

12 FEB 2020

Dear [REDACTED]

On 15 January 2020, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

'Please may I have a copy of "REP/19/7/675 - Families Package Monitoring and Impact Evaluation" mentioned in the answer to Written Question 45165?'

Please find attached the requested report *REP/19/7/675 - Families Package Monitoring and Impact Evaluation* dated 30 July 2019.

You will note the report announces on page 2, that a first-year monitoring report would be provided by September 2019. This report has been published, and is available on the following link:

<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/family-packages/families-package-monitoring-report-2019-main-report-nov.pdf>

There is an additional report, dated 25 September 2019, regarding the first-year monitoring report for the Families Package (*REP/19/9/946*). I have decided to release this document to you as well to ensure you are given comprehensive information.

You will note that the names of individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

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

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

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

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

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

Yours sincerely



Rob Hodgson
General Manager, Insights MSD



Report

Date: 30 July 2019

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development

Families Package Monitoring and Impact Evaluation

Purpose of the report

- 1 The purpose of this report is to provide you with:
 - an overview of existing pieces of work that will be **monitoring outcomes** that we expect the Families Package might influence
 - advice on **evaluating the impact of the package on outcomes**, including an overview of impact evaluation challenges and opportunities, and questions we plan to prioritise.
- 2 A paper that provides a first-year monitoring report on receipt of the components of the Families Package will be sent to you in September 2019.

Executive summary

- 3 Given the speed with which the Families Package was prepared, no detailed planning or funding for evaluation accompanied its development in late 2017. The Ministry of Social Development (MSD) subsequently secured \$450,000 to evaluate the Families Package (\$150,000 in 2020/21 and \$300,000 in 2021/22).
- 4 The planning set out in this report requires a large work programme. As we scope in more detail, it is possible that some of the questions or outcomes of interest will not be able to be addressed given the limited funding available to us. We are exploring additional funding mechanisms for resourcing the work and options for encouraging others to do research in this area and will keep you updated on progress.
- 5 When we draw down the funding currently allocated, we plan to prioritise questions focussed on understanding the *causal quantitative impact* of the Families Package.
- 6 We will address questions about people's *qualitative experience* of components of the package through other research and evaluation work programmes across government.
- 7 Guided by the opportunities that exist for impact evaluation and the availability of existing data, we consider the following questions should be priorities for further exploration of feasibility, scope and cost:
 - How did family incomes, before and after housing costs, change with the Families Package?
 - What was the impact of increased assistance for families in the Families Package on poverty, material wellbeing, parental employment, and selected self-reported wellbeing measures?
 - What was the impact of the July 2018 Families Package changes in support for families with babies and toddlers on incomes, parental employment, and selected indicators of parent and child wellbeing available from linked administrative data?

- What was the impact of the Winter Energy Payment on indicators of hardship, hospitalisations and other outcomes?
 - What was the impact of the Families Package Accommodation Supplement area changes on housing outcomes, including rents?
 - What was the impact of the changes in financial incentives for people receiving benefit on employment and benefit receipt?
- 8 To the extent possible, studies addressing these questions will use outcome measures that align with those used in existing monitoring activities across government, and will explore the impact the package has for Māori, for Pacific people, and for other sub-groups of the population.
 - 9 We have consulted with the Child Poverty and Child Wellbeing Units in the Department of Prime Minister and Cabinet, The Treasury, Inland Revenue, MBIE, Te Puni Kōkiri, the Ministry for Pacific Peoples, Oranga Tamariki–Ministry for Children, the Ministry of Health, the Ministry of Housing and Urban Development, the Social Investment Agency, and the Māori and Pacific responsiveness teams within MSD in developing the questions.
 - 10 Going forwards a cross-agency reference group will be established for this MSD-led work programme to help further refine the impact evaluation questions, and ensure co-ordination with related monitoring, research and evaluation projects that agencies are undertaking using other funding streams.
 - 11 The impact evaluation questions set out above require a large work programme. As we scope in more detail, it is possible that some of the questions or outcomes of interest will not be able to be addressed given the limited funding available to us. We are exploring additional funding mechanisms for resourcing the work and options for encouraging others to do research in this area and will keep you updated on progress.

