

Policy and practice briefing



MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

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OVERVIEW

This briefing is the Ministry of Social Development's Policy and Practice Briefing. It contains four parts:

- **Part 1, *Children, Young People and their Families***, sets out what is happening with our children and young people. It highlights the importance of investing in at-risk children and young people early in life and early in the life of the problem.
- **Part 2, *Income and Employment for Adults***, talks about income, employment and skills for working age people. It highlights the importance of work as a way out of poverty and the role we play in helping people to move into work and supporting those who can't work.
- **Part 3, *Older People***, sets out what is happening with our older people. It outlines the challenges New Zealand faces with an ageing population and how we can move into a better position to meet these challenges.
- **Part 4, *Re-Shaping Services for Better Results***, sets out what changes we need to make to the way in which government and community-based services are delivered to support people to lead safe, rewarding and independent lives at every stage.

We hope you find this briefing helpful.

We look forward to working with you to implement your priorities.

Peter Hughes
Chief Executive
Ministry of Social Development

EXECUTIVE SUMMARY

Managing through the current economic situation

The Ministry of Social Development provides whole-of-social sector leadership and advice to government, and funds and delivers a range of social services. In the current economic conditions our services will be affected. We believe we are well placed to deal with these short term impacts. This briefing deals with medium term issues that will endure and will need to be addressed.

Over the last decade an economic upswing, combined with effective policies and services, has delivered opportunities for many New Zealanders. Employment has increased, beneficiary numbers have reduced, household incomes have grown and poverty, especially child poverty, has reduced.

The opportunities identified in this briefing focus on where we can make progress in the medium term, assuming forecast employment figures remain stable. But the next couple of years will be tough as New Zealand moves through uncertain economic times. As well as job and income losses, we expect to see negative impacts on the resilience of families and communities.

Over the first two quarters of this year the economy contracted. In contrast to previous economic slowdowns, the number of working age New Zealanders on a benefit did not rise and Unemployment Benefit numbers continued to fall. But now working-age benefit numbers are starting to rise (up 2.8% between October 2007 and October 2008 and working aged Unemployment Benefit numbers are up 6.2% over the same period)

There is good evidence that Work and Income had a significant positive impact in reducing beneficiary numbers during the upswing. The challenge over the coming months is for us to dampen the increase in beneficiary numbers during the downturn.

Family violence, child abuse and neglect and offending are also correlated with socio-economic status, and we expect to see impacts on results and on our frontline services in these areas too, but with a delay. The key to dealing with these impacts is to invest resources and effort early in life, and early in the life of the problem.

We are confident we have good plans in place for managing through the impacts of the economic situation, and we are keen to discuss these with you.

Challenges and opportunities in the medium term

This briefing looks beyond the immediate economic challenges. It outlines what we believe are the critical, and often enduring, challenges in your Ministerial portfolio. Making progress on these challenges will help to improve New Zealand's resilience to future economic shocks. In all cases, helping out early in life and early in the life of a problem is the key to success.

The structure of the Ministry means we bring a whole-of-life approach. We have a role in delivering services and advising government on issues to do with vulnerable families with young children, on the school years and the transition to adulthood, on families and whānau, on income and employment for adults, and on older people.

In some areas the Ministry is the lead agency and can directly affect change, in some areas the tools belong to others. In yet other areas we need to collaborate across government and with the sector to make the changes needed to improve the quality of life for all New Zealanders.

Children, young people and their families

Good outcomes for children and young people benefit us all and depend on the combined actions of government agencies, communities and families and whānau. Significant investment in this area in recent years, coupled with employment and wage growth, has improved outcomes for many children and young people. However, we need to maintain the momentum of progress.

We have to continue to prioritise new and re-direct existing spending towards resilience building, prevention and early intervention which are some of government's most cost-effective investment prospects. Getting better at tackling problems before they escalate and become entrenched will ultimately reduce the demand for relatively expensive and often less effective remedial interventions during later childhood and into adulthood. Growing fiscal pressures over the short to medium term will make progress on this front even more vital.

Increased investment in services for children, young people and their families will only work if that investment is matched by an improvement in quality of these services. We also need to make the most of government's investment in universal health and education services by increasing the participation of our most vulnerable children and young people in those services. A big part of promoting the wellbeing of our children is working with their communities.

Income and employment for adults

The Ministry promotes lifelong independence by providing support to adults when it's needed, but always with an eye to creating a better future. A job and an adequate income are central to an individual's wellbeing, and are an important underpinning for families. Having a job and a reasonable income during the working age years is fundamental to having a good standard of living in old age.

Significant progress has been made in increasing incomes and employment, and reducing benefit numbers and poverty in recent years. But there are still groups of individuals and families facing severe hardship.

We can do more to improve the pathways from benefit into work by further improving the mix of work incentives, expectations and supports. This is increasingly important as we work more actively with sole parents and for people with ill health and disability.

Financial support that provides a minimum acceptable level of income is an investment in a cohesive society and in the potential future labour market. We need to ensure that financial supports are adequate overall. The priority areas for immediate action are housing and hardship assistance, and doing more to help people to manage and avoid problem debt.

Older people

Older people have a wealth of valuable life experience, skills and knowledge. They play a vital role in the success of our families, whānau and communities. Ensuring the groundwork is laid for older people to be able to participate and engage will have social and fiscal benefits for New Zealand.

We must plan for the demographic changes that are coming. The first baby boomers will reach retirement age from 2011, and around 500,000 older workers will exit the workforce up to 2030. Future cohorts of older people in New Zealand are likely to differ markedly from the current generation. They will be more ethnically diverse and will have a greater variety in their family circumstances.

An ageing population will create greater demands across the social sector, including for health services and residential care, income support, housing, transport and infrastructure. It will be important to ensure older people receive the support they need to live healthy, fulfilling, independent lives and to maximise the contribution they can make to society as a whole.

Supporting older people to live independently will bring benefits for government and communities. There is a wide range of services and supports available to older people to help them do this, but these services are not always co-ordinated and there is a need for brokering that links people up with the supports that are available.

Alongside this financial supports need to be more closely aligned to the needs of older people, and we need to do all we can to help those older people who want to work, to do so.

Re-shaping our services

How we deliver services to vulnerable people and their families and whānau makes a critical difference to the effectiveness of policies.

We are working closely with non-government social service providers, who work very actively in delivering preventative and other services.

We are also working more actively with clients. Our service development strategy is increasingly tailoring the service response to the needs of the person we are working with. That strategy covers families and children, people of working age and older people. Our innovations in service development are getting results.

PART

1

Children, Young People
and their Families

MSD helps to promote effective parenting and safe families, provides targeted and statutory services for families that are struggling, and supports young people in their transition to adulthood

By doing our job well, we support the work of other agencies. To do our job well, we depend on the work of community-providers

All children and young people deserve a safe, secure, loving and healthy childhood. The best possible start in life is also fundamental to helping our children and young people to lead fulfilling and responsible lives into adulthood – as parents, family members, workers and citizens. Our economic and social wellbeing into the future depends on it.

MSD PROVIDES A RANGE OF SERVICES FOR CHILDREN AND YOUNG PEOPLE

Good outcomes for children and young people depend on the actions of parents and the wider family and whānau in particular, but also of government, the economy and the broader society. Parents are central to children's outcomes and many of government's policies for children and young people will struggle to make traction where families themselves are struggling.

MSD's primary contribution to the wellbeing of children and young people is to:

- promote effective parenting and safe and resilient families
- provide targeted support for families and whānau needing help
- intervene where there are concerns around child safety or child or youth offending. At its most extreme, this can result in a child or young person being removed from the care of their family
- support young people leaving school to find work or other training.

We also help to create an environment in which families can function effectively by providing employment and income support to parents.

By doing our job well, we support other agencies to achieve results. For example, by working with vulnerable parents to promote their understanding of children's physical and emotional developmental needs, we help lift the uptake of universal health and education programmes¹. A higher uptake of those and other more targeted health and education programmes can, in turn, reduce the demand for MSD's services into the future.

In turn, to do our job well, we depend on the work of community providers. Many of the targeted programmes we fund for children and young people and their families are delivered by community providers. Agencies range from large national not-for-profit organisations such as Presbyterian Support or Women's Refuge through to small locally-based providers of services such as budget advice or after-school care.

MOST CHILDREN AND YOUNG PEOPLE ARE DOING WELL

The lives of many children and young people have improved over the past 15 years

We have seen the infant mortality rate more than halve in the decade to 1998, and the numbers have fallen even further since then. Our immunisation coverage has

improved substantially since the early 1990s. However, there has been relatively little change in the proportion of low birth weight babies.

Figures show child deaths from unintentional injury have fallen fairly steadily over the past 25 years. Deaths by assault remained relatively unchanged for children under 15 between the mid 1990s and 2000, but appear to have fallen since then. For older teenagers, deaths by assault dropped between the mid 1990s and 2000, but have increased since then.

More of our pre-schoolers participate in early childhood education – their numbers have increased steadily since the late 1980s. The proportion of school leavers with higher qualifications has increased in recent years. However, almost one in five young people still leave school without NCEA Level 1.

Health statistics show cigarette smoking among young people has more than halved since 1999. Teenage pregnancies decreased between 1997 and 2002, but have been increasing since then.

The proportion of children under 18 living in low income households has almost halved over the past fifteen years. The fall in poverty since 2004 has particularly benefited children and young people². However, children and young people are more likely to live in poverty than any other age group.

The youth unemployment rate declined between 1998 and 2004 but has levelled off since then. On the offending front, overall youth offending rates have declined since 1998, but there has been a significant increase in violent offending.

Outcomes compared with other OECD countries, however, are mixed

New Zealand has relatively high rates of infant mortality and relatively low rates of child immunisation. New Zealand also had a relatively high rate of child maltreatment deaths in the 1990s, although there is some variation in recording practice across countries.

New Zealand's 15 year-old students perform strongly for reading, mathematics and science literacy relative to other OECD countries. However, we have a relatively high proportion of people leaving school with few qualifications.

Our teenage birth rates are high relative to other OECD countries.

