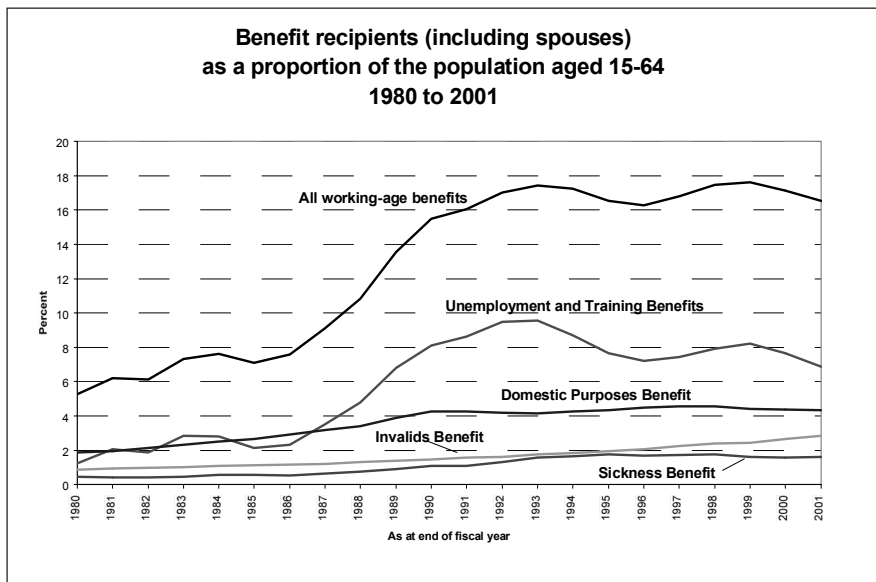
***26% of all
New Zealand
children and 16.5%
of working age
New Zealanders
are dependent on
a benefit***

Changes in the numbers of people receiving benefits

The graph below shows that, following a big rise in the late 1980s, the percentage of working age people receiving a benefit stayed about the same through most of the 1990s and has been falling since 1999. However, this trend has not occurred evenly across benefit types. There has been:

- a decline in people receiving the Unemployment Benefit, although this has not been evenly spread across ethnic groups and regions;
- a steady increase in people receiving Invalids Benefit and other disability-related benefits; and
- the proportion of people receiving the Domestic Purposes Benefit has remained steady.

The number of people on benefit has been falling since 1999 but the trend has been uneven across benefit types and ethnic groups



At the same time:

- there is a significant number of people who have been on a benefit for a long time; and
- Māori are over-represented in the benefit numbers. Māori represent 30.4% of working age people receiving a benefit.

What are the issues?

The main challenges within the current social assistance system are:

- adequacy of incomes;
- effectiveness of work incentives;
- individualised assistance and enhanced case management;
- complex and confusing entitlement rules and legislation;
- the balance between responsibilities and obligations; and
- a steady increase in the numbers of people receiving the Invalids Benefit and other disability-related benefits.

Income adequacy

The current social assistance system is not providing adequate incomes for many New Zealand families. Providing a decent income to low-income families should be seen as an investment in children. New Zealand's social assistance system needs to ensure that families with children have enough money to meet their needs.

Two significant features of the current system indicate that income levels for low-income families are not adequate and may contribute to poor outcomes for children in later life:

- Key components of the system are not automatically adjusted for inflation. For example, rates of Family Support have not been adjusted since 1998, which has resulted in a 5.5% decline in the real value of these payments. Income thresholds for Family Support have not been adjusted since 1994.
- More people are relying on discretionary hardship assistance. For example, the number of Special Needs Grants increased 16% in the two years to December 2001, while main benefit numbers were decreasing. Administration of this assistance takes up a lot of staff time that could be better used in helping people to find work.

There are more children living in poverty in New Zealand now than there were in the 1980s. We recently researched the incomes of families with children. We found that, in 2000/01, depending on the measure used, between 6% and 29% of children were in poverty (approximately 63,000 to 285,000 children).

Between 1990 and 1994, New Zealand's child poverty rate rose sharply on most measures. There was some decline in the number of children in

Providing an adequate income to low income families needs to be seen as an investment in children

More people are relying on discretionary hardship assistance, with a 16% increase in the past two years in Special Needs Grants

poverty between 1994 and 1998. But there has been little change since then, and on most measures the number of children in poverty remains higher than during the 1980s. The Ministry's living standards research will add to our knowledge in this area.

People need an adequate income before they can improve their situation. Individuals who are constantly struggling to meet basic living costs are less able to focus on improving their situation.

Families especially need an adequate income to ensure the wellbeing and positive development of their children. Low family income impacts immediately on a child's quality of life through poor nutrition, parental stress and less access to education and recreation activities. Low family income also has a negative effect on long-term child outcomes, particularly when the low income is experienced during the early years of childhood. A more effective family income assistance³ programme would contribute to improved outcomes for children.

Work incentives

The current system provides only limited incentives for some people to move into and remain in work.

For many people work does not pay because of the financial disincentives present in the system. For example, the tax and benefit system and the interfaces between them are complex, leading to confusion by staff delivering the assistance and by low-income workers accessing it. Overlapping abatement of income across benefit income and tax assistance and the overlap with other social assistance programmes (for example the Community Services Card and Income Related Rents for State tenants) may compound this problem. This means that some people may not receive any financial reward from moving into full time work.

For some people, work does not provide certainty of income, and the administration of financial assistance for working families can cause further difficulties. The annual assessment for assistance delivered to families through the tax system means that many families who experience an increase in income during the year receive an overpayment of assistance, which has to be paid back. Families who have previously experienced an overpayment or who fear an overpayment may be reluctant to take on work or increase their hours of employment.

In making the transition from benefit to employment, individuals face a

Child poverty has an immediate impact on the quality of a child's life as well as affecting good outcomes in the long-term

For some people work does not provide certainty of income and the current design and administration of financial assistance for working families creates a number of problems

number of practical issues, including bridging the gap between the end of benefit and receiving their first pay. There are often delays before the financial assistance payable to low income working families commences. For people working full time, it may be difficult to access agencies such as Work and Income and the Inland Revenue Department who do not open outside standard working hours. For some people, accessing the assistance to which they are entitled becomes too difficult.

The system needs to ensure that the move from benefit to work is as smooth as possible, that families can rely on a certain level of income, and that increasing participation in paid employment pays more than the benefit.

People moving to tertiary study sometimes receive less than they would on benefit. As a result some individuals may choose not to pursue higher education and this in turn limits their labour market opportunities. For example, people receiving the student allowance can only access the student's Accommodation Benefit rather than the Accommodation Supplement that is available to those on benefit and to low income working families. For most students the Accommodation Supplement would be more generous. While assistance is available to students under the Student Loan Scheme, some individuals do not feel that they are in a position to take on additional debt.

There still remains a large number of labour-intensive, low income and insecure jobs. When individuals cannot find quality employment, they are less likely to stay in the workforce. For example, many people have difficulty adjusting financially to working, particularly when the job is short-term, poorly paid and insecure. They frequently move back onto benefit.

Childcare and transport problems may also prevent people from getting jobs. These issues are discussed in more detail in Chapter 2.

Case management

The Ministry of Social Development's Work and Income case managers deliver income support⁴ and employment assistance through an integrated case management approach. Active assistance requires case managers to work alongside individuals on benefits and registered job seekers to better respond to the wide range of circumstances that a person might face. However, the current complex benefit system results in the majority of a case manager's time being spent on administering income support.

This is time that could be focused on supporting and working alongside

People who can only get labour-intensive, low income and insecure jobs are less likely to stay in the workforce

the beneficiary to ensure they are engaged in paid employment if they are able, or are actively connected to their communities in some other way.

To enable case managers to spend more time working with beneficiaries, case loads need to be reduced, the benefit system simplified and information technology systems enhanced. This would allow case managers to take a wider view of the person's wellbeing. Increasing case management specialisation also frees up case managers' time. We are currently establishing specialist case manager positions in some regions and plan to expand this further.

Complexity of the system

The current benefit system is complex, confusing and difficult to administer. Many people are missing out on assistance. There have been numerous amendments to the Social Security Act 1964, and these have made the system increasingly complex and confusing so that entitlements are not always clear for both staff and clients.

Because of the complexity of the benefit system, staff spend much of their time administering income support, instead of focusing on providing employment assistance. We have estimated that case managers spend 70% of their time administering income support, with a disproportionate amount of that time spent on administering discretionary hardship assistance, leaving only 30% available to focus on employment outcomes.

There is also a low take-up by working families on low incomes of social assistance. In particular, many people who are entitled to the Community Services Card, Accommodation Supplement and Disability Allowance do not access this assistance.

The delivery of family income assistance is fragmented, with delivery of assistance split between the Ministry of Social Development and Inland Revenue. This split compounds confusion over how individuals can receive help.

Responsibilities and obligations

Active social assistance also involves individuals, and the Ministry, clearly understanding their mutual responsibilities and obligations. There needs to be a balance between active case management, strong work incentives and mutual responsibilities and obligations.

Opportunities offered and negotiated with the person should be taken up. This should be backed up with a transparent sanctions regime that

Many low income families in work are unaware of assistance like tax credits, the Community Services card, Disability Allowance and the Accommodation Supplement

emphasises clear expectations for individuals receiving assistance. Sanctions are a last resort to be used sparingly, but their absence can be problematic in some situations.

Steady increase in numbers receiving Invalids Benefit

The number of individuals receiving Invalids Benefit and other disability-related benefits as a percentage of working age people has been increasing steadily since 1992. This trend is forecast to continue. While just under 50% of the annual growth on Invalid's Benefit can be explained by a growth in population, an ageing population and the increase in age of eligibility for New Zealand Superannuation, more than half of the annual growth is not easily explained.

Since 1993, the number of new entrants to Invalids Benefit and Sickness Benefit with cancer, cardiovascular disorders, psychological or psychiatric conditions, musculo-skeletal and respiratory disorders has grown at a faster than average rate. This may be partly an effect of population ageing but also may reflect increasing prevalence of these conditions in the population. Some conditions, particularly stress and psychological illness, may be an outcome of long-term unemployment and poverty, which remain at higher levels than in the mid-1980s.

There is currently a two-stage assessment process for the Invalids Benefit, requiring doctors to provide a medical assessment and an assessment of an individual's capacity to work. This results in some variation of assessments surrounding an individual's capacity to work.

The term "invalid" sends a negative signal surrounding labour market and community participation. While there are no work expectations for people on Invalids Benefit, many report that they do wish to work and, with more help, could achieve this goal. Many people on Invalids Benefit find it difficult to maintain contact with their community. For some, support mechanisms are inadequate, which means that health and other needs may not be adequately addressed.

Where to from here?

The challenges

The design of the social assistance system will reflect a judgement as to the balance between one goal and another. For example, reducing poverty through more generous assistance to those on benefit will have higher fiscal costs and may lower levels of employment, if it is not linked

More than half of a significant increase in the numbers of people on Invalids Benefit cannot be easily explained

with effective work incentives.

Higher investments in work incentives and education would be expected to lead to higher levels of employment and lower long-term fiscal costs associated with those who are able to work. However, this would not deliver any improvement to beneficiaries who do not have the capacity to work.

Reducing the complexity of the system through a movement to more universal provision may reduce compliance and administrative costs, but may have a higher fiscal cost.

Ensuring income adequacy

Goal

To reduce the number of people living in poverty so they, and their children in particular, can reach their full potential.

We should:

- ensure that the social assistance system delivers an adequate income to people in need and is adjusted regularly to maintain its real value. This should help reduce the numbers of people relying on discretionary hardship assistance to meet basic income needs;
- ensure that individuals understand their entitlement, how they can get it and how decisions are made;
- address the low take-up of help that is available to working people on low incomes; for example, Accommodation Supplement, Disability Allowance, tax credits and the Community Service Card; and
- ensure that people receiving a benefit have enough resources to equip themselves for the workforce.