Recommended actions

It is recommended that you:

- 1 **note** that we have developed a set of priority impact evaluation questions in consultation with other government agencies guided by the opportunities for impact evaluation and the availability of existing data, but further work is required to determine feasibility, scope and cost
- 2 **note** that we will further refine the impact evaluation questions with advice from a cross-agency reference group, taking account of related evaluation projects that other agencies are undertaking using other funding streams
- 3 **agree** that we will provide you with:
 - 3.1 a first-year monitoring report on receipt of the components of the Families Package, in September 2019
 - 3.2 an update on the impact evaluation questions as they are further refined and finalised
 - 3.3 monitoring reports in September 2020 and September 2021, including updates on results to date and upcoming impact evaluation projects, and an update on related evaluation projects that other agencies are undertaking using other funding streams
 - 3.4 a final synthesis report in December 2022 drawing on the work undertaken across government.

4 **forward** this report to the Minister for Child Poverty Reduction, the Minister of Finance, the Minister of Housing, the Minister of Health, the Minister for Māori Development, the Minister of Revenue, the Minister for Workplace Relations and Safety, the Minister for Children, the Minister of Employment, the Minister for Pacific Peoples and the Minister for Women.

Agree/Disagree



Fleur McLaren
Acting General Manager, Insights MSD

30/7/19

Date



Hon Carmel Sepuloni
Minister for Social Development

4/8/19

Date

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Background

- 12 The Families Package was announced in December 2017 and mostly introduced in 2018. It comprised:
 - increases to the maximum amounts payable for Accommodation Supplement and Accommodation Benefit for students, and updates to the Accommodation Supplement areas that qualify recipients for higher levels of maximum payment to better reflect rental costs, effective from 1 April 2018
 - increases to a number of existing payments for families with dependent children, effective from 1 July 2018 (Family Tax Credit, Foster Care Allowance, Orphan's Benefit and Unsupported Child's Benefit)
 - introduction of two new payments, effective from 1 July 2018 (the Best Start tax credit for families with children born or due to be born after 1 July 2018, and the Winter Energy Payment for those in receipt of a main benefit, New Zealand Superannuation or a Veteran's Pension)
 - extension of the length of paid parental leave from 18 weeks to 22 weeks, effective from 1 July 2018, and from 22 to 26 weeks, effective from 1 July 2020.¹
- 13 Regulatory Impact Statements prepared for the package provided details of the changes and the monitoring that would be undertaken for some components. Given the speed with which the package was prepared, they contained no detailed planning for evaluation.^{2,3}
- 14 The Ministry of Social Development (MSD) subsequently secured \$450,000 to evaluate the Families Package: \$150,000 in 2020/21 and \$300,000 in 2021/22 [REP/18/3/347 refers].
- 15 This is a modest evaluation budget compared to the overall cost of the package. We indicated in our earlier report to you that we consider a focus on outcomes to be a better use of limited evaluation resources than extensive evaluation of the implementation of the Package, and that the funding would be focussed on evaluating the *quantitative impact* of the package [REP/18/11/1555 refers].
- 16 We will address questions about people's *qualitative experience* of components of the package through other research and evaluation work programmes across government. For example, MSD is strengthening its focus on understanding client experience, and engaging with communities through hui and talanoa. This will provide opportunities to gain qualitative insights.

¹ Robertson, G. (2017). *Families Package Factsheet*.
<https://treasury.govt.nz/sites/default/files/2018-02/families-package-dec17.pdf>

² The Treasury (2017). *Families Package Regulatory Impact Statement*.
<https://treasury.govt.nz/sites/default/files/2018-01/ria-tsy-fp-dec17.pdf>

³ MBIE (2017). *Increasing Paid Parental Leave Regulatory Impact Statement*.
<https://treasury.govt.nz/publications/risa/regulatory-impact-statement-increasing-paid-parental-leave>

What would we expect the result of the package to be?