In 2004, the proportion of children living in low income households was above the OECD median.

THERE ARE CHALLENGES AND OPPORTUNITIES

There has been a strong and sustained focus across government on improving the lives of children, young people and their families over recent years. That, combined with good employment and wage growth, has helped improve the lives of many children and young people.

Although outcomes have improved in many areas, there are opportunities across government to achieve more, particularly for our most vulnerable children, young people and families.

Although outcomes have improved in many areas, there are opportunities across government to achieve more, particularly for our most vulnerable children, young people and families.

Well-designed and well-implemented parenting programmes can make a difference, particularly for young children. Progress has been made, but more could be done to lift the quality and coverage of programmes

However, there are a number of areas where we could achieve more, particularly for our most vulnerable families and children. Across government there are opportunities to:

- continue to prioritise new and re-direct existing spending towards prevention and early intervention which are some of government's most cost-effective investment prospects.
- capitalise better on the investments made in universal health and education services to ensure they reach our most vulnerable.
- ensure that the increased investment in services for children, young people and their families/whānau is matched by an improvement in quality.
- help to maintain the momentum of public debate about promoting the wellbeing of our children and young people.

A strong commitment to supporting the development of skilled and resilient young people will become even more important over the coming years as the population ages and young people make up a greater proportion of our working age population.

Getting better at tackling problems before they escalate and become entrenched is also critical to reducing the demand for relatively expensive and often less effective remedial interventions during later childhood and into adulthood. Growing fiscal pressures over the short to medium term will make progress on this front even more vital.

There are a number of opportunities across government where we can be more effective in supporting the development of children and young people. This chapter focuses on those opportunities specific to your portfolio.

In some of these areas, this will require us to continue to work alongside other agencies, and with people and agencies outside of government. Our success in many of these areas depends on people – parents and the wider family in particular – making the decision to change their own lives.

Effective parenting and safe, well-functioning families are fundamental to the wellbeing of our children and young people

Parents and the wider family are fundamental to children's outcomes. As noted earlier, many of government's social policies for children and young people will struggle where there is a lack of effective parenting or where families are not functioning well.

Developing a full and effective complement of parenting programmes

MSD funds a wide range of programmes to promote effective parenting. These range from the universal SKIP programme that provides parenting guidance and information for all parents, through to more intensive and targeted programmes such as Family Start, which is a home-visiting programme, to programmes focused on improving the home-learning environment. Other agencies also provide or fund some parenting programmes. The Ministry of Education and District Health Boards fund some child behaviour-management programmes for parents and District Health

Boards fund some parenting programmes. The philanthropic sector also plays a role in this area.

The provision of parenting programmes has developed in a rather ad-hoc manner across and outside government. While there have been moves to centralise government-funded programmes within MSD, there is still an opportunity to improve the quality and coverage of programmes:

- There is good evidence that some parenting programmes can be highly effective, particularly when children are young. However, not all parenting programmes have a record of success. We need to do more to ensure we fund only programmes that have the proven ability to achieve change.
- There are some gaps in the current provision of parenting programmes across and outside of government. This includes a limited provision of behaviour-management programmes and parenting programmes designed to improve child safety.

Working alongside the community to prevent family violence, including child neglect and maltreatment

There is a strong and growing public awareness about family violence, child neglect and child maltreatment in New Zealand. While we have made progress in this area, it has long been, and remains, one of New Zealand's most pressing social problems.

In 2006/07, Child, Youth and Family received 66,210 notified instances of suspected or potential child maltreatment. These resulted in 16,407 instances of substantiated abuse or neglect. Substantiated cases of neglect and emotional abuse have risen substantially in the past five years.

In 2006, the New Zealand Police received over 70,000 calls in relation to family violence incidents, in which over 66,000 children and young people were involved. In the same year, 47 per cent of the homicide cases they investigated were family violence-related³.

MSD is working closely with other government agencies, community providers and community leaders to support families to function effectively in order to prevent the occurrence of violence and neglect within the home.

The Taskforce for Action on Violence within Families was established in 2005. It brings together Chief Executives from government and non-government agencies, community leaders, independent Crown entities and the judiciary. The Taskforce has made good progress in promoting public awareness of family violence and in strengthening family violence-related systems and processes.

However, we need to maintain a strong focus.

Eliminating violence and neglect within the home is a long-term goal because it involves breaking intergenerational cycles of violence. Ongoing commitment from government, the Taskforce, non-government organisations and communities will be required well into the future in order to succeed. The priorities for the Taskforce over the next few years are to:

The Taskforce for Family Violence has improved public awareness of family violence and helped strengthen family-violence systems and processes

One of the next big priorities for the Taskforce is building the capacity of communities and health, education and social service providers to promote the safety and security of children

Although there has been significant investment in the early years, avoidable disparities in children's health, education, safety and behaviour remain apparent at a young age

Work is underway to enhance the universal assessments at birth and school-entry, and to strengthen linkages between key early years' services

- build the capacity of communities to promote child safety and security. To do this, people need a better understanding of what constitutes child neglect and how to intervene effectively when they see it.
- ensure community providers are supported to deliver high quality family violence prevention services. This is discussed in more detail in Part 4.

The economic downturn is likely to have a negative impact in this area. There is a strong connection between family economic wellbeing and domestic violence and child maltreatment. Furthermore, a small number of families remain under severe economic stress. This is discussed in more detail in Part 2.

Continuing to prioritise antenatal, infancy and early childhood remains critical

Getting things right from the start, by focusing on high quality and accessible maternity care, primary health care and early childhood education, is critical for the wellbeing of all children. The early years are also one of the most cost-effective points at which to invest in vulnerable young children. In particular, it is our best opportunity to work alongside parents to help build their confidence and skills in their new role.

New Zealand has the foundations of a comprehensive system of support for families with young children. However, avoidable disparities in health, learning, safety and behaviour remain evident among our children at a young age and many of these persist into adulthood. To tackle these disparities we need to enhance existing services.

Enhance the universal and comprehensive assessments at birth and school entry

WellChild provides universal assessment, health promotion and support services for children and families from birth to five years. The assessment currently covers children's basic health needs (dental, nutrition, hearing etc) as well as the broader issues around children's behaviour.

The Ministry of Health is developing a needs assessment tool and family-based care-plan to enable WellChild providers to identify and respond to the social as well as health needs of children and their families and whānau. These needs cover issues associated with parenting skills, parental mental health, housing, income, and family violence.

Strengthen the linkages between services, particularly into and out of universal assessment points

Participation in basic maternity, WellChild and early childhood education services is relatively low among vulnerable children and families. Children who are not engaged with WellChild services are missing out on the universal assessments at birth and school-entry and on being linked into other specialist services.

MSD is working with other agencies to develop better linkages between WellChild providers, midwives, general practitioners, paediatricians, early childhood educators, Work and Income, and Child, Youth and Family. The following case study shows

how this could work in relation to Work and Income which has regular contact with many of our most vulnerable families.

A 16 year-old becomes pregnant, without strong family/whānau support, and registers for a Sickness Benefit when she is seven months pregnant. Her Work and Income case manager would help link her up with local antenatal care and together they would begin to work on a plan for re-engaging the young mother in training and education as her baby gets older.

After the birth of the baby, the case manager would ensure the young mother and her baby are getting the right level of income support and that their housing is appropriate for their needs. The young mother's case manager would also link her up with WellChild and, if needed, would also help her to access parenting programmes and home visiting.

As the child ages, the case manager would help the mother to find high-quality, early childhood education. Work and Income would provide support for her and her child for as long as it was needed until she moves into employment.

Identify remaining gaps and agree priorities for any new or re-directed investment in early years services

Although there has been significant investment in this area, some gaps in services remain. These include:

- an under-supply of specialist maternal mental health care
- intensive home visiting support for vulnerable families and whānau with young infants. MSD currently funds intensive home-visiting services for only one third of our highly vulnerable families with young infants
- Behaviour management programmes for parents with children with severe behavioural problems. Although the WellChild B4 school check is beginning to screen for behavioural problems, there are currently very limited services in this area.

In all of these areas, even if funding can be secured for additional services, it will take some time to develop the highly skilled and well-trained workforce needed, and to ensure the delivery of high-quality programmes.

Respond quicker and more effectively when concerns around the safety of infants and young children first arise

Making progress in building the early years system of support, getting smarter about preventing child and youth offending, and building effective parenting and strong families, will reduce the demand for statutory intervention by Child, Youth and Family.

There will always be some demand for such services, however, and, while there have been significant improvements in the capacity of Child, Youth and Family over recent years, there are opportunities to improve our immediate response when issues of child safety first arise.

Some gaps remain in targeted early years' services. It can take time to build effective services in these areas because of the high level of skills and training required of staff

There is also room to improve our response when issues of child safety in infants and young children first arise

Many of the children notified to Child, Youth and Family in their infant years, but not assessed as facing an immediate risk to their safety, return to the attention of Child, Youth and Family in their later years. By this stage, it is more difficult to work with parents to improve the child's care and to undo the impact of harm the child has already experienced.

Getting our responses right also means better information sharing between people working with children as soon as concerns arise around their safety. This includes teachers, doctors, the Police and social workers.