Providing an adequate income to people on low incomes will reduce people's reliance on discretionary hardship assistance

We want to ensure people are better off financially from working or increasing their part-time hours

Increasing work incentives

Goal

To help more people make a successful transition into paid employment, especially well paid, stable work.

We should:

- ensure that people are better off from working or increasing their part-time work hours by addressing issues associated with the interface between the benefit system, tax system and other social assistance programmes;
- ensure that the move from benefit to work is as smooth as possible and that people have certainty and continuity of income;
- ensure that people working full time are able to easily access assistance to which they are entitled;
- ensure social assistance policies do not discourage people from pursuing higher education and training that enhances their labour market potential; and
- address other issues, such as childcare, which make it difficult for some people to move into employment or to remain in employment.

Enhancing case management

Goal

To ensure that case managers have the time, the tools and the flexibility to work with a person to achieve their goals.

We need to:

- lower case loads to improve case managers' ability to work alongside people on benefit to take a wide view of a person's wellbeing, including helping to identify appropriate education and training options;
- have more experienced specialist case managers focusing on and working with particular groups, for example, sole parents, older unemployed, the disabled, long-term unemployed and young people;
- respond better to the wide range of circumstances that a person might be in, for example, planning with that person when work is an option, helping people to engage with their communities, or helping

Lower case loads allow case managers to work alongside people to respond to their circumstances

- them build their skills through voluntary work; and
- improve information technology systems to simplify the management of benefit rules for case managers and clients.

Simplifying the social assistance system

Goal

To improve access, send clear signals, and enable good decision-making by simplifying the system for clients and case managers.

To simplify the system we need to:

- start with a fundamental redesign of family income assistance, with the aim of implementing a single transparent family income assistance programme for beneficiary, student and working families;
- consider the scope for standardising the benefit and student allowance rate structure;
- standardise benefit rules that create unnecessary complexity, for example, rules for including children in a benefit; and
- consider what other countries are doing to simplify their benefit and tax systems.

Strengthening mutual responsibilities and obligations

Goal

To strengthen mutual responsibilities and obligations supported by effective sanctions.

In support of this approach, we should:

- clearly establish obligations and responsibilities for both people on benefits and for the Ministry of Social Development. For example, extending the planning process to all beneficiaries;
- establish a clear expectation that people in a position to work should actively seek employment. In turn we should provide practical help to enable people to participate in employment, where appropriate, and in their community; and
- ensure opportunities negotiated with the person are taken up, backed up by clear sanctions.

A fundamental redesign of the welfare system should start with a redesign of the family income assistance system for beneficiary, student and working families

Understanding and responding to the increase in disability-related benefits

Goal

To understand and respond appropriately to the increase in the number of people receiving an Invalids Benefit, and other disability-related benefits.

To address the steady increase in the number of people receiving the Invalids Benefit and other disability-related benefits we need to establish a research and policy programme to improve our understanding and then investigate possible responses, including:

- ensuring that this group is actively case managed with specialist case managers focusing on assisting individuals into paid employment where appropriate, supporting them to remain in employment and keeping them engaged with their communities;
- renaming the benefit to send a more active message and reduce stigma;
- developing a more effective assessment process with a localised certification of medical conditions and a standardised assessment of an individual's capacity to work; and
- working with the health sector to ensure that the health needs of people receiving Invalids Benefit and other disability-related benefits are being addressed promptly and appropriately.

There should be clear obligations and responsibilities for people on benefits and for the Ministry

We should be providing more active support for the growing number of people receiving Invalids Benefit

Chapter 2

Supporting people into sustainable employment

Key Messages

- Sustainable employment is the best route to economic independence for most New Zealanders.
- A small, but significant, number of New Zealanders experience long periods of unemployment during their working lives. Investing in people to assist them into sustainable employment will provide significant social and economic benefits.
- Work and Income service case managers spend most of their time on income support administration. We need to free them up to focus on effective employment case management.
- Jobs today demand more and higher skills and the ability to adapt to changes. Education and training needs to be more closely aligned with work and in particular with the needs of new and local labour markets.
- Matching people and jobs is an integral aspect of sustainable employment. We need to tailor assistance to encourage employers to hire people disadvantaged in the labour market.
- Childcare is an important factor in the employment decisions of parents, especially sole parents. We need to consider the effectiveness of current regulations and funding to ensure that affordable, accessible, flexible, quality childcare is available for low income workers.
- Social Development is dependent on robust employment growth. We need to facilitate local partnerships (business community, central and local government) to create jobs.
- Employment growth is dependent on economic growth. It will be important to set a policy framework that promotes economic growth.

Introduction

Sustainable employment is about people achieving economic independence throughout their working lives. Sustainable employment is also an important part of establishing and maintaining a strong economy.

There are three key aspects to sustainable employment:

- individuals being able to move into employment;
- individuals spending longer periods of time in employment, and having short transition periods between jobs; and
- individuals having the opportunity to move into higher quality jobs, for instance jobs with wages and salaries that are stable or increase over time.¹

The Ministry of Social Development has an important role in helping people to take steps that will make them more employable and help them find employment.

At the same time, many factors shape an individual's employment situation, most of which are beyond government's control. Whether someone is able to be in sustainable employment depends on their abilities and circumstances as well as the employment opportunities available to them. Not all New Zealanders are currently able to achieve sustainable employment, and many receive social assistance or are in low paid or insecure work. The challenge for government is to reduce the time that people who can work are unemployed, and, over the longer term, increase the economic independence and social and material wellbeing of all New Zealanders.

Besides the social development benefits, increasing the number of people in sustainable employment will also reduce social assistance costs and increase participation in activities that contribute to the New Zealand economy. In addition to the personal toll on a person who is unemployed long-term, the financial costs to the country are also significant.

Where are we now?

The Ministry of Social Development works with the Department of Labour on policy on how to best assist people into paid employment. The Ministry has a hands-on implementation role in helping people to become more ready for work and helping them to find work opportunities. This includes investing in people to gain skills and qualifications.

Long-term unemployment is bad for the individual and has significant costs for the country

In the last two years New Zealand has enjoyed the lowest unemployment rates and the highest levels of labour market participation since the mid-1980s. However, those groups most affected by the reforms of the late 1980s (in particular Māori and Pacific people and individuals with limited skills) are still more likely to be disadvantaged in the labour market. Around 16.5% of working age people are reliant on income assistance, and that overall level has remained about the same for the past 10 years.

What are the drivers of sustainable employment?

Whether sustainable employment options are available depends on the effectiveness of the labour market and economy. The effectiveness of the labour market in turn depends on three labour market dimensions all working effectively together – employment opportunities, labour capacity (skills) and matching.²

Employment opportunities are the processes of job creation and destruction that drive employment growth and the type of jobs that are required in the economy.

- New Zealand has experienced good employment growth over the past 10 years.
- Employment growth has been uneven across regions, communities and industries.
- Over the last few years government has moved toward a more active approach to stimulating employment opportunities than previously, through such initiatives as industry clusters and funding for business expansion through the Business Growth Service.
- Jobs today are more likely to change or be short-term, and employers are more likely to require greater flexibility, skills and qualifications than was the case 20 years ago.

Labour capacity is an individual's availability for work, their employability and their ability to adjust to changing employment demands.

- New Zealand's labour force is ageing and becoming increasingly female. Some groups of people (including Māori and Pacific peoples) have been seriously affected by economic and employment changes during the late 1980s and early 1990s. Although their situations have improved since then, there are still many individuals for whom sustainable employment is difficult to achieve.

For the past 10 years around 16.5% of working age New Zealanders have been reliant on a benefit

While New Zealand has experienced good employment growth in the past decade, it has been uneven across regions, communities and industries

- A significant proportion of workers and school leavers still lack basic educational qualifications. Although the percentage of school leavers without qualifications is steady, the level of educational attainment among the population aged 25 to 64 years has risen in recent years, in part due to better qualified school leavers as well as existing workers gaining further qualifications.³
- Ability to participate in employment is important to maintaining a person's material wellbeing during their working lives through to retirement. However, there are a number of groups that have comparatively low employment participation rates (for example, those who are non-European).⁴

More New Zealanders over 25 years of age are gaining higher education than ever before but too many young people are still leaving school without qualifications

Matching is the process that facilitates and maintains linkages between workers and jobs.

- The labour market is characterised by areas of shortages of skilled workers as well as fewer opportunities for those with low skills.
- Family-friendly employment has become more important to people.
- People's willingness to move into work depends on whether they have an income adequate to meet their needs.
- Increasingly collaboration and co-ordination among central government, local authorities, communities and employers assists planning for local labour market needs.

What are the issues?

There are seven inter-related issues which affect sustainable employment for those disadvantaged in the labour market. They are:

- assisting people into employment with enhanced case management;
- building people's skills and capacity;
- matching people and jobs;
- meeting childcare needs;
- improving access to work;
- fostering local employment opportunities; and
- supporting economic growth.

An additional significant issue is making work pay. This has been discussed in detail in Chapter 1.

Assisting people into employment with enhanced case management

The Ministry of Social Development's Work and Income case managers play an important role in moving people into sustainable employment. The evidence points to the success of assistance that targets people at risk of not being able to get sustainable employment, that is tailored to their individual needs, and that is appropriate to the local labour market context. For example, the case-management approach will differ for a Māori client located in rural Northland, compared to a Pacific client living in South Auckland. Finally, the case manager needs to monitor the progress that individuals make in moving into sustainable employment.

The challenges in delivering effective employment case management include:

- Case managers need enough time to provide genuine assistance to their clients. As noted in Chapter 1 it is estimated that 70% of most case manager time is taken up with income support administration.
- Identifying people who will have difficulty achieving sustainable employment takes time and resources. There is scope, in part through new technologies, for improving the accuracy, speed and comprehensiveness of needs assessment.
- Identifying the most suitable way to meet a person's needs can be challenging. The most appropriate menu of interventions will be driven, in part, by regional factors, such as industry types, skill shortages, and specific barriers to employment such as lack of transport. Regional flexibility helps case managers to identify the right tools to get people into employment.
- We need to improve the effectiveness of employment programmes. To do this we need to continuously improve our measurements of programme effectiveness and ensure that delivery is appropriate to clients' needs and circumstances, and interventions are well-resourced, co-ordinated and of a high standard.

Only 30% of case managers' time is spent on identifying people's specific needs and the assistance available to help them into work

Building people's skills and capacity

Jobs today demand more and higher skills and the ability to adapt to changes, for example, the introduction of new technology. The skill sets required in both high-wage and low-wage employment have changed. For example, the decline in manufacturing jobs and the growth of service-oriented work have led to an increased demand for communication and 'people' skills.

Individuals without qualifications are more vulnerable to labour market changes. Those who are disadvantaged in the labour market often lack confidence or knowledge of techniques to market themselves to employers, further reducing their employment chances.

People without school qualifications made up half the working population in 1986. In 2001, they made up one-third. Almost one in five New Zealand school children leave school without basic qualifications. Among Māori school leavers the figure is one in three, and for Pacific school leavers, one in four. Improving overall reading and writing, and work skills, as well as developing clearer pathways into further training and employment, are critical parts of achieving better workforce participation in the future.

Evidence suggests that progression to better-paid employment happens mainly through further education and training and by changing to better jobs. Placing a person into low wage employment is no guarantee that they will progress on to sustainable employment.

Strategies to up-skill those disadvantaged in the labour market have achieved mixed results. Programmes such as Training Opportunities in recent years have only had a very small positive impact on the employment outcomes of participants. International evidence suggests that lifting the capability of low-skilled people is expensive and takes time, but is likely to produce more long-term positive outcomes than short-term 'quick fix' approaches. There is evidence that tailored and mixed foundation skills and vocational training aiming to place people in employment is more successful than generic 'one-size-fits-all' training approaches.⁵

Matching people and jobs

Lasting employment relies on suitable matches being made between the worker and the job. It can be difficult to establish a good match, which can lead to costs to both employers (in reduced productivity) and job seekers (in reduced income).