- 17 The Regulatory Impact Statement prepared for the Families Package set out its overarching objectives, which were to:
- deliver more money to families with children
 - reduce child poverty
 - free up fiscal resources to fund this package and to contribute to further investments in housing, health, education, and other priorities through the repeal of the Budget 2017 tax cuts.⁴
- 18 Implementation of the Families Package was estimated to result in an average increase in financial support of \$75 a week for 384,000 families with children in 2020/21 (relative to policy settings prior to the package).⁵
- 19 The most recent Treasury modelling (undertaken for Budget 2019) projects that by 2019/20 the Families Package will reduce the number of children living in households earning below 50 percent of the median household income:
- *before* housing costs by between 40,000 and 62,000
 - *after* housing costs by between 46,000 and 68,000.
- 20 Based on existing international evidence, we would expect the increases in income and reduction in poverty that result from the Families Package to lead to improvement in outcomes for both children and adults. Over time, these positive effects would be expected to reduce disparities in outcomes between Māori, Pacific people and other ethnic groups, reduce inequalities more generally, and could improve social cohesion.
- 21 A summary of findings from recent reviews of this evidence is as follows:
- An increase in family income would be expected to affect multiple outcomes for children at the same time.
 - Evidence for a causal positive effect of increased income on outcomes for children is strongest for cognitive development and school achievement, and the next strongest evidence relates to social and behavioural development.
 - Increases in income have a bigger positive effect on life course outcomes in low-income families compared with higher income families.
 - Evidence shows both the lack of ability to purchase resources for children and stress on parents and children are both pathways by which low income influences negative outcomes.
 - Evidence for a causal positive effect of income on outcomes for adults is strongest for mental health.
 - Emerging evidence is also suggestive of positive effects in reducing child neglect, reducing involvement with child protection services, and reducing domestic abuse.⁶

⁴ The Treasury (2017). *Families Package Regulatory Impact Statement*. <https://treasury.govt.nz/sites/default/files/2018-01/ria-tsv-fp-dec17.pdf>

⁵ Robertson, G. (2017). *Families Package Factsheet*. <https://treasury.govt.nz/sites/default/files/2018-02/families-package-dec17.pdf>

⁶ Cooper, K. & Stewart, K., 2017. *Does money affect children's outcomes? An update*. CASEpaper 203, London School of Economics, United Kingdom. <http://sticerd.lse.ac.uk/dps/case/cp/casepaper203.pdf>; MSD (2018). *Rapid Evidence Review: The impact of poverty on life course outcomes for children, and the likely effect of increasing the adequacy of welfare benefits*. <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weaq-report-release/rapid-evidence-review->

- 22 The international evidence available does not allow us to anticipate the size of the effects of increasing income.
- 23 There is evidence that parental leave has economic and social benefits, including reduced child poverty, and a positive impact on child cognitive development, child health, economic growth and labour force participation.⁷
- 24 Paid leave and job security promotes economic growth as it reduces the time mothers remain outside the labour market, and helps improve women's attachment to the labour market over time. It supports newborn development by allowing for full-time personal care, which is particularly important in the first six months. Without paid parental leave, many parents cannot afford to take as much time off work as is desirable for family and child wellbeing.⁸
- 25 We have reviewed existing evidence on the causal impacts of payments with some similarities to Best Start. Only a very small number of robust studies were found. These suggest potential for Best Start to:
- change mothers' post-birth employment patterns, reducing employment during the eligibility period but strengthening connection to employment in subsequent years (when working in combination with paid parental leave changes)
 - improve educational achievement for children from the most disadvantaged families
 - impact on the birth rate in the short-term, and on the timing of births around about the implementation date (but it is unclear whether women's total completed fertility would be expected to change).
- 26 The Regulatory Impact Statement noted that the Families Package as a whole was expected to have a net negative impact on labour supply due to the increase in transfer payments at low and middle incomes (allowing people to achieve a given income level with fewer work hours, if that was their preference)⁹, and due to higher effective marginal tax rates in some cases (lowering the financial return from an extra hour of work).¹⁰

[the-impact-of-poverty-on-life-course-outcomes-for-children-and-the-likely-effect-of-increasing-the-adequacy-of-welfare-benef.pdf](https://www.orangatamariki.govt.nz/research/latest-research/welfare-and-tax-settings/the-impact-of-poverty-on-life-course-outcomes-for-children-and-the-likely-effect-of-increasing-the-adequacy-of-welfare-benef.pdf); Oranga Tamariki (2019). *Research Brief: How Do Welfare and Tax Settings Affect Children's Involvement with Child Protective Services?*
<https://www.orangatamariki.govt.nz/research/latest-research/welfare-and-tax-settings/>

⁷ The Treasury (2003). *Work and Family Balance: An Economic View*; OECD (2007) *Babies and Bosses – Reconciling Work and Family Life: A Synthesis of Findings for OECD Countries*.