What success in the early years will look like

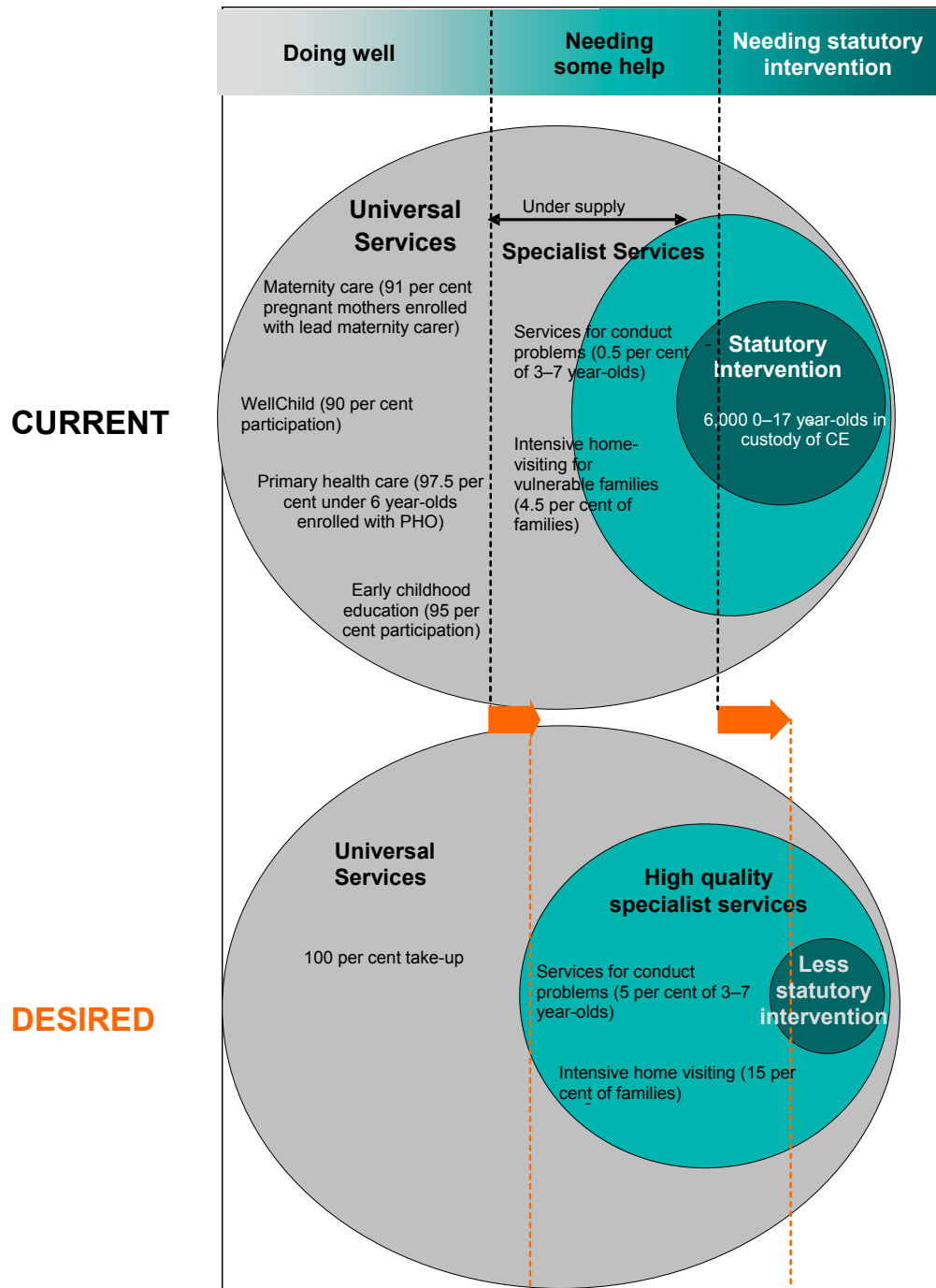
As this section sets out, there is an opportunity across government to improve the lives of some of our most vulnerable children and families, both now and well into the future. If we can get this right, we will reduce the demand for expensive remedial services across government.

The following diagram illustrates what success would look like in relation to MSD's responsibilities for the safety of children and young people. Our goal is to reduce the need for Child, Youth and Family to intervene in the lives of families and whānau to keep children safe.

Tilting the balance away from statutory intervention to a stronger focus on early intervention will require a greater use of the community-provider sector. Under the Differential Response Model, care and protection cases are allocated either to Child, Youth and Family or to community-based providers, depending on what will work best for the family and whānau .

Making progress on these fronts will reduce the demand for statutory intervention by Child, Youth and Family. Success relies on a robust and efficient community-provider sector

Figure 1. How building the early years system will reduce demand for statutory intervention



Conduct problems in childhood are a strong predictor of future recidivist offending. The proposed priority in this area is to build specialist services for up to 5 per cent of 3–7 year-olds

We can get smarter at preventing child and youth offending and re-offending

Overall youth offending rates have declined, but violent offending is on the increase – there was a 17 per cent increase in the rate of apprehensions of 14–16 year-olds for violent offences over the period 1995–2006.⁴

Children and young people with conduct problems

Serious conduct problems can be seen in children as early as at school entry and they affect around 5–10 per cent of New Zealand children. Children with conduct problems have a rate of later criminal offending up to 10 times higher than children with no behavioural difficulties.⁵ The average cost to the justice system of a chronic conduct-disordered adolescent is estimated at \$3 million.⁶

MSD is leading a cross-government work programme (which includes the Ministries of Education, Health and Justice and the New Zealand Police) on conduct problems. Agencies have developed a six-year plan to lift and strengthen services for children with conduct problems. The priority identified in the plan is to build a comprehensive behavioural service for children aged 3–7 years. A core component of this service would be a parenting programme. International research indicates success rates of between 60 and 70 per cent for such programmes.

Implementation of the plan will depend on funding and on the time to build a skilled and well-trained workforce.

Working with child and youth offenders

MSD is responsible for the Children, Young Persons, and Their Families Act 1989 which provides for the processes and penalties around youth offending. We also support the running of the youth justice system by our Social Workers providing advice to the Family and Youth Courts, by providing youth justice residences, and by overseeing the Family Group Conference process.

The fundamentals of our child and youth offending legislation and processes are good. However, we could make some changes which have the potential to significantly improve offending outcomes. This includes:

- Providing a stronger focus within both our care and protection and youth justice settings on rehabilitation. For this to occur, we need to have better access to services from other agencies, particularly adolescent mental health services. We also need to provide greater support to young people when they move out of the residences back into the community.
- Widening the range of options available to the Youth Court to hold youth offenders to account and promote their rehabilitation. This includes longer supervision and residence orders, and removing the requirement that offenders need to consent to certain court orders.
- Clarifying and simplifying the processes by which child offenders can be held to account.

We can improve offending outcomes by strengthening our focus on rehabilitation within Child, Youth and Family residences and making some minor legislative amendments

Young people need more support in their transition to adulthood

The transition out of school, home and care can be precarious for some of our more vulnerable young people. A poor transition at this stage in life can compound the poor outcomes some young people have already experienced, and increase the likelihood of mental ill-health, future joblessness and benefit dependency.

MSD, through the care and protection and youth justice systems, and the income and employment services provided for school leavers, has a high degree of contact with vulnerable young people transitioning into adulthood. Our role in this area has grown significantly over the past decade. The extent to which our role continues to grow into the future depends, to some degree, on how effective schools become in keeping vulnerable young people engaged in schooling and then supporting them on to other training and employment opportunities.

Transitions services for school leavers

The majority of young New Zealanders make successful transitions from school into further education, work or training. The strong labour market conditions over recent years have meant young people without qualifications have been able to enter the workforce more easily than they might have 10 years ago. Through Work and Income we have actively managed young people so their length of time without work is reduced. Across government we have worked on helping young people to stay engaged or to re-engage with education or training.

However, there are still around 9 per cent of our young people who are not in employment, education or training or are difficult to locate.

The current economic conditions are likely to have a disproportionately adverse impact on young people - especially those with few qualifications - entering the labour market who will be competing for employment with older and more experienced workers.

Opportunities exist to strengthen our work across government to help young school leavers reach their potential. In particular, government could expand the coverage of the Youth Transitions Service which works with vulnerable schools-leavers to help connect them with appropriate work or training opportunities. Funding is currently available for transitions services in 30 of the 73 Territorial Local Authorities.

A greater role in supporting young people as they transition out of our care

We need to play a greater role into the future in supporting young people transitioning out of the care of Child, Youth and Family into independent living. This includes:

- Ensuring every 15-17 year-old in our care has a transition plan. Planning needs to begin well before a young person leaves our care.
- Ensuring care-leavers are able to access their financial entitlements, such as through StudyLink and Work and Income, and they know where to go for employment, income, housing, career and study advice.

The transition into adulthood can be precarious for vulnerable young people, and the economic recession is likely to hit this group hard.

MSD's role in supporting vulnerable young school-leavers has grown in recent years, and Youth Transitions Services will soon be available in 30 of the 73 Territorial Local Authorities

We also plan to expand the level of support we provide to young people leaving our statutory care

- Ensure all young care-leavers are able to draw on the support of personal advisors to help them establish their own support networks. Personal advisers would also remain available when extra advice is needed.

Working alongside our vulnerable young people as they leave school, home and care is an important final step in supporting them to lead fulfilling and independent lives as adults.

PART

2

Income and
Employment for Adults

The Ministry promotes lifelong independence by providing support to adults when it's needed, but always with an eye to creating a better future. A job and an adequate income are central to an individual's wellbeing, and are an important underpinning for families and whānau. Having a job and a reasonable income during the working age years is fundamental to having a good standard of living in old age.

WE WORK WITH MANY WORKING AGED PEOPLE TO HELP THEM GET ON WITH THEIR LIVES

Most people lead their own lives with little need for government to play a direct role. They work, they raise their families and they make provisions for their future, with government acting only in the background to set basic societal and economic frameworks. But a good proportion of people will find themselves down on their luck at some stage and will need help to get back on their feet. Most people will only need to be lightly touched by Work and Income services before becoming independent again, but some will need more intensive or longer-term support.

In a strategic sense, our role is to promote lifelong financial independence in whatever form it may take. For most people, employment provides the best long-term route out of disadvantage and our role is to provide them with a safety net while they bounce back. But others need longer term or more intensive help.

MSD seeks to ensure our clients are in a position to build their skills and to take opportunities. We provide a safety net of benefits, supplementary assistance and hardship supports for people between jobs and for those who genuinely need help. We also provide financial support and help to many people in employment.

We help people to move into employment by working on the supply side: providing a range of employment and skills programmes to help people increase their employability. On the demand side, we work with employers to increase job opportunities. We bridge supply and demand by matching people to jobs.

We don't work alone. We work with community groups, non-government organisations and other government agencies at a regional and national level. But we only work with others where we need to, in order to get a result. Where others can deliver services better, we outsource services. This is happening particularly in the disability area where we do not always have the right expertise.