The demand for different skills with the changing labour market means people without qualifications are more vulnerable than ever before

Addressing the specific needs that a disadvantaged person has coupled with on the job training opportunities are more successful approaches than generic training programmes

In addition, transitions from benefit to employment impose costs which people moving into low-income work may not be able to cover. This reduces people's willingness to risk moving off a benefit into a job.

Several groups face particular problems in marketing themselves to employers. These include migrants and refugees who have English as a second language, mature workers, and people with disabilities (physical and mental). The problems they face may reflect:

- perceptions by employers that these groups are 'high-risk' to employ;
- employer attitudes and prejudices; and/or
- limited capacity of employers to deal with the specific needs of the individual.

A significant number of professional migrants from non-English speaking backgrounds have faced problems gaining employment in their chosen fields. This has led to many migrants receiving benefit assistance and/or working in low wage employment. This problem is complex and cannot be resolved easily. However, some programmes have been established recently in partnership with industries where there are specific skill shortages, to support migrants into jobs within their field of experience.

Some regions are successfully experimenting with providing a package of services to meet the specific labour supply needs of employers. The aim of such initiatives is generally to significantly increase numbers of placements and to increase sustainable employment opportunities for people who have been unemployed long-term.

Meeting childcare needs

High-quality, accessible and affordable childcare is an important factor in the employment decisions of parents, especially sole parents. The importance of childcare will grow in response to both the growing employment expectations of women, and to the increased workforce participation that will be needed as the population ages.

Childcare costs reduce the income gained from employment, especially for people on low incomes. The Government provides some assistance with childcare costs, including early childhood education and out-of-school care for school-age children. However the level of support is low compared to other OECD countries. Childcare providers generally choose not to locate in low-income communities where parents are unable to afford the service, further decreasing the accessibility of childcare for people on

Some success has been achieved in addressing labour shortages in specific industries and regions by working closely with local employers

We need to make quality childcare more accessible and affordable for families on low incomes, especially now more women than ever before are working

low incomes.

Parents often prefer informal childcare arrangements, for example care provided by family and whānau rather than other providers. However current regulations provide limited support for these arrangements. Informal arrangements can also provide greater flexibility than formal childcare providers, for people working outside of normal working hours.

Improving access to work

Employment opportunities frequently play a big role in people's decisions about where they choose to live. For those on low incomes the relative cost of living (especially housing costs) is also important. Rather than moving to where jobs are, people on low incomes may migrate to cheaper areas, for example from urban to provincial and rural areas to get cheaper housing. Or they may be unwilling to move in response to change (for example, closure of the main local employer, such as a freezing works). Areas with plenty of jobs are more likely to experience pressure on housing and increasing housing costs, which impact most on low-income households.

This trade-off between employment opportunities and housing costs tends to increase geographical separation of people into communities of relative advantage and disadvantage. People who are disadvantaged in the labour market also tend to have less transport options. In communities with few employment opportunities this problem reinforces local disadvantage.

Fostering local employment opportunities

Increasing job opportunities in places with few jobs, as a policy response, has the advantage of keeping people connected to their social networks and reducing population pressure in areas of high employment growth. However, the balancing risk is that those most disadvantaged in the labour market may not benefit from such policies. From a social investment perspective the Government should focus such policies so that they do target disadvantaged groups. Policies should aim to contribute to local economies, as well as building the capacity of people disadvantaged in the labour market.

In addition opportunities for local economic and employment growth are facilitated through developing partnerships between central government, local authorities, communities and employers. An example of this is identifying the creation of new employment opportunities and tailoring training and employment assistance to help local people into these jobs.

Job creation in areas of high unemployment offers advantages in keeping people connected to their social and family networks as well as reducing pressures on areas of high job growth

Supporting economic growth

From a social development perspective it is critical to have an economic and regulatory framework that supports economic growth. The quality and number of jobs is dependent on the ability of businesses to create them. Government should provide a regulatory environment to stimulate economic and associated employment growth.

However, such policies and regulations must also reflect New Zealand's broader social and environmental goals. Sometimes employment opportunities need to be balanced against other concerns such as conservation.

Where to from here?

We propose that further consideration be given to the following areas.

Assisting people into employment

Goal

To improve the effectiveness of case management in providing practical help to people who receive a benefit so they can get a job.

Government should consider increasing the investment in employment case management to assist people disadvantaged in the labour market. Options include:

- investing in higher levels of employment-focused case management to ensure that it can be effective in increasing the employment prospects of clients in the long term;
- enhancing the effectiveness and efficiency of risk and needs assessment for disadvantaged job-seekers;
- providing further help to people during the early stages of new work opportunities so they can better adjust to their new circumstances; and
- building our knowledge of what works in delivering effective employment assistance, for example, assistance that is appropriate to the needs of the person and the local labour market.

We need to increase investment in employment case management to assist people disadvantaged in the labour market

Building people's skills and capacity

Goal

To improve the level of relevant employment skills among people who are disadvantaged in the labour market.

Government needs to assist in providing people with the skills to respond to a changing and unpredictable labour market. Options include:

- improving the overall level of literacy skills and encouraging more people into further education;
- increasing the orientation of education toward work, ensuring that education and training are relevant to new and local labour market trends;
- developing a co-ordinated strategy to ensure successful school-to-work transitions; for example, the Christchurch Youth Strategy, partnerships with schools and Modern Apprenticeships; and
- continuing to monitor and evaluate how best to build the labour capacity of low-skilled people in the light of experience with existing local and international labour market programmes.

Education and training needs to be more closely aligned with work and in particular the needs of new and local labour market trends

Matching people and jobs

Goal

To improve information and assistance to meet the needs of both job seekers and employers.

Success in matching people and jobs depends on timely and accurate information, and effective networks between government, business and workers. Options include:

- improving the flow of labour market information for all job seekers and employers; for example, through the e-Services strategy and the Future of Work and Skill Forecasting projects;
- assisting disadvantaged job seekers to market themselves to employers and supporting transitions to work from benefit; and
- increasing the placement of people at high risk of long term unemployment into work by tailoring assistance to meet the needs

Work-specific training, wage subsidies and modified workplaces for people with disabilities could be increased to improve help for people at risk of being long term unemployed

of employers and job seekers; for example, work-specific training, wage subsidies, and modification of workplaces for disabled workers.

Meeting childcare needs

Goal

To improve the supply of quality affordable and accessible childcare services to the people who need them.

Further consideration is needed on the effectiveness of current regulations and funding to ensure that quality childcare is affordable and accessible to workers on low-incomes. The Government should consider:

- ways to stimulate the supply of high quality childcare services in areas, or at times; for example, for work during non-standard hours, where they are not currently available; and
- funding options and rules for childcare provided by family and whānau require particular consideration.

Improving access to work

Goal

To improve geographical access to employment opportunities for people who are disadvantaged in the labour market.

Where people can afford to live often determines the employment opportunities available to them. We propose the following options to improve access to work:

- helping job seekers to find affordable accommodation in areas with employment opportunities and assisting people who wish to relocate to move to places with more jobs;
- considering ways to increase transport options for low-income people seeking jobs; and
- supporting initiatives that lead to employment growth for disadvantaged people in places with few jobs.

We need to consider funding options and rules for informal childcare arrangements that many people prefer to traditional childcare services

We need to help people meet accommodation and transport needs as well as supporting economic growth

Fostering local employment opportunities

Goal

To support regional and local initiatives to create jobs.

We should:

- provide employment services in a flexible manner to support creation of jobs in new or expanding businesses for disadvantaged job seekers;
- develop partnerships with communities and industry to enhance local employment opportunities; for example, with forestry and seasonal horticulture industries to address existing and potential labour shortages;
- enhance and further develop partnerships with iwi and hapū and urban Māori organisations; and
- strengthen partnerships with local government; for example the Mayors' Taskforce for Jobs and the Canterbury Development Corporation.

Provide employment services flexibly to create jobs for disadvantaged job seekers

Supporting economic growth

Goal

To set a policy framework that supports the growth of employment opportunities, including opportunities for self-employment.

Social development is dependent on robust employment growth. The Government should:

- support a stable and transparent fiscal and monetary policy that promotes growth and considers distributional consequences; and
- aim for employment growth consistent with social and environmental objectives.

Chapter 3

Providing for retirement

Key Messages

- Currently older New Zealanders are faring better than the rest of the population, although some older people face hardship.
- Given the relative position of older people compared to the population as a whole, we do not recommend an increase in overall per person spending on older people at this time.
- New Zealand Superannuation is costly and there are some risks around its fiscal, political, economic and social sustainability in its present form.
- Retired people have difficulty adjusting their circumstances to accommodate changes in policy. Retirement income policy should be stable and predictable.
- Asset accumulation, including savings and home ownership, make an important contribution to the living standard of people in retirement. We should continue to support voluntary, private provision for retirement.
- Current arrangements for paying New Zealand Superannuation overseas are limited and inequitable. Reform of those arrangements is needed.
- We need to maximise the valuable contribution that older people can make to society by actively encouraging and supporting their participation.

Introduction

The Ministry of Social Development contributes to policy on income issues for older people. It also has a wider role in terms of advising on social policy issues for older people. New Zealand Superannuation is delivered by the Ministry of Social Development's Work and Income service.

New Zealand has a two-tier system of retirement income provision. New Zealand Superannuation, a universal flat-rate public pension funded from general taxation, comprises the first tier. The second tier consists of voluntary private provision by individuals to enhance their standard of living.

In addition, there are a variety of additional forms of social assistance available to help alleviate hardship.

Research indicates that the current system has been successful in protecting the majority of older people from hardship. Private provision for retirement through home ownership, occupational pension schemes, and voluntary private savings make an important contribution to the current relative level of living standards among the retired population.

Older people have skills, knowledge and experience to contribute to society, and the expected growth in the proportion of older people during the coming decades will provide New Zealand with a valuable resource. It is therefore important that the Government takes steps to maximise opportunities for older people to participate in the community and continue to lead productive lives in the economy and society.

Over the last three years work has taken place to address issues relating to retirement income and encourage participation of older people. This work has included:

- the introduction of the New Zealand Superannuation Fund to put in place policy for the partial pre-funding of New Zealand Superannuation;
- education and encouragement of private provision for retirement income; and
- the introduction of the Positive Ageing Strategy.

Over the next three years we need to continue to support and monitor those initiatives recently introduced. In addition, the portability arrangements of New Zealand Superannuation paid overseas, and the treatment of overseas pensions paid within New Zealand, require consideration.

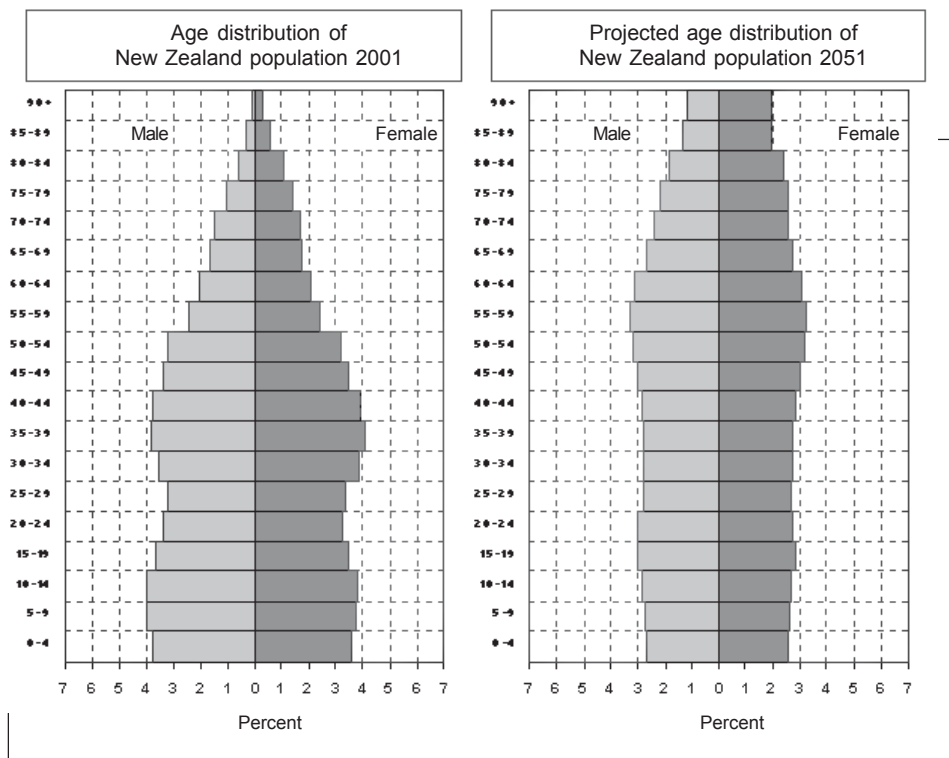
Encouraging people to save for their retirement will be vital in being able to maintain the living standards currently enjoyed by most older New Zealanders

Where are we now?