⁸ MBIE (2017). *Increasing Paid Parental Leave Regulatory Impact Statement*.
<https://treasury.govt.nz/publications/risa/regulatory-impact-statement-increasing-paid-parental-leave>

⁹ For example, the design of the Winter Energy Payment creates a situation where some beneficiaries become worse off when they earn additional income in a particular income range, thereby creating disincentives to moving into work or increasing hours of work, although the scale of this problem was expected to be modest relative to other disincentives in the system.

¹⁰ The Treasury (2017). *Families Package Regulatory Impact Statement*.
<https://treasury.govt.nz/sites/default/files/2018-01/ria-tsy-fp-dec17.pdf>

Monitoring outcomes

- 27 A number of pieces of work already underway will be monitoring outcomes that the Families Package might influence. These include the following:
- **Annual Stats NZ reports on child poverty measures.** These reports are required under the Child Poverty Reduction Act 2018. Stats NZ has made improvements to the data source for measuring child poverty in the future. These improvements were implemented in the 2018/19 Household Economic Survey, which was collected between July 2018 and June 2019. Baseline estimates to be used by government for setting 3- and 10-year targets for reduction of child poverty for three primary measures specified in the Act were released on 2 April 2019.¹¹ First child poverty results from the 2018/19 Household Economic Survey will be available early in 2020.
 - **MSD's annual Incomes Report and companion report on material hardship.**¹² This will use the same methods as the Stats NZ reports but will cover a much wider range of population groups (not just children), and a wider range of themes. First child results using the 2018/19 Household Economic Survey will be available in 2020.
 - **Child and Youth Wellbeing Annual Report.** The Children's Act 2014 requires the responsible Minister to prepare an annual report to Parliament on achievement of the outcomes of the Child and Youth Wellbeing Strategy. The first report is due early in 2021. The annual report to Parliament will include data on a set of child and youth wellbeing indicators. The proposed suite of 36 child and youth wellbeing indicators and measures was considered by Cabinet Social Wellbeing Committee on 24 July 2019 for inclusion in the published Child and Youth Wellbeing Strategy – likely to be released in August/September 2019. A more detailed report on the Child and Youth Wellbeing Indicators, including most recently available data, will be published in late 2019.
 - **The Annual Families and Whānau Status Report,** formerly prepared by Superu and now prepared by MSD, which reports on measures linked to a Family Wellbeing Framework and a Whānau Rangatiratanga Framework. A key focus of this work programme is improving the quality and availability of wellbeing data at the family and whānau levels.
 - **Stats NZ's Indicators Aotearoa New Zealand – Ngā Tūtohu Aotearoa.** These indicators will cover current wellbeing, future wellbeing (what is being left behind for future generations), and the impact New Zealand is having on the rest of the world, and will include measures of homelessness, housing affordability and quality, and overcrowding. The frequency of measurement varies for each indicator with some being measured monthly and others up to 12-yearly. Indicators for which information is currently available will be populated with data by mid-2019.¹³
 - **Treasury's Living Standards Framework dashboard of indicators** provides an integrated system for measuring wellbeing.¹⁴ It is made up of three sections: Our people, Our country and Our future. The Our people section describes the distribution of wellbeing across nine domains for different population groups of New Zealanders. Measures are presented by: sex, age, ethnicity, family type,

¹¹ See <https://www.stats.govt.nz/news/child-poverty-statistics-released>

¹² See <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/monitoring/household-incomes/index.html>

¹³ See <https://wellbeingindicators.stats.govt.nz/>

¹⁴ See <https://treasury.govt.nz/sites/default/files/2018-11/lisf-introducing-dashboard-dec18.pdf>

region, hours worked and neighbourhood deprivation. The framework and the dashboard will be reviewed and updated by Treasury in 2021.