We also have 90 industry partnerships representing 48,000 employers. These partnerships involve us in working with businesses to facilitate easy access to workers. It helps both parties to identify skills and labour shortages, and to ensure Work and Income employment-training programmes meet industry demands.

THERE HAVE BEEN GAINS IN RECENT YEARS

The latest economic upswing combined with effective policies and services, have delivered opportunities for many New Zealanders.

Incomes have risen, benefit numbers and poverty have fallen

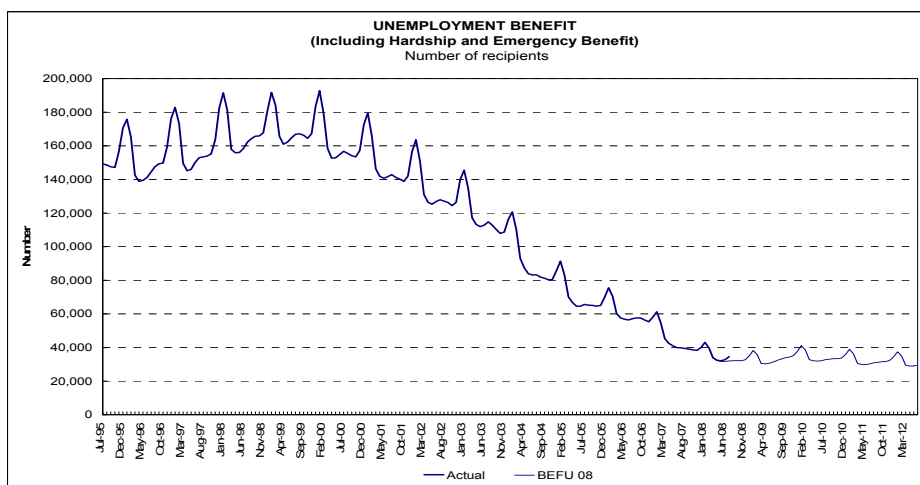
The number of working age New Zealanders on a benefit has reduced and we have been very successful in moving people into work. From 1998 to 2008 the proportion of the working age population on a benefit has fallen from a peak of 16.1 per cent to 10.2 per cent – a fall of 106,875.

In October 2008, there were 121,000 fewer unemployment beneficiaries than in October 1998. This has been a result of changes to policy settings and an active service delivery model, underpinned by solid economic growth.

Alongside this, fewer working age New Zealanders are on a Domestic Purposes Benefit – numbers have fallen 9 per cent in the last four years, and there are now fewer children living in benefit-dependent families.

There are 125,000 fewer unemployment beneficiaries now compared with the end of the 1990s.

Figure 2. Unemployment Benefit numbers



Reduced benefit numbers have saved the tax payer over \$4 billion since the turn of the decade...

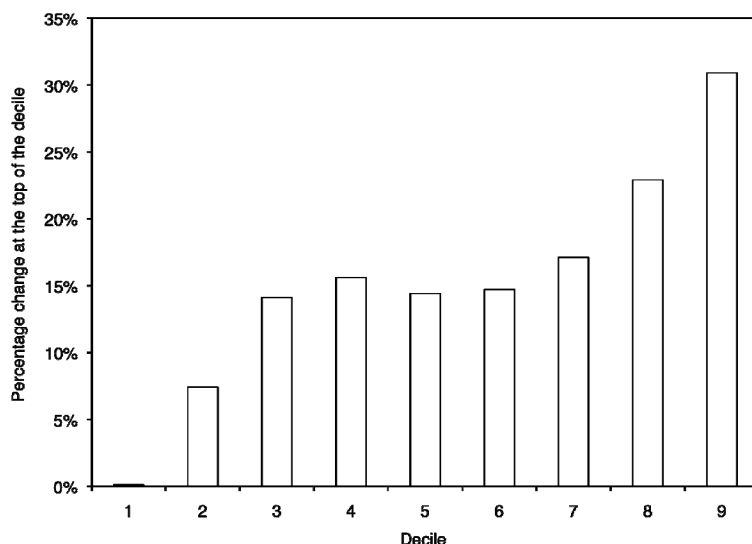
There is robust evidence that, controlling for the effect of the economy, over the period 2000 to 2007, the activities of Work and Income have had a significant positive impact in driving additional reductions in job seeker benefit numbers during the economic upswing.⁷ These reductions have saved tax payers money – over \$4 billion in benefit expenditure since the 2000 fiscal year.

The challenge now is for us to dampen the increase in beneficiary numbers that will occur during the economic downturn.

From 2004 to 2007, incomes for low to middle income households rose more quickly than incomes for higher income households. Low to middle income household incomes grew by between 12 and 16 per cent, and measures of income inequality improved. But overall, from 1988 to 2007 incomes for the lowest decile have not risen in real terms.

... but the challenge now is to dampen the increase in beneficiary numbers during the economic downturn.

Figure 3. Growth in incomes – 1998 to 2007⁸



Incomes have risen, and child poverty has improved on all the measures we monitor....

Poverty rates have reduced on many measures from 2004 to 2007, and child poverty reduced on all the measures we monitor.⁹

Using the social report 'absolute' measure of poverty (which holds the poverty line fixed in real terms), child poverty fell from 23 per cent in 2004 to 16 per cent in 2007. Around 130,000 children have been lifted out of poverty since 2001 using this measure.

Using a 'relative' measure (which sets the poverty line relative to the median income in the year measured), poverty rates trended upwards from the mid 1990s to 2004. This reflects the widening of the gap between middle income and low income households in the period. Relative poverty rates fell from 2004 to 2007, reflecting the impact of the Working for Families package in reducing inequality especially between middle and low income households.

The proportion of children supported by a main benefit has fallen from a quarter of all children born in the 1990s to 20 per cent of all children born in 2005 and 2006. At all ages, children born since 2000 are less likely to be supported by a main benefit than children born in the 1990s. Poverty among children in working families fell from 15 per cent to 8 per cent from 2004 to 2007.

There are still some groups in poverty

There are still significant numbers of people living in households with very low incomes. Children are over-represented in this group, and we know this can contribute to poor results in later life.

The gap between the incomes of beneficiaries and those of the typical working family has grown, especially since 2001, and poverty has become increasingly concentrated and deeper for remaining groups. Beneficiaries now make up a larger proportion of those in poverty with 54 per cent of income-tested beneficiaries falling below the poverty line used in the social report.

... but poverty has become increasingly concentrated and deeper for remaining groups.

Paid employment can be a circuit breaker, and can provide a route out of poverty. But employment isn't always an easy route. Some people, including those with disabilities, have complex issues preventing a quick return to employment. People spending a long time on a benefit are at a particular risk of running down their reserves and experiencing hardship.

Sole-parent households have high rates of poverty, and are over represented in benefit statistics. A high proportion of children in poverty come from sole-parent households (56 per cent on the social report measure).

People with ill health or disability now make up around 50 per cent of total benefit recipients. This group generally spend longer periods on a benefit, and have more complex issues preventing their quick or easy return to employment. They are at risk of a long duration of benefit receipt and a poor standard of living.

People renting at the modest end of the private rental housing market have experienced rising rents and a decline in the real value of housing assistance. This is contributing to financial hardship for many low income households. In 2007, 26 per cent of New Zealand households spent more than 30 per cent of their disposable income on housing costs, an increase from 21 per cent in 2004. Between 1988 and 1997, the proportion rose from 11 percent to 25 percent of households, before levelling off at 24 percent in 1998 and 2001.

Low skills leave some workers vulnerable

There are subgroups of people in the workforce with low skills and low incomes. While 40 per cent of New Zealanders over the age of 15 years have a tertiary qualification, around 21 per cent of working age people have no formal qualification, 43 per cent of New Zealand adults have low literacy and 51 per cent have low numeracy skills.

Poor skills often translates into low incomes. A significant proportion of New Zealand's workers receive low pay in low quality jobs. In 2004–2006, approximately 21.5 per cent of all wage and salary workers aged over 15 years reported wages below the low-pay threshold used by the OECD.¹⁰

Often people are in marginal employment, with little opportunity to raise their income over time. In uncertain times, people in precarious employment are at risk of unemployment.

Developing the skills of our current and future workforce will increase the opportunities for and earning potential of workers. The more skills workers acquire, the better the chance they'll be able to progress to higher paying work over time.

CHALLENGES AND OPPORTUNITIES EXIST FOR OUR WORKING AGED POPULATION

There are opportunities to do more to provide people with the opportunities to make a better life for themselves and their families/whānau. There have been big improvements in the pathways into employment, but more can be done. We must keep working to ensure the safety net is sufficient to alleviate hardship and facilitates

Sole parents, people with ill health or disability, and people facing high housing costs are under pressure.

Paid employment can be a circuit breaker, but low skills levels leave some workers vulnerable.

participation in employment. Underpinning all of this, is the need to keep moving towards a more skilled, more productive and ultimately better paid, workforce.

We can do more to improve the pathways to employment

Employment in work that pays a decent income is the best long-term route out of poverty. Over the past 15 years New Zealand has made strong progress with job growth, higher wages, more financial support from government for low to middle income working families, and active employment services. This means an unprecedented number of people are now in work and those people are better placed to provide themselves and their families and whānau with a decent standard of living.

The social assistance system is now more active and work-focused. We need to consolidate the gains we have made by bringing the remaining government systems, processes, policies and legislation in behind this work-focus to give more vulnerable New Zealanders a leg-up out of disadvantage.

There is more we can do improve the pathways from benefits to work, but we are approaching the limit of what can be achieved under existing policy and legislative settings.

To continue to make progress we need to ensure we have the right mix of work incentives, expectations and obligations, and supports – such as childcare and available transport – together with suitable job opportunities. The key groups we need to focus on are sole parents, and those on sickness and disability related benefits.

Improving the incentives to work part time

We need to improve work incentives for all groups of beneficiaries. The incentives for part-time work are especially important in a recession. As we move into uncertain economic times, ensuring displaced workers can maintain at least some labour market contact will be critical. Part-time employment is better than no employment, and it can act as a stepping stone to full-time work and independence.