Older population

Data from the 2001 Census shows that 12% of the general population are aged 65 or over. This is expected to increase over future years, with a projected 26% of the population being over 65 by the year 2050. This trend is shown graphically in Figure 1 below.

Figure 1: Age Distribution of New Zealand Population⁶



By 2050, it is estimated that more than a quarter of New Zealanders will be over 65 years of age

Māori are less likely than non-Māori to reach the age of 65. Only one in every 30 people of Māori ethnicity is currently 65 years or over. This proportion has increased from one in every 40 in 1991, and is expected to continue to grow.

Material wellbeing

Provisional results from the 2000 *Standard of Living Survey*⁷ show that most older New Zealanders enjoy a good standard of living and fare well

relative to the rest of the population.

A minority (7%) of older people face some hardship but this proportion is considerably lower than that for other age groups. In contrast, levels of material wellbeing of older Māori and Pacific peoples are markedly below the average for all older people and are no higher than those of younger Māori and Pacific peoples.

Public provision

The current system of New Zealand Superannuation is costly. Current gross spending on New Zealand Superannuation comprises approximately 40% of total welfare expenditure and 14% of total government expenditure.

The New Zealand Superannuation Fund was introduced in 2001 as a way of partially pre-funding New Zealand Superannuation. This will help address the fiscal sustainability of New Zealand Superannuation, reducing the fiscal cost from 10.1% of GDP forecast for 2050, to approximately 8.3% of GDP.

The rates of New Zealand Superannuation are linked to wages, and must be within 65-72.5% of the average ordinary time wage for a married couple. Other social assistance, paid by way of income-tested benefits, is price-linked and regularly adjusted in accordance with the Consumer Price Index.

In recent years rates of superannuation have remained within the wage band and have consequently been adjusted only in line with inflation. However, it is likely that wage rises will trigger the wage link in the near future. When this occurs, individuals receiving superannuation will become increasingly better off compared to those on income-tested benefits over time.

Private provision

Private provision for retirement in New Zealand is made on a voluntary basis without tax concessions or other direct concessions to encourage savings. We need to continue to educate and encourage people to make private provision for their retirement. This is likely to reduce pressure for increased expenditure on New Zealand Superannuation in the future and will contribute to increased living standards for older New Zealanders.

The Retirement Commissioner has undertaken a significant programme of work to educate and encourage people to make private provision for

New Zealand Superannuation comprises approximately 40% of total welfare expenditure

their retirement. This has included a publicity campaign, the establishment of a website and education within schools to encourage good financial management practices.

Some groups are less able than others to make private provision for retirement. Māori are one such group, due to lower levels of income and health status when compared to non-Māori. Pacific people are similarly placed. Māori and Pacific peoples also have cultural responsibilities not faced by others, which can place short term demands on their income and reduce their ability to save.

Positive ageing

A Positive Ageing Strategy was launched in April 2001. This strategy reinforces a commitment to promote the value and participation of older people in communities. Ten goals are identified for government action on income, health, housing, transport, ageing in place, cultural diversity, rural services, positive attitudes, employment, and opportunities for education and community participation. All government agencies are required to identify work items each year to contribute to the goals of the strategy.

The Ministry of Social Development is responsible for monitoring and reporting how well the strategy is implemented. This includes an annual report to the Government on the progress of work items identified in the Positive Ageing action plans, as well as three-yearly *Status Reports* on the situation of older people in New Zealand. The first *Status Report*, published in October 2001, provides a comprehensive overview of government action on each goal and its key actions as a baseline for measuring progress on the strategy.

What are the issues?

Portability of New Zealand Superannuation

There are currently limited arrangements for paying New Zealand Superannuation overseas. These arrangements have implications for the level of payment of New Zealand Superannuation and tax implications.

Generally, people eligible for New Zealand Superannuation can receive 50% of the full rate if they choose to retire outside New Zealand (or up to 100% for Pacific countries). This portability is limited, however, in that the applicant must apply from within New Zealand, and must specify a country where they will live permanently in their retirement.

Māori and Pacific people face more difficulties than other groups in being able to save for their retirement

The current arrangements are inequitable as the amount of New Zealand Superannuation a person receives can vary, depending on which country they are going to, and whether or not that country has a social security agreement with New Zealand.

With an increasingly globalised society, more people are likely to want to retire overseas. Those wishing to retire in a country with which New Zealand does not have a social security agreement are not helped to do so.

In addition, the treatment of overseas pensions in New Zealand hinders the negotiation of social security agreements with other countries. This is because some countries object to the direct deduction policy, which deducts overseas pensions dollar for dollar from New Zealand Superannuation.

There are potential savings to the New Zealand Government from a larger network of social security agreements because more New Zealand residents who have worked overseas would be able to claim an overseas pension.

Policy responsibility and governance

The policy responsibility for retirement issues is shared between the Ministry of Social Development, Treasury and the Retirement Commissioner. All have an interest in retirement issues. A continued collaborative approach is essential to ensure coherent policy advice.

Cabinet has recently agreed that the Retirement Commissioner should take on the function of producing regular periodic reports on retirement issues. This changed role will require a significant increase in the policy capacity of the Office of the Retirement Commissioner.

Private provision of retirement income

Private provision for retirement continues to be an important component of retirement income policy. As the population ages, the cost of New Zealand Superannuation is expected to increase from 4.5% of GDP now to 10.1% of GDP by 2050. Compared to other OECD countries, the proportion of GDP spent by New Zealand is lower than average currently, but by 2050 is expected to have risen to the average.

The more private provision that people are able to make, the less likely it is that there will be significant pressure to further increase spending on New Zealand Superannuation. However, it must be recognised that the

Current arrangements for paying New Zealand Superannuation overseas are limited and inequitable

The cost of New Zealand Superannuation is forecast to grow from 4.5% of GDP to 10.1% by 2050

ability of different groups to make private provision varies across society, and any future planning assumptions about ideal levels of private provision need to take this into account.

Participation of older people

We need to encourage older people to remain active and continue to participate in family and community life. We also need to ensure that policies and practices allow older adults to continue in the paid workforce, not only to maintain the self-esteem of the individuals involved but to reduce financial dependence on the state and contribute to economic growth. Increased opportunities are needed for older people to continue to participate in the workplace and in other sectors of society.

Older people can make a major contribution to families and indirectly to the workforce by caring for children. They can also play a valuable role by volunteering and participating in community life in other ways. Inter-generational programmes and activities provide opportunities for older people to contribute to the wellbeing of young New Zealanders. For example, older Māori, including kaumātua and kuia, play a significant role in passing on knowledge about Māori culture to younger generations. These activities help young people develop positive attitudes to ageing and influence their views of their own participation in older age.

Where to from here?

The situation of older people in New Zealand is relatively good, although this is less often the case for Māori and Pacific peoples. There is little need for significant new expenditure in the short to medium term in the retirement income area, but there is a need to ensure those people in financial hardship receive their full entitlement to additional forms of social assistance.

There are significant benefits from having a stable policy environment in relation to retirement income. As people approach retirement they have relatively little opportunity to alter their circumstances to reflect changes in government policy. Any change of policy may have significant implications, both fiscal and social, due to the size of the retired population and the level of expenditure involved. It is preferable for people to be confident that the rules will not change significantly without adequate prior notice.

Areas where there are opportunities for improvement are:

More should be done to support older New Zealanders to participate in work and in their communities as they have valuable skills and experience

People require certainty about superannuation rules as it is more difficult for people to adapt their circumstances as they grow older

Portability of New Zealand Superannuation

Goal

To ensure equitable portability arrangements for New Zealand Superannuation and increase the scope for mutually beneficial social security agreements with other countries.

We should:

- provide equitable general portability arrangements for New Zealand Superannuation which allow the same level of entitlement regardless of the country where a person chooses to retire;
- reconsider the treatment of overseas pensions paid into New Zealand so that other countries consider that their pensioners are being treated fairly under the New Zealand system; and
- reduce barriers to migration flows.

Policy responsibility and governance

Goal

To ensure a continued collaborative approach to the development of retirement income policy.

We should:

- ensure that there is a shared understanding of the responsibilities of different agencies; and
- take leadership in providing comprehensive policy advice to government on retirement income issues through an inter-sectoral approach to policy development.

Although not newly emerging issues, there is a need to continue to work in the following areas:

We need to make pension portability fairer for people who want to retire overseas

Private provision of retirement income

Goal

To increase the level of private provision for retirement made by New Zealanders.

We should:

- continue to educate the general public about planning and saving for retirement, through advertising, internet etc;
- continue to educate young people about good financial management practices; and
- encourage the development of employer-based superannuation schemes.

Participation of older people

Goal

To increase numbers of older people who play an active role in New Zealand families, communities and society.

We should:

- continue implementing the work programme associated with the Positive Ageing Strategy, including initiatives in the areas of income, health, housing, transport, ageing in place, cultural diversity, rural services, positive attitudes, employment, and opportunities for education and community participation;
- investigate options for the Ministry's Work and Income Super Centres to play a more active role in providing information and assistance to encourage older people to participate in communities and volunteering;
- promote intergenerational programmes in schools and communities; and
- encourage older people to participate in mentoring programmes.

We need to encourage people to plan and save for retirement

We should consider using Work and Income Super Centres to provide information and assistance to older people about greater community participation

Chapter 4

Investing in children and young people

Key Messages

- Improving outcomes for children and young people right now is essential for the future wellbeing of all New Zealanders.
- Government needs to support and invest in children and young people because:
 - good outcomes in childhood promote good outcomes throughout life; and
 - children are less able to protect and promote their interests, rights and needs than adults.
- Low family income contributes to poor outcomes for children. Addressing the negative outcomes associated with child poverty in the short term, as well as improving children's economic security in the longer term, is critical.
- Services for children and young people at high risk of poor outcomes because of child abuse and neglect, family violence or offending behaviour need to be improved, better co-ordinated and more comprehensive.
- We need to better co-ordinate the actions and advice of government agencies as they relate to the needs of children and young people by providing clear, mandated leadership.
- Children and young people should have better opportunities to participate in our democracy and to feed in to decision-making where they are affected.

Introduction

Supporting and investing in children and young people is important for two reasons: because children and young people are tomorrow's adults, workers and parents; and because they are members of society with rights of their own.

Children and young people are much less able to advocate for and defend their rights and interests than other citizens. Government therefore needs to play a role in protecting the rights, interests and needs of children and young people, particularly when parents or guardians are not able to do so.

Research evidence indicates that good adult outcomes are built on positive childhood experiences, and that poor child outcomes can be difficult to overcome as children become adults. Government assistance is important in addressing some of the problems confronting children and young people, and in creating opportunities to build on their strengths.

Where are we now?