- **The Child Poverty Monitor** maintained by the New Zealand Child and Youth Epidemiology Service tracks child poverty-related indicators, including data from health, housing and education.¹⁵
- MSD has also begun work to develop **measures to respond to Recommendation 5 from the report of the Welfare Expert Advisory Group**, which was that MSD and Inland Revenue should publish yearly information on key outcomes for those interacting with the welfare system. These measures include information about full and correct entitlements, take-up rates of payments, employment outcomes, the impact of employment supports and services, and after-tax and abatement earnings.
- The Ministry of Business, Innovation and Employment (MBIE) is monitoring the **uptake of paid parental leave** following the Families Package changes. Labour Inspectorate and MBIE Service Centre activities will also be utilised to help monitor and evaluate the policy changes. A specialist team within the Labour Inspectorate is closely involved with analysing and processing complex applications. They will therefore be able to provide data on specific issues that arise from the changes via case management of applicants. The Service Centre can provide more general data derived from employer, employee and self-employed applicants' enquiries.¹⁶

Evaluating the impact of the package on outcomes

Challenges

- 28 The challenge for impact evaluation is to address the question – *what difference did the Families Package make to outcomes?*
- 29 This question cannot be answered by simply tracking monitoring data on outcomes before and after the policy was introduced. This is because a range of other factors will have contributed to the changes in outcomes that occur. Other policy changes are likely to have contributed, alongside labour market, housing market, migration, demographic and economic changes.
- 30 To be convincing, impact evaluation needs to estimate the counterfactual – it needs to estimate what would have happened had a policy, or its component parts, never been introduced. With a policy change like the Families Package, which was not trialled, 'quasi-experimental' impact evaluation methods will need to be used.
- 31 One kind of quasi-experimental impact evaluation method involves estimating 'difference-in-differences', where changes before and after a policy change are compared for groups affected and unaffected by the change, or for groups affected in different ways by the change.
- 32 To provide good evidence of causal impacts when using a difference-in-differences method, researchers need to provide convincing evidence that the estimates are robust, and not accounted for by other factors. For example, they need to show that the groups affected and unaffected by the change were experiencing 'common trends' before the policy change, that there is little or no potential bias introduced by people shifting between the groups being compared as a result of the change, and that other factors affecting the groups around the same time cannot explain the patterning of results.

¹⁵ See <https://www.childpoverty.org.nz//#/>

¹⁶ MBIE (2017). *Increasing Paid Parental Leave Regulatory Impact Statement*. <https://treasury.govt.nz/publications/risa/regulatory-impact-statement-increasing-paid-parental-leave>

- 33 Another quasi-experimental impact evaluation method involves comparing the outcomes of individuals on either side of a threshold for eligibility for payments. The intuition being that individuals close to, but on either side of, the threshold are comparable. Again, to provide robust evidence of causal impacts, this requires providing convincing evidence that, for example, the results are not explained by other factors or by bias introduced by people shifting between groups eligible and ineligible for the payments as a result of the policy change being evaluated.

Opportunities

- 34 Because of the challenges we face in producing robust evidence, it will not be possible to answer all the questions the Government has about the impact of the Families Package.
- 35 Impacts on some outcomes may be lagged and the policy may have smaller or larger additive effects over time. For some outcomes that are of interest, we will not see an impact in the time scale covered by the evaluation funding.
- 36 However, there are *some* opportunities to use quasi-experimental impact evaluation methods to understand *some* of the impacts of the package because different parts of the package affected different individuals and families in different ways.
- 37 In combination with developments in the data available through the Stats NZ Integrated Data Infrastructure (IDI), this presents some good opportunities to understand the difference that parts of the package made.
- 38 Particular strengths of the IDI lie in the new ability to link people's own responses to questions about their economic circumstances, employment and wellbeing in, for example, the Household Economic Survey, Household Labour Force Survey or the General Social Survey, with administrative data that help us understand their Families Package entitlements. These de-identified linked data open up new opportunities to explore the impact of policy reforms.