We also need to look at other things that can act as barriers to work. At the interface between the tax and benefit systems, we need to make sure that the way we configure and deliver assistance for working people does not obscure good work incentives or get in the way of people getting on with their lives.

Child support payments provide an additional source of income for custodial parents when they are in work. Where the custodial parent is receiving a benefit, the Inland Revenue Department collects this payment from the non-custodial parent, to offset the cost of the benefit. This improves incentives for the parent to get off a benefit. However payment complexities and delays often counter these incentives.

Promoting employment for sole parents

Since 2004, we have seen the largest fall in overall numbers receiving the Domestic Purposes Benefit since this benefit was introduced in 1973. The number of sole parents in employment has also risen, with the gap in employment rates between sole parents and partnered mothers now the lowest since 1992. But despite this,

As we move into uncertain economic times, ensuring displaced workers can maintain at least some labour market contact will be critical.

sole parents make up a considerable proportion of beneficiaries, and in 2007 children in sole parent families accounted for 56 per cent of children in poverty.

We need to develop different responses for different subgroups of sole parent families receiving benefits.

For some young sole parents, preventative and intensive action is needed. We need to make sure they don't become stuck on a benefit and fall into hardship. While some people who parent early do well and are well supported by family and whānau, research highlights the strong association between early parenthood and a number of disadvantages for mothers, which in part reflect the difficult backgrounds of many of those young parents.¹¹

For most sole parents, however, employment in the short to medium term will provide the best long-term route out of poverty. The issue for many sole parent families is that they find it hard to balance work and parenting.¹² Children fare better from parental employment if family income is increased and high quality childcare is used. Negative outcomes are possible if family income is not improved and if employment is stressful and conflicts with parenting, particularly if teenage supervision is reduced or poor quality childcare is used.¹³

We need to line up good work incentives with appropriate and clear expectations that acknowledge parenting responsibilities and supports that give a helping hand. Work and Income can provide a range of supports to help sole parents to overcome other barriers to employment, such as helping to set up childcare, education and training, and providing job-matching services.

Doing all we can to prevent long term benefit receipt among new sole parent beneficiaries is important. With the economy softening, there is a risk that working sole parents will fall back onto benefits, and we should give special attention to helping to reconnect these sole parents to the labour market where possible. If there are no jobs, a period of education and re-training will need to be the short-term focus.

Improving supports for people with ill health or disability

Poor health or disability is now the most important barrier to independence faced by many MSD clients – there are 46,000 clients receiving the Sickness Benefit (SB) and 83,000 clients receiving the Invalids' Benefit (IB), representing half of the total working age benefit recipients.

The cost to government of not providing effective measures for this client group is substantial. In the next few years, expenditure on those receiving a sickness or invalids' benefit will exceed \$2 billion per year. The longer health and disability issues remain unaddressed, the more difficult and costly it is to achieve results. There is a major opportunity to both improve results and to reduce government expenditure.

Since 2005, Work and Income case managers have been brokering services to help people on SB or IB to move towards employment. This includes purchasing specific health interventions to help people to get work-ready, and to improve their understanding and ability to engage with health professionals and their clients.

To make further progress in getting sole parents into work, we need to line up good work incentives with appropriate expectations and supports that give a helping hand...

... and to make progress for people with health and disability issues, we need better work incentives supported by services.

These changes have had some success, but to make a real difference we need to do more. There is considerable scope to take an investment approach to this group – the financial support levels paid to people with ill health or disabilities are higher than for the average benefit recipients, and they spend longer receiving that support. Promoting independence for people with ill health or a disability can translate into a better life for the individual, and significant fiscal savings for the government.

We need to improve the financial incentives for part-time and full-time work for this group, and to improve the range of employment-focused health interventions available to them.

Getting help to people quicker and earlier as part of an investment approach is critical. Finding ways of lining up government's health and income support investments across agencies, with the monetary and non-monetary benefits to the individual and savings to the government is the next step.

Adequate financial supports provide the backbone for a successful social security system

There has been a significant improvement in the levels and structure of financial support over the last 15 years. Working for Families in particular has made a big difference to incomes for those families with children and poverty rates have almost halved for families in work.

However, there are still pockets of poverty and hardship in New Zealand. People who receive benefits for long periods of time, people with high needs (in particular arising from ill health or disabilities), high housing costs and problem debt are particularly at risk of poor outcomes. People facing a combination of factors have a particularly high risk of severe hardship. This is not a homogeneous class of people – it is pockets of individuals and families and whānau facing particular sets of pressures and struggling to make ends meet.

For people who cannot work, who are searching for work, or who are building their capacity to work, we need to make sure that financial supports are sufficient to provide a minimum acceptable standard of living and do not exacerbate their problems, marginalise them from society or further distance them from the labour market.

The system of financial supports in New Zealand is three-fold. The system provides basic level support through our main benefits; additional broad-based support for common costs such as accommodation, disability and the costs of raising children; and hardship assistance to help with one-off needs or ongoing assistance where people have expenses that significantly exceed their income.

This structure aims to provide for the basic needs of most beneficiaries, while allowing for additional costs, and exceptional circumstances. It must balance the competing pressures of income adequacy, fiscal prudence and maintaining work incentives.

Within this structure, we can target specific drivers of hardship. At this time, support for accommodation costs, last-resort hardship assistance, and government debt are

Having adequate levels of financial support is an investment in a cohesive society and in the future labour force....

priority areas. Achieving significant further reductions in child poverty will require further investment in the more expensive instruments like tax credits.

Ensuring financial supports for housing are adequate

Accommodation is often the single largest cost faced by low-income families, so it is particularly important to get the available supports right. High or rising housing costs relative to income can put a household under financial pressure.

The main form of financial assistance for accommodation costs is the Accommodation Supplement (AS), which delivers around \$1 billion of financial assistance per year to around 250,000 people. The AS was originally targeted quite narrowly to low earners and beneficiaries. Policy changes implemented in 2004 and 2005 and improvements in its delivery mean that it now helps a greater number of non-beneficiaries (non-beneficiaries account for 21 per cent of AS recipients in October 2008 compared to 5 per cent in October 1996).

The AS has not been adjusted since changes were made in April 2005, and it is losing ground. Between February 2005 and February 2008, rents have increased by 17 per cent. As at September 2008 31 per cent of AS recipients were receiving the maximum amount compared to 20 per cent in June 2005. The demand for hardship assistance (in particular Temporary Additional Support) has increased, driven in large part by rising housing costs.

In light of this, we believe it is now critical to reassess the adequacy of the AS settings with a view to providing increased levels of support to low-income people with high accommodation costs.

Reconfiguring hardship assistance

The system of hardship assistance originally reflected the diversity of individual needs, and the fact no system could be built to cover all circumstances. This support is tightly targeted, but hard to understand, complex and time-consuming to administer.

Hardship assistance takes the form of either one-off grants for a range of particular essential needs, or ongoing assistance where people have expenses that significantly exceed their income. This assistance often takes up the slack when other forms of help are not meeting people's needs, and in this period of economic recession, we need to be particularly vigilant about ensuring those needs are being met.

We believe that there is an opportunity to reform the system of one-off Special Needs Grants in a way that would improve transparency, better promote independence, and minimise administrative costs, so we can continue to focus on the real goals, while still meeting short term needs.

Supporting carers to support others

When people are caring for a friend, family, or whānau member they can face significant costs. They may have to make decisions to reduce their hours of work or to stop working to continue their caring responsibilities. Carers receiving income support generally experience multiple disadvantages in returning to employment,

...financial support for the costs of accommodation has not kept pace....

... the system of hardship assistance needs reform...

and we need to balance the care they provide with education or work to improve their financial security.

It is important we support carers to provide the right care and support to the person they are caring for. We also need to provide carers with the support to help them participate in training and employment so they can make the transition into sustainable long-term employment once their caring responsibilities let them.

Carers fulfil an important role in their communities and the care they provide would otherwise be a cost to government. Improving income support to carers recognises the value of their role, and is a particular priority for those who provide ongoing care to support people with high and complex health or disability needs.

Doing more to help people manage and avoid problem debt

Problem debt is a contributor to hardship for many households. High levels of indebtedness, debt incurred on disadvantageous terms, and debt beyond an individual's ability to repay, can drag people into hardship. Problem debt reduces an individual's ability to become independent, to build up assets and to work towards financial security. People with poor education and financial literacy, low income and assets or who are hit by a life-shock are at a higher risk of having problems with debt.

Responses to problem debt need to focus on both the individual, and the market for financial services. The focus on the individual should prioritise preventing further indebtedness through information, education, advocacy and providing the right assistance and advice, at the same time as acknowledging the need for better tools to manage crises when they arise.

While access to debt provided by government can be a good thing, government departments must continue to work hard to minimise overall levels of indebtedness to government. Government agencies need to increasingly think about government debt in the aggregate, making sure that repayment plans are sustainable and take into account the debtor's overall position.

Identifying problem debt early and working with people to quickly establish realistic scheduling of repayments, in light of their overall position and other obligations is the key to managing debt.

Government has less control over private sector debt. At present, debt markets are relatively lightly regulated, and there is a degree of reliance on self-regulation. While companies will require higher returns to compensate for the additional risks involved in lending to certain groups, there are instances of unjustifiably high interest charges and fees, and onerous terms and conditions.

It is also clear to us that there are pockets of extremely unscrupulous behaviour within the market in New Zealand. Regulation and enforcement actions lie outside of MSD's responsibilities, but must be part of any attempt to tackle problem debt.

... and we must do more to help people manage problem debt.

Lifting skills and wages can provide a way through otherwise intractable problems

Coping with New Zealand's large proportion of low paid workers

New Zealand has a large proportion of low paid workers. Approximately 21.5 per cent of all wage and salary earners reported wages below the low-pay threshold used by the OECD in 2004–2006.

Alongside this, around 20 per cent of working age people have no formal qualifications.

It can be difficult for people with lower skill levels to find employment that pays enough to be worthwhile. One response to this has been the use of government payments made to working people, in particular to families with children, to ensure work pays more than a benefit, and then spreading these payments to higher income families to maintain decent incentives to move further up the job ladder.