The proportion of children and young people as a subset of the New Zealand population is reducing. At the same time, a growing proportion of children and young people identify as Māori, Pacific and Asian.

The Ministry of Social Development holds policy responsibility for children's issues, including children's rights, child abuse, care and protection of children and youth offending. The Department of Child, Youth and Family Services is responsible for the delivery of care and protection and youth offending-related services. The Ministry of Social Development also has a policy interface with the Ministry of Youth Affairs, which deals with young people's issues.

The Ministry contributes to cross-government work in areas where issues for children and young people cross over traditional sector areas, including:

- parent support and development;
- transitions to work; and
- children and young people facing multiple disadvantages.

Child outcomes

A significant group of children live in families with low living standards (refer Part 2, Chapter 1). Child poverty, particularly if severe or prolonged,

The Government needs to protect the rights and interests of children and young people as they are unable to advocate for these rights in the same ways as adults

can have serious impacts on child health, achievement in education and later outcomes. A number of children and young people are also the victims of abuse and neglect. In 2001 there were 5.5 substantiated cases of child abuse and/or neglect for every 1000 New Zealand children under 17 years old.⁸

Health

Although child health outcomes in New Zealand are generally good, there are some areas where outcomes are of concern. Poor health outcomes among children tend to be correlated with low socio-economic status and/or Māori or Pacific ethnicity. Problem areas include hearing loss among pre-school children (more common among Māori and Pacific) and low birth-weight (more common among Māori).

The health of babies and young children influences outcomes later in life. For instance, hearing loss in early childhood has a significant effect on educational, emotional and social development. Fostering good habits in relation to diet, nutrition and exercise are important to prevent health problems including obesity. Pre- and post-natal parental education and support can help promote good health for children and improve the chance that health problems are addressed quickly.

Education

Demographic forecasting suggests that the size of the retired population will rise relative to the rest of the population from around 2010. As the working age population shrinks, it will be more critical than ever that today's young people join the paid work force and engage in productive, skilled jobs. Education is the most important pathway towards this outcome. Preparing and supporting young people to make a smooth transition from school to work or further study is a critical issue.

Many New Zealand children struggle to achieve basic reading and writing skills at primary school. Problems associated with low achievement such as bullying and disruptive behaviour appear to be becoming more serious, and suspensions are a significant contributor to lost educational time. While the proportion of school leavers with qualifications increased in the 1980s, there was little improvement over the 1990s.

We are making progress in early childhood education. New Zealand has high rates of participation in early childhood education, although Māori and Pacific children are under-represented. We need to make improvements in the achievement of our children and young people through

For every 1000 children under 17 years in New Zealand in 2001, there were more than five children who were the victims of child abuse and neglect

Too many New Zealand young people are leaving school without basic qualifications

pre-school, primary and secondary school.

Improving outcomes for Māori and Pacific children

Government agencies continue to respond to the need to improve outcomes across the board for Māori and Pacific children. It is now more common for government agencies to work with Māori and Pacific people to change agency culture and practice, design more appropriate services, improve equity of funding, and invest in the capacity of iwi and community based service providers.

Human rights

Human rights for children and young people are a more significant public policy issue than ever before. Public awareness of rights issues has increased since New Zealand ratified the United Nations Convention on the Rights of the Child (UNCROC) in 1993.

What are the issues?

Child poverty and associated problems

Low family income contributes to poor nutrition, parental stress and difficulties accessing education and recreation – and in turn to poorer outcomes as children mature.

Ensuring people have the opportunity to earn an adequate income from employment is central to the elimination of child poverty. However, the effects of child poverty must also be addressed in the short term. Quality parenting can provide some compensation for financial disadvantage, while good parenting skills and practices can prevent the stresses of poverty being passed on to children through abuse or neglect.

Services that reduce the problems associated with poverty on children and young people need greater emphasis.

Youth offending

Research and recent reviews, such as the 2002 Ministerial Taskforce on Youth Offending, indicate there are still significant problems in the delivery of services for children and young people who offend. Improved service delivery has the potential to reduce youth offending and re-offending rates. Current problems include:

- gaps in services delivered by the Department of Child, Youth and Family Services, health and education providers;

***Quality parenting
can provide
some
compensation
for financial
disadvantage***

- problems with co-ordination across government agencies; and
- lack of the information needed to ensure that quality services are provided in time-frames that meet children and young people's needs when they arise.

Family Group Conferences following offending by children and young people are relatively successful. 60% of young offenders who attend these do not come back to the Youth Court as a result of further offending.⁹ We need to build on this success and reduce re-offending further.

Safety, care and protection of children and young people

The 2000 Review of the Department of Child, Youth and Family Services by Judge Mick Brown concluded that there was a lack of common vision and strategy across care and protection services. In response, the Ministry has led the development of a Blueprint for the care and protection sector. Although the Blueprint is yet to be formally released, action to implement it is already underway in a number of areas.

Violence in families/whānau seriously affects the wellbeing of children, whether they witness violence on others or are the victims of violence themselves. The effects on children can be extensive and multi-dimensional and can negatively impact upon their personal growth and potential. Studies show that children who experience violence in families/whānau are more likely to develop severe cognitive and behavioural problems, to become violent as adolescents, and to continue the cycle of violence as adults. Te Rito/the New Zealand Family Violence Prevention Strategy aims to promote families/whānau living free from violence and improve our understanding of the issue.

In the year to June 2001, child abuse rates were lower than for the previous three years. It is too early to be confident about whether this trend will continue. New Zealanders remain very concerned about the current levels of abuse against children and young people.

Section 59 of the Crimes Act is a legal defence for parents/caregivers charged with assault-type offences against their children. This legislation is at odds with the articles of the United Nations Convention of the Rights of the Child.

Complex issues require whole-of-government responses

The Government currently works to improve the lives of all children and young people through the provision of health care, education, and other services aimed at children and young people at risk. Supporting and

The Government should build on the relative success of Family Group Conferences

While New Zealanders remain concerned about child abuse, rates were lower in the year to June 2001 than in the previous three years

investing in meeting the needs of at-risk children and young people involves tackling complex issues that often arise from an accumulation of problems over time.

To find solutions, we need to work with the individual child or young person, their family, community, school and peers – and to be culturally responsive.

We need to ensure that this work is well co-ordinated and underpinned by a focus on:

- the child/young person's whole life, circumstances and culture;
- what children and young people need for healthy development; and
- what can be done across government to support that development.

Such a focus is known as a whole child or youth development approach. Cross-government work and programmes to date have achieved some success in helping more children and families to access the services they need. There are now several cross-government responses to complex issues for children and young people. These areas of work are inter-related and involve similar groups of government agencies. They include:

- Strengthening Families;
- Family Start;
- Social Workers in Schools;
- the Care and Protection Blueprint;
- the Youth Suicide Prevention Strategy/Kia Piki te Ora o te Taitamariki;
- policy work on youth offending; and
- work to improve community-government relationships.

Cross-government work needs to continue, particularly for children and young people whose needs are highest.

Participation of children and young people in decisions that affect them

Children and young people, especially those who have not reached the legal voting age, have fewer opportunities than older citizens to protect their own interests or advocate on their own behalf.

Involving children and young people in decision-making has the potential to benefit all concerned by:

- improving adults' understanding of their ideas, issues, interests,

Cross-government work needs to continue, particularly for children and young people whose needs are highest

Involving children and young people in decision-making processes gives benefits to them as well as to adults

- and needs;
- leading to more responsive, efficient and effective policies and services;
- providing young people with greater ‘ownership’ of those policies or services; and
- providing those involved with new learning experiences, practical civic education and the chance to contribute to their own community.

Recent consultation with New Zealand children and young people highlighted their frustration at not being heard in relation to decisions that have significant impacts on them.

Where to from here?

Addressing child poverty and associated problems

Goal

To promote economic security for children and young people and to reduce the negative effects of poverty on children and young people.

Improving overall family income is one of the more effective levers governments can use to reduce the negative effects of poverty on children and young people. Ensuring parents and caregivers have adequate income to meet their family’s needs and also the opportunity to earn an adequate income from paid work are therefore key policy and service delivery objectives for the Ministry. This issue is discussed in more detail in Chapter 1.

Government should also use other tools to offset the current negative impacts of poverty on children and young people. Government should consider options to:

- improve the coverage and quality of parent support and development programmes;
- increase access to health promotion and healthcare services during early childhood and consider the potential for further direct provision of important goods and services to children; and
- increase access to and affordability of good quality early childhood

One of the single most effective levers available to the government in addressing child poverty is to ensure families have an adequate income

education services, regardless of whether parents are working, for example by increasing subsidy levels.

Addressing youth offending

Goal

To reduce youth offending and to improve outcomes for young offenders.

We need to continue to progress actions associated with the Youth Offending Strategy to improve the Family Group Conference process for young offenders, including:

- refining the Children, Young Persons, and Their Families Act 1989;
- supporting practice improvements by Police and the Department of Child, Youth and Family Services; and
- establishing local Youth Offending Teams to improve joint action.

Safety, care and protection of children and young people

Goal

To improve security of care for children and young people who are at risk of violence, abuse or neglect.

The Ministry-led Care and Protection Blueprint has led to action to improve local service planning, promote good practice, and support workforce development in the care and protection sector (including Department of Child, Youth and Family Services). We now need to work with families and communities in order to:

- improve local service planning so that care and protection resources are better used in promoting the wellbeing of children and young people;
- promulgate good practice across care and protection services; and
- support workforce development, including through the progressive implementation of registration for social workers.

Addressing violence in our society requires changing attitudes towards

A range of options to address youth offending are being progressed through the Youth Offending Strategy

the acceptability of violence. As discussed in the Agenda for Children, government can contribute more to programmes aimed at reducing bullying in schools and public education associated with ending assaults against children.

We believe government should support extensive public education over an extended period of time to change attitudes to child discipline and build public support for the eventual repeal of section 59 of the Crimes Act.

Parent support programmes, and interventions such as Family Start, which target high-risk children and families and aim at improving the quality of care children receive, show significant potential. We should continue to monitor and evaluate the outcomes addressed by these programmes. Parent support programmes are discussed in more detail in Chapter 5.

Improving the focus of government policy and services on children and young people

Goal

To improve policy and services for children and young people by providing for a better integrated approach through clear, mandated leadership.

To achieve improved outcomes for children and young people we need to:

- ensure that there is a common understanding between government agencies about what children and young people need for development; and
- work across government to implement a shared whole child/youth development approach to policy and services for children and young people.

The goal is to better align key policies and investments affecting children and young people, including through multi-service, multi-level solutions for complex problems.

The Government has recently taken the first step to place children and young people at the heart of policy by adopting the Agenda for Children with its 'whole child approach', and the Youth Development Strategy Aotearoa. The Ministries of Social Development and Youth Affairs have

The Government should consider educating the public to build support for the repeal of section 59, which provides a defence to parents who hit their children

worked together to link the two strategies under a joint Action for Child and Youth Development work programme.

We need to develop a more coherent approach towards policies affecting children and young people from birth through to 24 years of age. It is difficult to achieve this currently because there are uncertain and divided responsibilities between agencies. Government should build on the platform created by the Action for Child Youth Development programme by asking the Ministry of Social Development to co-ordinate policy and service development for children and young people across government.

Government should also consider:

- establishing investment in children and young people formally as a Key Goal of government in order to enhance support for and alignment of the work programmes of all government agencies; and
- promotion of the concept of ‘child- and youth-friendly communities’ in partnership with local government and community organisations.

Participation of children and young people in decisions that affect them

Goal

To promote participation of children and young people in decisions that affect them.

There is a need for greater opportunities for children and young people to participate in civic life, particularly in government and community decision making processes that are relevant to them.

We need to work with other government agencies, with local government, and with communities and schools to identify ways of facilitating children’s and young people’s participation in decision-making processes that affect them. This should include children’s participation in:

- processes that give them a greater voice at a national and local level;
- the governance and management of schools; and
- Family Court processes.