Impact evaluation questions we propose to prioritise for further exploration

- 39 When drawing on the \$450,000 allocated to MSD to evaluate the Families Package, we propose taking a pragmatic approach which involves:
- focussing our efforts on questions for which we have an opportunity to produce credible answers using quasi-experimental methods
 - focussing on outcomes for which established measures are already available from existing data sources, both before and after the package's introduction.
- 40 We propose prioritising the evaluation questions set out below for further exploration of feasibility, scope and cost. These questions:
- address knowledge gaps for Aotearoa New Zealand
 - are important questions to address in order to inform future policy development.
- 41 In each case, we will examine what the impacts are for Māori, Pacific people and other ethnic groups. To the extent possible, we will also examine impacts for other sub-groups defined by, for example, age group, income level, gender, urban versus rural area, benefit receipt and employment status.
- 42 The first of the questions will not be able to address the causal impact of the package, but is an important initial building block.

Question 1: Providing the context – how did family incomes, before and after housing costs, change with the Families Package?¹⁷

- 43 The opportunity: A great deal of analysis has already been done to project the change in incomes that would occur with the Families Package. We will look at what *actually* occurred.
- 44 An initial analysis using MSD data will consider people supported by benefit and compare actual payments and residual incomes with simulations of what would have occurred without the Families Package. It will update and expand work we previously published in June 2017 on *The impact of rising costs on Accommodation Supplement recipients*.¹⁸ We will also undertake analysis of what happened to hardship assistance and Temporary Additional Support following the implementation of the Families Package. Results from this initial work will be available in 2020. This work will be extended by looking at changes in incomes for Families Package recipients not supported by benefit.
- 45 Outcomes include: incomes before and after housing costs.

Question 2: What was the impact of increased assistance for families with children in the Families Package on poverty, material wellbeing, parental employment, and selected self-reported wellbeing measures?

- 46 The opportunity: overall, the package increased incomes of low- and middle-income families with dependent children by more than other groups in the population. We propose to undertake a difference-in-differences study to estimate the impact of this differential income gain on poverty, material wellbeing, parental employment, and selected measures of wellbeing available from data sources such as the linked survey data in the IDI, and the Health Survey. Possible quasi-experimental control groups include single and partnered people without children, and single and partnered people with children who are all aged 18 or over and therefore too old to qualify the family for Families Package increases.
- 47 Outcomes that could be considered include: for example measures of poverty, material hardship, parental employment, parental mental health and parental and child physical health, and life satisfaction. The detailed measures used will align with those developed for outcomes monitoring frameworks that have already been developed (for example the Child and Youth Wellbeing monitoring, Indicators Aotearoa New Zealand, and The Treasury's Living Standards Framework).

Question 3: What was the impact of the July 2018 changes in support for families with babies and toddlers on parental employment, and selected indicators of parent and child wellbeing available from linked administrative data?

- 48 The opportunity: The Best Start tax credit was only available to families if they had a child born, or due to be born, on or after 1 July 2018. The first extension of paid parental leave and the removal of the Parental Tax Credit also occurred on 1 July 2018. This package of changes offers a 'natural experiment', the impact of which could be estimated by comparing outcomes for those born just before and just after the eligibility cut off using difference-in-difference or regression discontinuity methods.¹⁹

¹⁷ Addressing Question 1 will help MSD broaden the evidence base in relation to the incomes of MSD's clients, and lay the groundwork for developing a measure for monitoring total incomes, as per Recommendation 5 from the report of the Welfare Expert Advisory Group.

¹⁸ See <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/accommodation-supplement-recipients/index.html>

¹⁹ The Best Start tax credit was announced on 8th November 2017. This means that for those children born up to around the middle of August 2018 there was no possibility of the conception

- 49 Best Start cannot be paid in weeks when paid parental leave is received. This feature of the package, together with the abolition of Parental Tax Credit which happened at the same time as the Best Start was introduced, and the income testing of Best Start in the second and third years of the child's life, means the net income gains from the package, and the time that income gain is received, varies across groups. A particular focus of the study would be on understanding how the policy package impacted on different groups.
- 50 The study could be extended to look those families with children born either side of the second extension of paid parental leave to be introduced in July 2020.
- 51 The size of the study populations is too small for self-reported measures of wellbeing available from data sources such as the linked survey data in the IDI to be used in the analysis. This study would instead focus on indicative measures available from linked administrative data.²⁰
- 52 Outcomes that could be considered for parents include: incomes and post-birth employment patterns; outcomes that could be considered for children include: breast-feeding rates, post-neonatal infant mortality, hospital admissions, and child protection service involvement. The study could also look at outcomes for older siblings. It could be updated at a later stage to look at outcomes for children as they reach Before-School-Check and school age, and to look at longer-term employment outcomes for parents.