To get higher paying, better jobs, skill levels must be raised. If New Zealand can move towards a more productive and higher-wage economy, it is likely work alone will enable people to live independent lives.

The low-wage, low skill elements of the New Zealand economy are the parts the Ministry and its clients largely deal with, and policy and service delivery settings are geared to work around.

Low-skilled, low waged employment is often marginal and is characterised by people having little ability to increase their earnings over time. This means extra help and support is often needed to help people to stay in employment. In an economic downturn, low skilled workers are vulnerable to unemployment, and we have to work extra hard to keep them engaged in the labour market.

Increasing New Zealanders' skill levels

The Ministry can play a role in upskilling some of the most vulnerable workers. We spend about \$300 million on quality learning programmes that help around 70,000 learners each year to get the skills they need to sustain themselves in employment, to continue to learn over the course of their lives, and to participate in society.

We also have strong relationships with industries and employers. We work with employers to improve our ability to match clients with the right jobs, and to understand the skill needs employers have. These links also provide us with the opportunity to help firms to identify and develop training strategies in collaboration with education and training providers, and to encourage good employment practice.

We provide financial support to students, plus guidance to help them make the best choices about their studies. We work with partner organisations so young people can build a foundation for life-long learning while they are at school. For example we provide social workers in some schools to work with young people from difficult socio-economic backgrounds. We also work with other government agencies to support the government-wide focus on increasing the skill levels of the existing workforce. While we can play a role through these avenues, many of the primary levers lie elsewhere.

New Zealand has a large proportion of low paid workers

We have a key role to play in upskilling some of the most vulnerable workers

Improving the skills and labour market resilience of young people

First experiences of the job market can have lasting consequences. A good place to start in getting a more skilled, productive labour force is with our young people.

Over recent years we have been increasingly successful in ensuring young people do not fall through the cracks and become inactive. But we have not necessarily been as good at ensuring young people entering the workforce have prospects.

The next challenge is to make sure young people are going into jobs equipped with the skills they need to make progress up the job ladder, or are acquiring those skills in the workforce.

In challenging economic times, we also need to keep an eye out for young people losing their jobs. With the upcoming pressures of an ageing population, New Zealand cannot afford to have young people exiting the workforce if they lose their job and becoming disengaged from the labour market.

PART

3

Older People

The foundations for a happy, healthy retirement are laid earlier in life – in childhood, youth and adulthood. Older people have a valuable contribution to make to society: in the labour force, in the community as volunteers, within families as carers, and in the economy both as consumers and taxpayers. The skills, experience and knowledge our older people have can benefit us all.

WE HAVE A RELATIONSHIP WITH ALMOST ALL OLDER PEOPLE

Government has an important role in providing services and support to older people to enable them to participate in the social and economic life of their communities. Support for older people comprises a significant component of central and local government services – a quarter of all government expenditure is directed at people aged 65 years and over.

MSD's role is to provide services and assistance to older people. Our aim is to support older people to live full and secure lives, to help them maintain their independence and to enjoy opportunities to use their skills and knowledge in their communities.

Our key functions are to provide income security for older people through the payment of New Zealand Superannuation to around 500,000 people, together with the Veteran's Pension and Emergency Benefit. MSD also provides supplementary payments to help older people meet extra costs and administers the SuperGold Card. We administer the Residential Care Subsidy and the Community Services Card. MSD also works with community organisations to promote the safety of older people.

MOST OLDER NEW ZEALANDERS ARE DOING WELL

Older people are living longer and healthier lives

There are around 515,000 older people (aged 65 years and over) in New Zealand – about 12 per cent of the total population. Research tells us most older New Zealanders are well equipped to participate in society. Most have adequate incomes and assets that provide them with a reasonable standard of living and on average they are living longer and healthier lives than their predecessors. Older people have high home ownership rates and increasing numbers of older people are living at home and are receiving the support to do so.

In general, older people have relatively low rates of poverty compared to younger age groups, due in large part to their high levels of home ownership and the universal payment of New Zealand Superannuation. However, there is evidence of a small group of older New Zealanders (around 8 per cent) whose living standards are very restricted. Certain groups are especially vulnerable, particularly older people whose only income is New Zealand Superannuation, those living alone and those who do not own their own home.

Most older people have a reasonable standard of living and are living longer and healthier lives

The current population of older people encompasses a wide range of experiences and lifestyles:

- 14.4 per cent people aged 65 years and over were in employment in the year to June 2008
- 17 per cent of older people (65+) undertake unpaid work outside the home
- 76 per cent of older people (65+) spend at least 2.5 hours a week in sports or active leisure.

Population ageing will create challenges

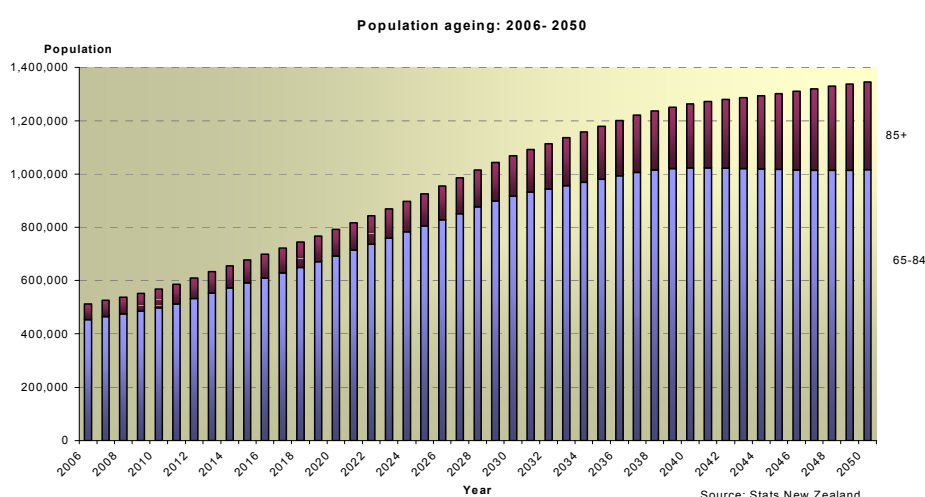
New Zealand, like other developed countries, will experience unprecedented population ageing in the first half of the 21st century. The number of older people in New Zealand is expected to rise from 512, 000 in 2006 to 1.1 million by 2031, with the proportion of older people in the total New Zealand population increasing from 12 per cent to 21 per cent by 2031. The number of those aged 85 years and over is forecast to increase threefold over the same period, from about 60,000 to 160,000¹⁴.

The first baby boomers will reach age 65 from 2011, and around 500,000 older workers will exit the workforce up to 2030. This will lead to a significant decrease in labour force growth and productivity.¹⁵ There are flow-on implications for living standards and tax revenue.

Future cohorts of older people in New Zealand are likely to differ markedly from the current older population. They will be more ethnically diverse and they will have a greater variety in their family circumstances.

Population ageing will create challenges such as increased demand on social services and infrastructure

Figure 4. Projected population ageing in New Zealand



New Zealand needs to prepare for population ageing. The scale of these changes is unprecedented and poses both challenges and opportunities.

While, on average, future generations of older people are likely to do better than the current generation, there will be increased numbers at risk of poor social and economic results. We can expect greater demands across the social sector,

...but will also bring real benefits if we ensure older people are able to participate fully

including for health and residential care, income support, housing, transport and infrastructure.

The ageing of the population will bring real benefits if we ensure older people are able to participate more fully in the economic and social life of our communities. Employers will increasingly look to an older labour force to address labour shortages. Families will become increasingly reliant on grandparents to provide childcare.

THE AGEING POPULATION BRINGS CHALLENGES AND OPPORTUNITIES

To maximise the contribution older people can make, we need to prepare for the changes population ageing will bring. Helping older people to age independently in the community and facilitating increased labour force participation by older people will bring about not only economic benefits, but social benefits as well.

Supporting older people to live independently brings us all benefits

Research tells us that most older people, including those with moderate health and personal care needs, would like to remain in their own homes and to live independently, rather than to move into long-term residential care.

The projected increases in the older population in the medium and longer term, and particularly in those aged over 85 years, give immediacy to addressing issues that will build older people's capacity to continue living independently.

Helping older people to remain active and connected within their communities is important for both the overall health and wellbeing of older people and for society as a whole. Policies that support older people to remain in their communities can also help to manage the long-term costs of residential care.

There is a wide range of services and supports available to older people in their communities. However, these services are not always co-ordinated and there is a need for brokering that links people up with the supports that are available. This service needs to be provided in a convenient way – in the older person's home or at a place of their choosing. Part four of this briefing provides some ideas about how a service like this could operate.

Successful ageing in the community often depends on the availability of informal care and support from family members. However, demographic changes are likely to reduce the number of available informal carers and research suggests current social trends – such as the increasing emphasis on individual choice and higher female labour participation – could place additional pressures on the availability of informal care in the future. A significant expansion of home and community care options would help to address these pressures.

There are a range of services available to older people, but they need to be co-ordinated and brokered in a convenient way

Financial supports need to be more closely aligned to the needs of older people

Most older New Zealanders are well equipped to participate positively in society. Most of them have adequate incomes that provide them with a reasonable standard of living, while over three-quarters own their own home.

Older people have relatively low rates of poverty, after taking account of housing costs, compared to other age groups. Only around 8 per cent of older people lived in poverty in 2007 compared to 13 per cent for the whole population. This is largely due to their high rate of home ownership and the universal provision of New Zealand Superannuation.

Those older people who rely solely on New Zealand Superannuation for income, who do not have other assets, who do not own their own home or who have other costs are often vulnerable. In the future, our declining rates of home ownership and our historically low rates of saving mean there may be a heightened risk of hardship among older people.

Although high housing costs can be a major contributing factor to poverty among people aged 65 years and over, the take-up rate of the Accommodation Supplement among this age group is relatively low. Doing more to enable older people to access this assistance may help to provide an additional buffer against hardship.