The Government should establish investment in children and young people as a key goal

Consideration should be given to how children and young people can have a greater voice in decisions that directly affect them

Chapter 5

Strengthening our families

Key Messages

- Strong families are critical to achieving good outcomes for children and young people, and social wellbeing for all New Zealanders.
- In the past 40 years the shape and circumstances of families in New Zealand have changed considerably.
- While many of the changes have increased opportunities for families, they have also increased the challenges many families face. Family failure has high costs for New Zealand and New Zealanders.
- There is no overall government strategy to support families. Education, health and social programmes provide much support, but are often not well co-ordinated. There is a plethora of problem-focused initiatives, but their effectiveness is not always clear, and coverage is patchy.
- Government should:
 - develop an overall family strategy;
 - consider expanding support services for families, focusing on building skills more than on remedial actions;
 - improve and extend services to highly vulnerable families; and
 - give priority to family violence prevention.

Introduction

Families matter to their members, to the community and to government. Strong families maintain and improve the wellbeing of their members. They nurture and protect children, provide care for people with disabilities and older people, provide material and emotional support, and pass on culture, knowledge, values, attitudes, property rights and obligations from one generation to the next.

Contemporary families vary greatly. There is now a wide range of family structures, often with members in more than one household. Families change more rapidly than they did in the past. Family policy needs to take account of this diversity.

Government policy has a very significant influence on family circumstances. It affects families' material and social wellbeing. For example the Government's decisions influence:

- the level of income a family receives;
- the arrangements made when families change; and
- the costs of health, education, security and other services which families use.

When families do not work well the costs are borne by their members, employers, the community and the Government. Children have poorer health and education; and sustaining employment is more difficult for young people and adults. The costs are considerable: both direct costs for such things as remedial health and education, and the cost of loss of potential in family members' contributions to New Zealand's economic and social development.

Where are we now?

The Ministry of Social Development leads the development of family policy across government agencies. An important aspect of this leadership is ensuring that an integrated approach is taken to the development of government policies that assist families at the individual, family and community levels. In addition, the Ministry delivers social assistance to over 100,000 New Zealand families through its Work and Income service.

Family circumstances

The social and economic circumstances of families, and families' responses to those circumstances, have changed considerably over the past 40 years:

We must recognise and support the growing diversity of New Zealand families

The cost of failing families is significant and borne by all

Changes in families and family circumstances		
Family size ¹⁰	2.49 children per family in 1966	1.93 children per family in 2001
Median age for men and women marrying for the first time	23.0 years for men and 20.8 years for women in 1971	29.3 years for men and 27.5 years for women in 2001
Median age of women giving birth	24.9 years in 1971	29.8 years in 2001
Marriages where one or both partners previously divorced or widowed	16.1% in 1971	36.6% in 2001

Family type, families with dependent children		
Two parents (married)	83% in 1981	59% in 2001
Two parents (de facto)	3% in 1981	11% in 2001
Two parents (same sex)	0.1% in 1996	0.2% in 2001
Sole mother	12% in 1981	24% in 2001
Sole father	2% in 1981	5% in 2001

The most significant changes are:

- Families have fewer children, and women are having children at a later age. This can be associated with increased risks of infertility, and an overlap of responsibilities for children with responsibilities for support for older family members.
- Most women in families are also in paid work, which often means that children are cared for by people outside the family, childcare services, or extended family members such as grandparents.
- Family structures change more often, with more families needing to deal with issues of separation, repartnering and split custodial arrangements for children.

Changing family structures are now common and more people experience the stresses associated with family breakdown

- While culture has always been important, there is a greater and broader awareness of its significance in society as a whole. Support services have had to give greater recognition to the cultural appropriateness of their services.
- Economic changes have meant both increased opportunities and increased threats for families. The range of economic circumstances of families has widened, and more families have to deal with stresses such as loss of employment, or pressure on incomes.
- Changes in the use of institutional care and in education and training, such as de-institutionalisation, and young people spending longer in education, have increased demands on families to provide continuing care and support.

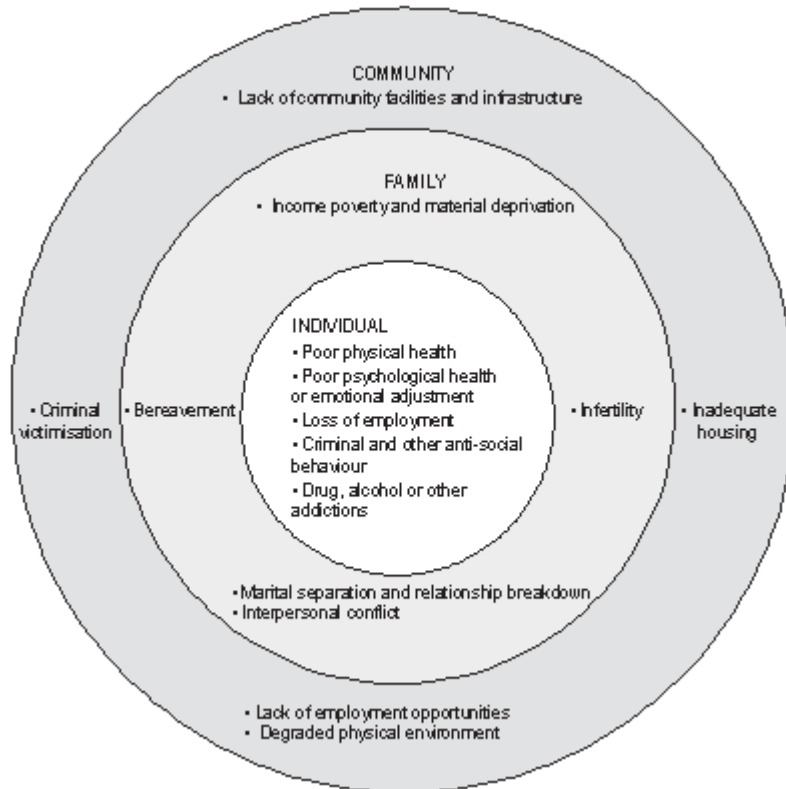
Modern trends including de-institutionalisation and people remaining at school longer will increase and extend the demands on some families

Challenges families face

The ability of families to provide for their members, and cope with change and adversity, depends on a range of factors at an individual, family and community level and the interactions between them. Good education outcomes, for example, depend on individual characteristics, the support provided by the family, and the quality of community institutions, schools in particular.

Figure 1 (over the page) sets out some of the factors that exist at different levels that can threaten an individual family's ability to support the positive social development of its members.

Figure 1: The factors that affect the family



While all families have to deal with stressful life impacts some are better equipped than others to cope with these events

Of course, many of these events and circumstances are part and parcel of life. All families have to deal with bereavement; many have to deal with the health problems of their members; increasingly families have to deal with loss of employment.

Strong families

At a family level, research shows that families that are better able to meet the challenges and complexities of changing circumstances have particular characteristics. These include:

- *Family cohesion*: a sense of togetherness or closeness as a family.
- *Flexibility and adaptability*: a capacity to respond to change.
- *Effective internal communication*: a practice of passing on information to ensure family members feel valued, loved and trusted.
- *Good coping skills*: an ability to confront and deal with problems.
- *Positive parenting*: parenting that is high on both warmth and control.

- *A sense of culture and family heritage*: an ability to pass on social values, customs, practices, language, knowledge and skills.
- *A well developed belief system and/or cultural heritage*: family rituals, values and knowledge, grounded in spiritual beliefs, or linked to a wider tradition, and an ability to shape self-esteem and responses to adversity.

These features describe the characteristics demonstrated by strong families in times of stress.

Government helping families to be strong

Government can assist families to deal with the challenges they face in two ways:

- enhancing the characteristics that enable families to deal with stress; and
- reducing the impact of factors that lead to stress.

The Government is already making a significant investment in reducing or eliminating the effect of factors that lead to stress on families. Government's investment in health, education, income support, employment services and housing provide targeted assistance to individuals and families, and its broader social, community and environmental policies provide collective benefits at the wider community level.

The Government also invests in enhancing the characteristics that enable families to deal with stress. Most of this investment is targeted to highly vulnerable families through programmes such as Family Start, and to families with some vulnerability through programmes such as Parents as First Teachers. A relatively small amount is being invested in assistance to all families through programmes provided by community organisations.

In addition, government agencies have taken some action that assists the families of their clients. For example, the Ministry of Social Development is involved in the following three initiatives:

- The whānau case management approaches that have been developed in eight regions. This involves consultation with the wider family to address barriers to work, such as transport, child care or disability issues.
- Partnerships that have been developed in the southern region with

Government can support families to develop skills that allow them to cope better with stressful life events

Universal health, education and employment assistance is an investment in all New Zealand families

community and church-based groups, to ensure that families are able to develop the skills and access the resources they need to enable their members to enter into training and employment.

- The Strengthening Families collaborative case management approach that has been developed in partnership with the Ministries of Health and Education and the Department of Child, Youth and Family Services. This involves 59 local management committees that bring together government departments to provide co-ordinated services to vulnerable families who have come to the notice of more than one agency.

Specific targeted assistance to high risk families is being provided in different ways in different parts of New Zealand

Current challenges and responses

Some of the more negative consequences of the current position of some families in New Zealand are of concern and deserve attention.

Economic circumstances: The number of families in difficult economic circumstances has increased since the 1980s, often the result of not having members in paid work. While the proportion of children living in families without a parent in paid work has fallen from a peak of 25% in 1991 to 21% in 2001, it remains high, in particular for Māori and Pacific children. The Ministry is working to assess the extent and cause of child poverty in New Zealand and identify appropriate policy responses.

Relationships: A number of families struggle to cope with structural changes such as the separation and divorce of parents. This can be seen in the number of disputes in the Family Court and the number which become long standing. We are working with the Ministry of Justice on legislative and practice changes in family law services. Other sorts of support such as relationship education also need to be considered.

Family violence: Violence within families, including child abuse, is a serious problem. Often this can be related to stress on family members, and to a lack of communication, dispute resolution and parenting skills. In March 2002, the government launched a strategy to maximise progress towards the vision of families/whānau living free from violence, Te Rito, the New Zealand Violence Prevention Strategy, which will guide government agency responses over the next five years. We are implementing the strategy as a family policy priority. Budget 2002 provided some funding for people to attend family violence intervention programmes and services outside of the formal court and police processes. A more co-ordinated government and community response to child abuse is another family policy priority. The Blueprint on Care and Protection, agreed on by the

Government earlier this year, provides a good basis for this.

Families with multiple problems: For a small group of families, there is evidence of overwhelming difficulties on several fronts, with heavy costs borne by family members, communities, and the Government. These families are the focus of many of government's social service programmes such as Family Start, which provides intensive support to families with infants. The Strengthening Families initiative has had some success in co-ordinating support for families across government agencies on a case by case basis. The Ministry of Social Development will continue to lead and/or support inter-agency programmes: most families with multiple problems are also clients of the Ministry's Work and Income service.

Impact on Māori and Pacific peoples: There is evidence that the effect of economic changes since the 1980s has impacted more negatively on Māori and Pacific families than on the population as a whole. This has exacerbated the pressures on families which arise from other issues specific to these groups: for Māori the loss of resources and the dislocation caused by rapid urbanisation; and, for Pacific people, being a migrant community.

What are the issues?

Lack of a broad focus and cohesive approach

One of the policy focuses in the 1990s was on families with multiple problems, and finding effective targeted ways to support them. A second focus, albeit sector by sector, was the importance of families to individual wellbeing and achievement. A third, more recent, focus has been on the need to make family law more consistent with the diversity of structures and processes in modern families. While much good work has been done, it has tended to be narrowly focused, and often not well connected.

The need for greater social investment across a broader range of families

The focus on families with multiple problems has limited investment in providing support for and strengthening many other families. This has been exacerbated by the need to improve childcare and protection services. However, these constraints put at risk our ability to get ahead of problems such as child abuse. More broadly targeted programmes such as improved social assistance and/or the provision of preventative health services and parent support and education have the capacity to address problems for some families before they become severe.