One-off costs can cause hardship for older people on fixed incomes

Older people on low fixed incomes, and especially those with other risk factors, often struggle to meet high one-off costs. These can have a significant impact on their health and wellbeing. Such costs may be related to essential health items or to items vital to their general wellbeing.

This leaves some older people vulnerable to acute hardship on a long-term basis – particularly those on low incomes with high housing costs. The current system of supplementary support does not always effectively target the needs of these older people.

There is the scope to enhance supplementary financial payments to ensure they better support older people ageing in the community. For example, older people on low fixed incomes often struggle to meet high one-off costs, which can, in turn, have a significant impact on their health and wellbeing. Such costs may be related to essential health items – such as dentures, glasses or hearing aids or home modifications to help overcome disabilities – or to items vital to general wellbeing such as general home repairs and maintenance.

Recent research suggests the current system of special needs support is not effectively geared to assist with these kinds of needs. There is scope to reform the system of supplementary payments to ensure it is better aligned with the needs of older people.

Older people have relatively low poverty when measured after housing costs...

Large, one-off costs can cause particular problems for older people...

...and we need to better align financial supports to their needs

Doing more to facilitate employment for older people who want to work will have important benefits...

Facilitating engagement in employment for older people will have economic and social benefits

New Zealand has high rates of employment of older people compared to other OECD countries, but there are still barriers. We need to do more to make sure that when older people want to work it is a viable choice.

Mature workers and older people who want to work continue to face discrimination in the labour market and more flexible or part-time work options would better meet their needs.

Higher participation of older people in employment will help to offset the effects of population ageing on economic growth and to address skill and labour shortages. It will also help to sustain the tax base to fund the increase in the overall cost of the support measures required to meet the needs of the ageing population. Work also contributes positively to a range of other things for older people, such as improved life expectancy and health outcomes.

We need to work with employers and training providers to get better recognition of the skills, knowledge, experience and stability older people bring to the labour force. New Zealand could do more to encourage flexible workplace practices and to provide good information about work and retirement options.

We need to do all we can to protect our older people from abuse and neglect

Like all New Zealanders, older people have the right to feel safe and secure, to live with dignity and to age in a positive way, free from discrimination. Mental and physical frailty may make some older people more vulnerable and in need of particular support and protection.

International research suggests the prevalence of elder abuse and neglect ranges from 3 to 10 per cent of the older population in developed countries. Based on current population estimates, this figure would translate to between 15,000 and 50,000 older New Zealanders.

Abuse, neglect and violence against older persons takes many forms – psychological, material/financial, physical, sexual, and institutional – and occurs in every social, economic, ethnic and geographic sphere and in different settings including private homes and residential care. Several types of abuse and neglect can occur at the same time. Most elder abuse and neglect in New Zealand is perpetrated by family members.

For an older person experiencing abuse or neglect there may be wide-ranging and long-term effects on their physical and mental health, finances, living arrangements and family relationships. It reduces their ability to participate fully in society and has wider costs for families and whānau, communities and government.

The Ministry currently part-funds 24 elder abuse and neglect prevention services around New Zealand. These services investigate and assess complaints of abuse, co-ordinate intervention services, provide education and raise awareness in communities. However, a current lack of comprehensive data and research around elder abuse and neglect in New Zealand makes it difficult to accurately assess the

*...and we must
protect older
people from abuse
and neglect*

full extent of the problem, what is working best to address it, and where the gaps in services are.

We need to improve our understanding of elder abuse and neglect and to strengthen the social services and health sectors' responses to it, including addressing gaps in current service provision and strengthening the accountability of perpetrators.

MSD and Age Concern New Zealand have been working together to identify priority areas for further action – including priorities that can be undertaken within existing resource allocations.

PART

4

Re-Shaping Services for
Better Results

To make progress on many of the challenges identified in this briefing, we are re-designing the way we deliver services to New Zealanders.

We are working with other agencies where this is needed to get better results. We are also tailoring our services to the needs of the individual client.

EXPANDING AND STRENGTHENING COMMUNITY-PROVISION WILL REDUCE DEMAND FOR GOVERNMENT SERVICES

Government and non-government social service providers have complementary roles

Government agencies and non government organisations both provide social services to individuals and families, and largely they have complementary roles and strengths.

Government delivered services usually work at the remedial end

Government agencies, such as MSD and ACC, administer statutory entitlements, including income support and accident compensation payments. In addition, government social services generally focus on remedial activities – dealing with current problems, as opposed to working at the preventative end of things. Government social services also operate the coercive powers of the State. It is government rather than non-government agencies which impose sanctions and penalties, or exercise such significant powers as removing a child from a family.

Government agencies can also draw other government agencies together to help a family or whānau. This is one key to the Integrated Service Response model outlined below.

Non government social services often work at the preventative end

Non government social service providers have huge strengths which they bring to addressing an issue or helping a person and their family or whānau . They are funded by government to do a lot of preventative and early intervention social service work with individuals, families and communities. Examples are the family and parenting services funded from MSD but provided by organisations ranging from Barnados to smaller community-based organisations providing Family Start programmes.

Successive governments have chosen to use community and non government service providers for early intervention services because they are best placed to provide this type of service. Even though government agencies can and do build strong and positive relationships with clients, we know that having coercive powers affects the nature of those relationships.

We need to have an effective spread and mix of services from preventative to remedial and statutory. That means making sure that capacity and capability exists and is maintained across the spread of services.

*Government
Social Services
work largely at
the remedial
end*

*Community -
based services are
a critical part of the
service mix and
often work at the
preventative end*

There has been a substantial injection of resources into community providers

A substantial injection of government resources into community-based child, youth and family services through the Pathway to Partnership programme is taking place over the next four years. Funding for this sector will increase by \$446 million – almost doubling current government spending in this area. This money will be progressively introduced with an extra \$52 million available in 2008/2009, building to \$192.8 million in 2011/2012. The additional funding will move these services from part-funding to full-funding, will provide for annual cost-adjustment payments and will address forecast additional demand.

We need to do more to support high-quality and efficient community provision

Getting in early with vulnerable children and young people and their families is not enough – research shows that, to be effective, we need to make absolutely sure the services provided to these families and whānau are of the highest quality.

The move to the full-funding of community-based child, family/whānau and youth services provides us with the opportunity to place a stronger emphasis on the quality of those services. We will do this by working alongside providers to focus on the results being achieved for families rather than on the volume of services being delivered by providers. We will also work with them to lift the skills and training of their workforces and build the governance and management of their organisations.

The Pathway to Partnership programme also enables us to provide a stronger focus on efficiency within the sector. New Zealand has a high ratio of community-based providers per capita (we estimate there are 850 community-based providers of these services). This is likely to have led to unnecessary duplication across providers. Furthermore, there are issues with the organisational strength of some of the smaller providers. We will use both the funding levers and the dialogue we have underway with the sector to reduce duplication and to promote greater collaboration. Better data collection will also help us to build a more accurate picture of what the actual costs of delivering these services are.

Greater investment in the community-provider sector will, in the medium to long term, reduce the demand for government intervention in the shape of child protection, police, prisons and benefit payments. This will in effect shift resources away from the government sector to community providers.

ORGANISING GOVERNMENT SERVICES AROUND THE NEEDS OF OUR CLIENTS GETS BETTER RESULTS

To make progress on social issues we need to have strong and clear policies that are tailored to address the problem. But these will only work if they are complemented by effective and active service delivery. MSD provides services to a huge number of individuals and families every day through Work and Income, Studylink and Child, Youth and Family. Many of our clients can manage with little need for extra or intensive help. However, those that face the most complex issues need greater help – and not just from MSD.

Strengthening the capacity of community based services is a priority

MSD is tailoring its services around the needs of individuals and families

We are increasingly working with other agencies to wrap services around their clients with multiple and complex needs

We are changing our service delivery strategy so that our interaction with each person is based on their individual situation. Through a number of our service initiatives we are supporting people with multiple and complex issues to identify and address all of the issues they face – family violence, mental ill-health and so on, rather than just focussing on their immediate presenting issue. This means wrapping services around individuals and working across service lines, across agencies, and with the community-provider sector.

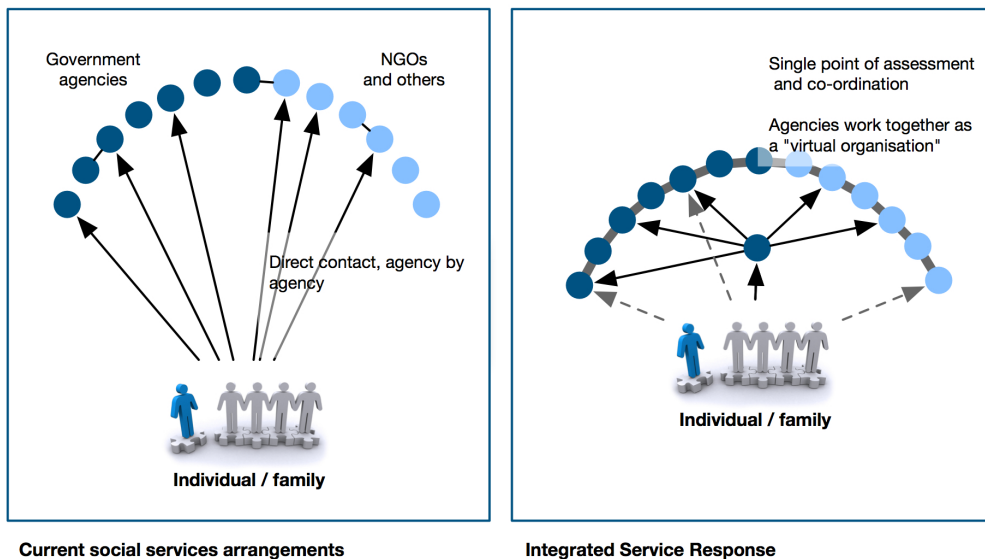
We have developed a new integrated case management approach and delivery model

An integrated service response

The Integrated Service Response is a case management approach developed by Work and Income for working with individuals and families and whānau who have complex and multiple needs. It works across our service lines and involves other government and community agencies who are already working with the client. It was developed in partnership with the various service lines of MSD, Housing New Zealand Corporation and the New Zealand Police.