The Government's overall policy focus on families is too narrow and needs to be better co-ordinated across both government and non-government sectors

Poor coverage of intensive family support services

The need to provide intensive support early in the life of families facing multiple problems is well established. The challenge of providing this support in an effective way remains, though initiatives such as Family Start have been generally well received by the communities in which they are delivered. The coverage of this programme, however, is limited. Family Start is delivered from 16 sites, covering 18% of families who are eligible. Over the next three years the Government will receive the results of the outcome evaluation of Family Start. It will need to decide if and how it is to be expanded.

Overseas evaluations have shown that two-generation programmes, which provide intensive interventions focused on both the parent and the child are more effective than programmes that focus primarily on the parent.

Violence in families

The incidence and severity of violence within families is of serious concern. Te Rito has been well received as a broad strategic approach linking government and community family violence initiatives. It has a full action plan and a project is currently under way with Auckland University of Technology to scope the development of an evaluation framework for Te Rito. We have also started working with other government agencies to develop a family violence public education and awareness programme taking a community development/partnership approach.

Te Rito identified that more family violence programmes and services are required for Māori, Pacific people and people of other ethnic groups.

Where to from here?

Develop an overarching family strategy

Goal

To develop an overarching family strategy to be released in 2004 to make government assistance to, and support for, families more effective.

To help families care for their members and contribute to overall social and economic wellbeing, we need to better understand the links between policies and services across key sectors like health, education, and income support,

Expanding some of the more targeted family assistance programmes to all families could help some families before their problems become severe

Te Rito, the New Zealand Family Violence Prevention Strategy action plan, is now being implemented and offers real opportunity to reduce family violence

The Government should widen its focus on family policies and develop an overarching family strategy

and ensure that these are integrated and working together.

We also need to better understand the pressures on families now, and how better to work with communities to support families. We might pick up the challenges in such areas as relationship education, support for families through change, service co-ordination, and the best strategy for improving and/or protecting the economic position of families.

We propose the development of an overarching family strategy to bring a collective focus to these streams. Preparation of the strategy would include:

- an analysis of the likely composition of New Zealand families in 10 years;
- release of a public family policy discussion paper with proposed approaches to addressing the needs of families;
- developing policies, in partnership with communities, that will best assist families over the next 10 years;
- identifying desired outcomes for families, and a reporting system that measures progress against these outcomes; and
- a plan of action to be released alongside the family strategy in 2004, the tenth anniversary of the International Year of the Family.

Expand preventative services for a broader range of families

Goal

To increase the focus on preventative services for families in order to promote good outcomes for families and individuals.

Part of the work to develop a family strategy would be an investigation of the potential to expand some services for families with a focus on building skills rather than remedial actions. This should include:

- a review of overseas literature and evaluations of similar services, including work used in developing the Australian Stronger Families and Communities Strategy and, in the United Kingdom, the increasing support provided for parenting, family learning and voluntary organisations working with families;
- extending the recent examination of parent support and development programmes to a wider examination of all services currently provided in New Zealand both by government and by community organisations;

- looking at ways of better co-ordinating and possibly extending existing services, and better managing relationships across providers; and
- ensuring existing and new services are responsive to and complement development initiatives by Māori, and similar initiatives in Pacific communities.

This investigation should have a particular focus on parent support and development programmes, because of the benefits that positive parenting behaviours produce for children.

Improve and extend services to highly vulnerable families

Goal

To improve outcomes for highly vulnerable families, by helping them manage the challenges they face.

As part of the proposed family strategy, we also need to extend coverage of and improve services for highly vulnerable families:

- we should look at ways to build on what we are learning through the implementation of Family Start so that we can improve outcomes for more highly vulnerable families; and
- in the meantime we should consider the development of a pilot two-generation programme, which could later be used as a basis for amending the Family Start programme.

Addressing family violence

Goal

To work towards a society where families/whānau live free from violence.

Te Rito, the New Zealand Family Violence Prevention Strategy, sets out a strategy and implementation plan to maximise progress towards the vision of families/whānau living free from violence. In particular, we should give priority to:

- developing and implementing an evaluation framework for Te Rito,

We need to provide better parent support and development programmes that encourage good parenting

We should improve and extend services for highly vulnerable families based on evidence about what works

- so that we know that the money we spend and the actions we undertake to prevent family violence actually work;
- increasing funding for clients to attend family violence intervention programmes and services outside the formal court and police processes;
 - ongoing capacity building of Māori providers of family violence prevention services; and
 - development of a public education and awareness programme, taking a community development/partnership approach.

Increasing funding for family violence prevention programmes outside of the court and police processes would encourage more families to seek help

Chapter 6

Working with communities

Key Messages

- Strong communities enhance individual and collective wellbeing.
- Some communities, especially those where people face particular disadvantages or have special needs, are a priority for government investment.
- In order to improve both community outcomes and the support that communities can offer individuals, government should continue to:
 - build effective relationships with community organisations;
 - improve access to government services;
 - engage in joint planning with iwi, local government and community organisations; and
 - support community sector capacity and self-reliance.
- Leadership across government agencies which engage with communities is needed to ensure effective and well co-ordinated responses by government to community needs.

Introduction

Strong communities and community organisations contribute to individual, family and national wellbeing by providing people with opportunities to participate in economic and social life. Communities that are working well have the capacity to identify and respond to local needs and make good use of available resources.

Strong and vibrant communities are an important part of an innovative and cohesive society. Helping communities unlock unrealised resources, skills and assets, and their potential to help themselves is a tool for achieving social development goals.

By investing in processes to strengthen communities and community groups,¹¹ government is better able to identify and tackle complex social, economic and environmental problems and issues. Working with communities can be an effective tool in reducing social exclusion, and increasing the effectiveness of social services. Strengthening communities and community organisations requires investment in their capacity and capability, and a commitment to building effective relationships.

Where we are now?

The Ministry of Social Development leads policy development on the relationship between community, voluntary, iwi and Māori organisations (the community sector) and government. The Ministry also takes an active role in managing the relationships involved and supports community capacity building.

Process to identify community concerns

In response to messages that many in the community sector felt mistrustful of government and undervalued by government agencies, the Community and Voluntary Working Party was established in August 2000, comprising community, Māori and government members. The aim of the Working Party was to find a way of building a positive working relationship between government and the community and voluntary sector.

An innovative and cohesive society needs strong and vibrant communities

The community and voluntary sector has felt frustrated and excluded from Government policy and processes in recent years

In its report *Communities and Government: Potential for Partnership, Whakatapu Whakaaro*, the Working Party reported that it had heard from the community sector about five significant problems in the community-government relationship:

- concerns about the relationship between the Crown and iwi: the desire of Māori for control over their resources and policies affecting their future and wellbeing, and the Government's inability to provide this;
- a belief that the community sector had been excluded from key policy decisions and a desire for a more participatory style of government;
- frustration with government funding arrangements, and, in particular, significant concerns with the 'contracting model';
- a concern about the 'health' and strength of community, voluntary and iwi/Māori organisations, and their ability to pursue their own goals; and
- concern about the 'culture of government' – the behaviour and attitudes of officials and perceived lack of understanding of iwi and the sector.

The Working Party decided that the concerns raised about the relationship between Māori and the Crown were beyond their brief and instead should be addressed through a government-wide process led by a high-level, mandated body similar to a Treaty of Waitangi Commission.¹²

This recommendation by the Working Party reflects the particular character of the relationship between iwi/Māori organisations and the community sector. While many Māori organisations identify as part of their local communities, it is not always appropriate to define iwi/Māori organisations as part of the 'community sector'. Iwi groups in particular consider government has an obligation to engage with them as Treaty partners, and not primarily as community organisations.

Improving relationships between government and community organisations

Government responded to the community sector-focused proposals of the Community and Voluntary Sector Working Party in 2001 by:

- agreeing to a second phase of work led by a new joint Community-Government Relationship Steering Group; and
- issuing a Statement of Government Intentions for an Improved Community-Government Relationship.

Iwi groups believe strongly that government should be engaging with them as Treaty partners and not as community organisations

Recent work by government has gone a long way in beginning to address the concerns of the community and voluntary sector

The second phase of this community-government relationship-building work has involved three streams:

- *Participatory processes*: focusing on improving participation of community organisations and community representatives in policy development and service planning.
- *Resourcing and accountability*: focusing on reducing compliance costs and improving funding processes and accountability arrangements.
- *Strengthening the community sector*: the government working with the sector to devise proposals for strengthening its capacity and capability.

The second Community-Government Relationship Steering Group's report was completed in July 2002.

Involving community and iwi/Māori organisations in decision-making

There is strong interest across government agencies in engaging community and iwi/Māori organisations in policy development and service planning. A successful example of this is the recent review of the Community Road Safety Programme for the Land Transport Safety Authority. The review was led by a joint community/government/iwi working party.

To support and improve on recent initiatives, the Participatory Processes Project Team has made several proposals to improve engagement of officials with the community sector. These include: involving senior managers, developing training, and sharing information on good practice across both central and local government. To support this work, the team has also developed a website which includes resources to support government agencies to develop active and responsive relationships.

Improving government processes for funding community organisations

Two recommendations of the first Community and Voluntary Sector Working Party were directly addressed by government in 2001/02:

- an increase in Community Organisation Grants Scheme (COGS) funding; and
- the Tax and Charities Review, and the subsequent agreement to establish a stand-alone Charities Commission.

In addition, the Steering Group's Resourcing and Accountability project team has developed an online Good Practice Funding toolkit for use by funders and purchasers.

Improving access to government services and information

With the withdrawal of business and services from many rural areas, Police and Work and Income are often the only central government presence in many small towns and rural districts. At the same time, migration of people on low incomes from cities to small towns in search of cheaper housing and a lower cost lifestyle has led to a transfer of social problems to areas with few support services. In some communities government services are more needed than ever.

To improve access to government services for people in rural areas the Ministry of Social Development has led the establishment of Heartland Services.

- Twelve service centres have been opened in small towns, using central government or community premises to provide a base for agency staff (including Housing New Zealand and Inland Revenue) travelling from their home offices. The centres also accommodate community groups, enabling them to gain the benefits of being co-located.
- Twelve 'outreach' clinics have begun, involving several government agencies attending clinics together in remote communities.
- Further Heartland Service Centres and outreach clinics are planned, with a goal of thirty centres and thirty clinics by 2005.

The Government has developed a strategy to support communities with information and communication technology (ICT), including strengthening organisational ICT infrastructures, supporting research and evaluation and co-ordinating activities. Information is also regularly provided to people through face-to-face contact and in hard copy through various community groups.

Implementing social development plans through whole of government approaches

Single government agencies face major challenges responding to complex issues such as school truancy or substandard housing. Co-operation between agencies and groups in the community can have positive

Heartland Services are proving successful in restoring direct access by communities to government services

impacts. Co-ordinating mechanisms can help to achieve solutions that draw on the resources of a range of government agencies – as well as local government, business and community partners.

As an example, cross-government strategies are being developed to resolve the persistent issue of substandard housing in Northland, East Coast and Eastern Bay of Plenty. The approach includes consideration of health, education and training, infrastructure, community development, income and employment, with the goal of reducing poverty and other social problems. Aligning the aspirations of the communities involved with government agency objectives is critical to the success of these processes.

Increasingly, government agencies are entering into partnerships with communities to achieve mutually agreed outcomes. Processes and timeframes are different in each region:

- In Northland a partnership has been developed with the Northland Mayoral Forum with input from local iwi.
- In Tairāwhiti the Development Taskforce managing the Regional Economic Strategy is scoping terms of engagement with government.
- In the Eastern Bay of Plenty an existing inter-sectoral group is likely to be used for convening an ongoing process.

Using a ‘whole of government’ approach, central and local government have developed a Memorandum of Understanding with the Te Rarawa iwi. This supports the iwi to build its capacity to be self-determining, develop strategic employment-focused initiatives and deliver holistic services to its hapū and whānau. Other iwi have shown strong interest in pursuing similar types of arrangement.

A cross-government approach led by the Ministry is facilitating the development of eight locally-designed projects aimed at strengthening whānau structures in Māori communities.

Enhancing community sector capacity and self-reliance

Government sources of funding are critical to the community sector. The New Zealand philanthropic sector and other sources provide only a small percentage of the total funding needed by community organisations. Given limited resources, government agencies are increasingly engaging in deliberative processes to plan and prioritise resourcing. For example,

Cross-government approaches offer real opportunities to resolve complex and persistent social problems

A memorandum of understanding with the Te Rarawa iwi is a new approach and the first step towards the Government negotiating a single umbrella contract for services with an iwi

the Child, Youth and Family Local Services Mapping project has been a successful collaboration between community, voluntary and iwi/Māori groups to identify child, youth and family needs in local communities, and to match social services to those needs.

Volunteers are vital contributors to the activities of both community organisations and government-managed services. Responding to concerns about how legislation, policy and practice impacts on volunteering, the Ministry has led a policy project in 2001/02 to identify ways of reducing barriers to volunteering and enhancing the ability of people to volunteer. Responding to the concerns expressed, the Ministry has developed proposals for addressing these concerns. In addition, a draft government vision and commitment statement for volunteers and volunteering has been developed.

From February to June 2002, the Community-Government Relationship Steering Group led an ambitious programme of consultative meetings to capture ideas on how best to strengthen the community sector. Actions identified include: developing a stronger profile for the community sector, fostering training and Treaty-based practice, improving co-ordinating mechanisms and deciding how best to support community sector representation at a national and strategic level.

With the establishment of the Charities Commission in 2002/03, there will be an opportunity to look at ways of further encouraging individuals and businesses to donate to charities.

What are the issues?

Building relationships between government and community organisations

The Ministry's 'relationship building' work has led to increased dialogue across central and local government agencies and iwi/community groups. The foundations for improved government-community relationships have been laid. Taking steps to improve the relationship will, however, require continued investment of time and resources.

Access to government services and information

Implementation of the e-government strategy and the roll-out of broadband services in rural areas will help to improve the delivery of information and resources to people. Many New Zealanders, however, continue to seek direct face-to-face contact. For some this is a matter of

The Government needs to invest more in communities if it is to build on its improving relationship with the community and voluntary sector

preference. For others, including those who do not have access to a telephone, lack of resources may mean limited access to information technology for some time to come. The need for a supplementary network of government and community-based services will remain.

Enhancing community sector/iwi capacity and self-reliance

The community-government relationship work has highlighted the vulnerability of many community and iwi/Māori groups in terms of resourcing administration, networking, advocacy, professional development and supporting volunteers. A 2001 study by the Department of Child, Youth and Family Services¹³ emphasised that human resource factors are critical to improving the effectiveness of social service providers. Access to information technology, and resourcing for the co-ordination and leadership functions of national and strategic groups, are also important.

While the increase in the COGS funding pool has been welcomed, the financial challenges faced by community groups have recently been exacerbated by reductions in funds from other key sources:

- the Lottery Grants Board;
- Community Trust funding; and
- the Community Sport Fund of Sport and Recreation NZ.

To reach good decisions about investing to help develop strong communities and community organisations we need good information. There is currently little New Zealand-based research on the characteristics of strong communities, the role of community organisations and the economic, social and cultural value of their contribution. Formal evaluations and monitoring of outcomes from investing in communities is also limited in New Zealand.

Information is also lacking on iwi/Māori, Pacific peoples' and ethnic peoples' organisations and the large number of groups and networks without formal legal structures. These organisations do much of the work in the community sector.

Integrating the way services are delivered and the way government invests

Local government, iwi and community organisations are increasingly seeking closer engagement with government agencies through shared planning and needs assessment, joint projects and 'joined-up funding' in local communities and at regional and national levels. For this to work,

Increasing administrative resources and in particular human resources are critical to improving social services provided by the community

mutual agreement on objectives and accountability processes is needed. It also requires adequate resourcing and timelines that allow for feedback when working with iwi/Māori and community processes. Local groups' enthusiasm for collaboration and partnership bodes well for future relations.

The review of the Local Government Act provides an opportunity for increased engagement by local authorities in social development planning. Local planning will need to be aligned with central government planning in order to achieve shared objectives.

There are some risks to be managed by government in working with local government, iwi and communities to achieve joint outcomes:

- Effective collaboration is challenging and takes time and resources, especially in the early stages. Given that a number of iwi are now seeking an integrated partnership approach, and local authorities are proposing joint initiatives, government agencies may have difficulty keeping pace.
- Joint initiatives require organisational flexibility and capacity at the local level for staff to make decisions. Where government agencies have withdrawn from local and regional service delivery, this can be a significant challenge.
- While good practice should be shared, it is important not to roll out national models or templates that do not take account of the diversity of communities and the need to foster and tailor locally-driven responses.
- Government agencies need to manage commitments to ensure they do not make unrealistic promises. If initial enthusiasm is not followed through, engagement can sour.
- While partners should have shared objectives, collaboration with local government, iwi and/or community groups needs to be locally-driven, rather than driven by central government.
- It is important to ensure that the diverse views of all key stakeholders, including smaller, less prominent groups, are considered.

Policy leadership to support the development of strong

The review of the Local Government Act could help in getting better alignment with central government in achieving shared social development objectives

The Government will need to manage expectations and commitments to ensure community relationships continue to improve

communities

Following the establishment of a Community and Voluntary Sector Ministerial portfolio in 1999, a close collaborative relationship has developed between the community-focused agencies reporting to that Minister. These agencies include:

- the Community Policy Group of the Ministry of Social Development;
- the Community Development Group of the Department of Internal Affairs;
- the Community Employment Group of the Department of Labour; and
- the Department of Child, Youth and Family Services.

At the local level, the Ministry collaborates with a number of other central government agencies, including Te Puni Kōkiri, the Ministry of Pacific Island Affairs, District Health Boards, the Ministry of Economic Development, and Housing New Zealand Corporation.

This collaboration has enabled greater coherence in both policy and service delivery across agencies. However, while the Ministry has been attempting to play a role in this area, no one agency is currently formally mandated to take a leadership role in strategic planning or policy development. This can lead to gaps in strategic planning.

Where to from here?

Relationships between government and community organisations

Goal

To continue to build strong relationships between government and community organisations.

To help community and iwi/Māori organisations contribute to individual and collective wellbeing, we need to continue to strengthen the community-government relationship. We should:

- promote and monitor the implementation of the Statement of Government Intentions for an Improved Community-Government Relationship; and
- develop and release online resources and other resources to

The number of government agencies with community and voluntary sector responsibilities and the lack of a lead agency is resulting in gaps in strategic planning

improve government agency engagement with communities and community organisations.

Access to government services and information

Goal

To improve access to government services and information.

The Ministry has the regional infrastructure and ICT capacity to continue to play a leading role in improving access to central government services and information. We will need to ensure that the e-government strategy is supplemented by other approaches to meeting the needs of rural and urban people from different cultures and age groups. More effective delivery of services and information, including face-to-face interaction, will require partnerships with local government, business and community organisations.

Enhancing community sector/iwi capacity and self-reliance

Goal

To enhance community sector and iwi capacity and self-reliance.

Community organisations play a valuable role in supporting the families and individuals that make up communities. Developing and implementing innovative ways of prioritising funding, identifying new sources of funding, and streamlining funding processes are critical ongoing tasks. To better understand the dynamics and issues that confront communities and community organisations, we recommend that government agencies should work together to develop a community research programme. The Ministry is well placed to lead this work, given our role in co-ordinating government's social policy research and evaluation priorities. Agencies

We should build on the existing relationships between government and community organisations

The Ministry of Social Development is well equipped to continue leading improvements in access to government services and information

We should continue to work with the community sector to build capability

should also work together to support the community sector's capacity to meet at a national, umbrella and strategic level.

Integrating the way services are delivered and the way government invests

Goal

To achieve better-integrated service delivery and better-integrated government investment.

The Ministry is taking a leadership role in facilitating better integrated service delivery and whole of government approaches, particularly where they target disadvantaged communities. We should build on this work through partnerships with local government, iwi and community organisations. We should also take the lead in assessing cross-departmental collaborative processes and identifying opportunities to streamline them to better manage government investment in communities.

Policy leadership to facilitate the development of strong communities

Goal

To provide policy leadership in facilitating the development of strong communities.

The Ministry is well positioned to provide strategic and policy leadership across the different government agencies engaged in strengthening communities.

We recommend that the Ministry be tasked with leading ongoing work to ensure a collaborative cross-government approach to community policy and meeting the needs of communities and community organisations. The strategic framework will need to involve the Departments of Internal Affairs, Child, Youth and Family Services, and Labour, as well as other central government agencies that work with communities, local government and community organisations.

We should contribute more to integration of service delivery and government investment

The Ministry of Social Development is well positioned to take an enhanced leadership role in a whole of government approach to community development and support

Endnotes

Chapter 1

1. The term 'discretionary hardship assistance' refers to financial assistance to people who have no other resources to call upon to meet an unexpected need, or who have exceptional costs that their income cannot meet. Some of this assistance has to be paid back.
2. The term 'social assistance' refers to income support benefits, student allowances, family tax assistance and other payments to people of working age. It also encompasses health and housing assistance, employment assistance and related education and training. The administration of the above assistance is an important component; for example, through effective case management better outcomes can be achieved.
3. The term 'family income assistance' refers to income support benefits and allowances payable to families with children, tax credits, other transfer payments payable in respect of children (for example, orphans benefit, unsupported child benefit and payments made in respect of foster children by the Department of Child, Youth and Family Services) and compulsory contributions from non-custodial parents.
4. The term 'income support' refers to benefits and allowances paid by the Ministry of Social Development's Work and Income and StudyLink services.

Chapter 2

1. Department of Labour and Ministry of Social Development will work through a common definition of sustainable employment for each agency's Statement of Intent.
2. Based on the Department of Labour's Human Capability Framework (1999).
3. *The Social Report 2001*, p.29.
4. *The Social Report 2001*, p. 53.
5. Amy, Brown (2001). *Beyond work first: a how to help hard-to-employ individuals get jobs and succeed in the workforce*, Manpower Demonstration Research Corporation, <http://www.mdr.org>, New York. Martinson, Karin & Strawn, Julie (2002) *Built to Last: why skills matter for long-run success in welfare reform*, Center for Law and Social Policy and the National Council of State Directors of Adult Education, <http://www.clasp.org>, Washington DC.

Chapter 3

6. Statistics New Zealand, 1999-based resident population projections, assuming medium fertility, medium mortality and long-term annual net migration gain of 5,000 per year.
7. Ministry of Social Development, *New Zealand Living Standards 2000* (forthcoming).

Chapter 4

8. Ministry of Social Development (June 2002), *Agenda for Children*, Ministry of Social Development, Wellington.
9. Department of Child, Youth and Family Services (March 2002), *Youth Justice Project: A Youth Justice Strategy for Child, Youth and Family*, p.10.

Chapter 5

10. This data is based on children of any age who were living with their parents. It does not reflect total family size.

Chapter 6

11. E. Gauntlett, R. Hugman, P. Kenyon and P. Logan (2000), *A meta-analysis of the impact of community-based prevention and early intervention action*. Policy Research Paper No.11, Department of Family and Community Services, Canberra.
12. This proposal was referred by Cabinet to the Prime Minister for consideration in consultation with the Minister for Māori Affairs.
13. Department of Child, Youth and Family (2002), *Strengthening Social Services: assessment of the capacity, capability and viability of Child, Youth and Family funded social services*. Department of Child, Youth and Family, Wellington.