The initiative has a strong focus on interagency collaboration, involving agencies such as Housing New Zealand Corporation, the Police, Accident Compensation Corporation, Corrections and Workbridge, but also involving a range of community-based social service providers, and the local District Health Board. A Work and Income case manager acts as a key contact for the family to understand its needs and to bring other agencies together around these. This is illustrated in Figure 5 below.

Figure 5. The Integrated Service Response



Of course, we can address the needs of many of our clients without having to work with others in this way. We only collaborate when we need to, to get results. By working proactively with families and whānau at an earlier stage and by providing a more intensive level of support, we are able to help them to lead more successful

lives. There are already indications of positive outcomes for the people and families the service works with, including improved accommodation, increased participation in education, increased enrolments with health providers, improved financial management skills and increased participation in employment and training.

The Integrated Service Response operates in 53 communities across the country. As at 31 October 2008, there were a total of 590 families enrolled with the Integrated Service Response, comprised of 870 adults and 1,806 children.

A DVD showing how the Integrated Service Response works using two case studies as examples has been included in this briefing.

Community Link Centres: a community base for integrated services

The Integrated Service Response works best when government and non-government providers of services are located together. We opened a Community Link Centre in Linwood, Christchurch early in 2008 to test this way of working.

A DVD on how the Linwood Community Link Centre works in practice has been included in this briefing.

We are planning to open five more Community Link Centres by the end of 2008 with Community Link Centres operating nationwide within two years. The Organisation Briefing details our roll-out plans.

Agencies located at the Linwood site are MSD, Housing New Zealand Corporation, Career Services, the Department of Building and Housing, Accident Compensation Corporation, Corrections and Workbridge. We are consulting with a further 15 community providers, Inland Revenue and the Canterbury District Health Board (DHB) about their potential involvement.

Having agencies available at the same physical location offers a range of benefits:

- it allows agencies to operate more efficiently and it provides some agencies with a presence they would not otherwise have had (for example, the Department of Building and Housing in Linwood)
- it creates an environment where a more comprehensive approach can be taken to individual problems. For instance, for a person having problems with their accommodation, the Linwood Community Link Centre has MSD, Housing New Zealand Corporation and the DBH working together onsite.

The Linwood site is new, and a new way of delivering services is being evolved there. Over time, the service is moving towards a single needs assessment for clients across all agencies. This will mean that clients will not have to explain their situation more than once. There will also be a handover of clients from one agency to another by case managers through direct contact between agencies, rather than by referral through a letter or fax.

With agencies coming together like this, we can expect to achieve results that go well beyond the narrower objectives of individual agencies. From the Community Link Centres, we hope to see results as diverse as reduced notifications of child

We are developing Community Link Centres to be a base for a range of service providers

abuse and neglect, reduced levels of truancy, increased participation in early childhood education, increased levels of childhood immunisation, better housing, reduced levels of debt, more attachments to services such as Plunket and registration with Primary Health Organisations. We also expect these service delivery changes to help us better identify which areas of policy need to be reviewed, and changed.

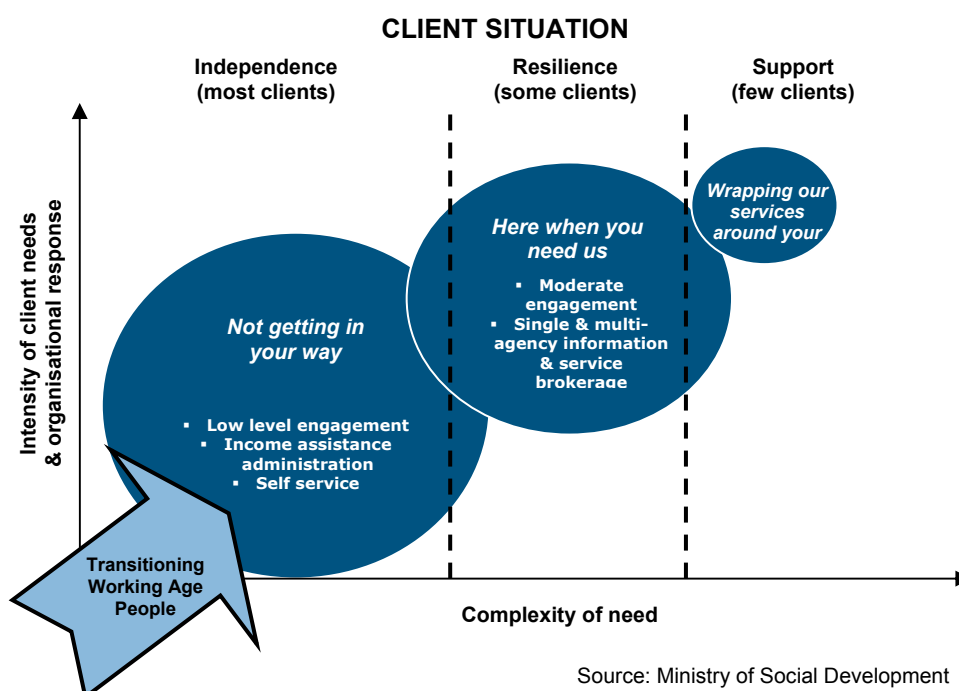
WE ARE TRANSFORMING SERVICES FOR OLDER PEOPLE TO REFLECT THEIR PARTICULAR NEEDS AND ASPIRATIONS

Maintaining independence later in life – for example, by remaining in our own homes for as long as possible – can require support from across a wide range of government agencies and community-providers. To achieve this, the Ministry is implementing a new way of working with older people. While the aim with our working age clients is to help them address barriers to employment and independence, our aim with older people is to support them to live in the community, by ensuring they can get all the available services and support they need to make this possible.

Figure 6 below sets out a model which illustrates how the large and growing population of seniors require support which is tailored to their differing needs. Most seniors do not require intensive service support from MSD. Many will still be working. In the future these people will be able to engage with us quickly and easily using on-line self help services. A much smaller number will require more intensive support services to be wrapped around them, from MSD and from other government and non-government agencies.

We are looking at how we better meet the service needs of older people

Figure 6. MSD – Services to Seniors Model



In 2008 we began designing a new service line for seniors which:

- ensures they receive their full and correct entitlement, in particular additional special assistance
- supports them to live, and age in the place they choose
- provides easy access to other information and services they require, including from government agencies, local government and non-government organisations
- provides tailored employment assistance if they choose to work.

The new service line will also have responsibility for the Community Services Card, the SuperGold Card, and administering New Zealand's superannuation portability arrangements. MSD is in discussion with Age Concern, Grey Power and other interested groups on the development of what this future service model will involve. Over the next two years, we plan to roll out this service to areas with high concentrations of seniors.

Having access to responsive services makes it easier for seniors to remain living full, productive and independent lives in the community.

WORKING WITH YOU

We work with almost all New Zealanders at some stage in their lives: supporting parents to give their children the best start in life, helping people to be independent by supporting them into work and enabling older people to lead independent lives and participate in society.

We have identified and are working on ways to make further progress on New Zealanders' social issues. These issues are fundamental to our economic and social wellbeing as a nation.

MSD has a service presence in most communities. Our service centres are now becoming a shared platform for other social service agencies, including non-government providers. Our innovations in service development are getting results.

We will work with you to develop a work programme that delivers on your priorities as Minister.

We can provide further briefings as a basis for decisions you may wish to take on the issues and actions we have raised.

We look forward to working with you.

ENDNOTES

1 Universal services are services that are available to all people within the age-range for whom the service is designed.

2 These figures are based on the low income measure used in Ministry of Social Development (2007) Social Report, Ministry of Social Development: Wellington. This measure is a constant-value, after-housing-cost measure of low incomes. Other measures of low income also show a fall in child poverty since 2004. See Perry B (2008) Household incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2007 Ministry of Social Development: Wellington for more information.

3 Police statistics provided to Taskforce for Family Violence's Ongoing Programme of Action (December 2007). Data relating to children is drawn from police violence incident reports (POL400).

4 Ministry of Justice (2007) Youth Justice Statistics in New Zealand: 1992 to 2006.

5 Fergusson DM, Horwood LJ and Ridder EM (2005) Show me the child at seven: the consequences of conduct problems in childhood for psychosocial functioning.

6 Scott G (2003) The Economic Benefits of Rehabilitating Chronic Adolescent Antisocial Males.

7 "Value for Money Project 3: Understanding our Impact," Centre for Social Research and Evaluation, in consultation with the Treasury and Infometrics Ltd, forthcoming.

8 Real disposable incomes.

9 In line with other modern industrialised nations, poverty in New Zealand refers to relative disadvantage, meaning that in comparison to others in the population, a person has a day-to-day standard of living or access to resources that falls below a minimum acceptable community standard. When reporting on income poverty two broad approaches are used, reflecting different ways of updating poverty lines over time. The 'absolute' approach uses a poverty line that is anchored in a particular year, then is held fixed in real terms for a decade or so. It then needs re-basing to reflect the changes in general living standards in the period. The 'relative' approach adjusts the line from survey to survey by using poverty lines set as a proportion of each year's median (50% and 60% are commonly used). The two approaches are sometimes referred to as 'fixed line' and 'moving line' measures respectively.

10 The OECD defines low pay as less than two-thirds of median hourly wages for all full-time workers. This definition has been used in Austria, France, Greece, Ireland, Italy, Portugal, and by the Institute for Employment Studies in the UK.

11 Boden JM, Fergusson DM and Horwood LJ (2008).

12 Macomber JE, Boots SW and Danziger A (2008) Baker M and Tippin D (2004) Department of Work and Pensions (2007).

13 Macomber JE, Boots SW and Danziger A (2008) Baker M and Tippin D (2004) Department of Work and Pensions (2007).

14 Source: Statistics New Zealand, National Population Projections: 2006 (base) – 2061, table 3, series 5, (medium series, assuming medium fertility, medium mortality and long-run annual net migration of 10,000)

15 New Zealand's overall rate of economic growth is projected to fall by 50% per cent from its current level of 3.2 per cent to about 1.6 per cent in the 2040s.