Question 4: What was the impact of the Winter Energy Payment on indicators of hardship, hospitalisations and other outcomes?

- 53 The opportunity: Winter Energy Payment was made available to everyone in receipt of a main benefit, New Zealand Superannuation or a Veteran's Pension. It pays \$450 a year for single people, and \$700 for couples or those with dependent children with the aim of helping people to heat their homes in winter by increasing the amount of money available to them over the winter months. Difference-in-differences or other methods that exploit eligibility discontinuities could be used to estimate the impact of the policy.
- 54 Outcomes that could be considered for adults include: expenditure on heating, receipt of hardship assistance, employment; outcomes that could be considered for children and adults include: winter hospital admissions, measures of wellbeing available from data sources such as the linked survey data in the IDI, and the Health Survey.

Question 5: What was the impact of the Accommodation Supplement area changes on housing outcomes, including rents?

- 55 The opportunity: The updating of the Accommodation Supplement areas provides scope for examining the impact of changing the maximum payment available to people on housing outcomes. This could build on an earlier analysis published in 2018 which explored a 2005 Accommodation Supplement change that resulted in an increase in maximum entitlement for residents within a given area relative to those outside. The analysis exploited the natural experiment created by this policy change and used difference-in-differences methods to evaluate whether this led to higher rents being paid by recipients inside the area.²¹

of the child having been influenced by the policy (avoiding the potential for bias being introduced by people shifting between the groups eligible and ineligible as a result of the change). Our review of evidence suggests some potential for shifts in the timing of births in the two or so weeks around the timing of an introduction or abolition of a post-natal payment and care would be taken to explore this possibility and exclude births within this 'birth shifting' window if necessary.

²⁰ The Oranga Tamariki Wellbeing Model provides a useful set of measures.

²¹ Results showed that increases in allowances led to small increases in rental payments. Just over one-third of the increase in the Accommodation Supplement and related payments was absorbed by rent increases. This implies that almost two-thirds of the increase in housing subsidies

- 56 Outcomes that could be considered include: rents, residual incomes, receipt of hardship assistance, demand for public housing, household crowding and affordability, housing quality.

Question 6: What was the impact of the changes in financial incentives for people receiving benefit on employment and benefit receipt?

- 57 The opportunity: The Families Package as a whole changed financial incentives in different ways for different groups of people receiving benefit. There are a number of ways that the impacts of the policy change could be investigated using quasi-experimental analysis.
- 58 Outcomes that could be considered include: employment, benefit receipt.

Limitations

- 59 The proposed impact evaluations make the best use of the available opportunities for quasi-experimental methods to be applied. However, these methods require many assumptions to be met, and as we examine feasibility, it may prove impossible to meet these assumptions and establish causal impacts.
- 60 An important additional limitation is that the studies will be constrained by the data that are available for analysis. This means that they will not be able to look at some measures relevant to whānau and family wellbeing because of lack of data²² and will not look at impacts on society more broadly (eg impacts on social cohesion) because the quasi-experimental opportunities available relate to outcomes for individuals.
- 61 Both survey and linked administrative data have limitations and these will need to be carefully considered when examining feasibility. An important issue to consider is the degree to which these data are able to accurately measure information on key outcomes, including household incomes, across the income distribution.
- 62 Finally, in focussing on the *quantitative* impact of the package on measurable outcomes for which existing data are available, the proposed studies do not address questions about people's *qualitative* experience of the package. (For example, is the Families Package and its component parts empowering to families and whānau? How aware are they of the availability of the components? Do contact points in the application processes provide opportunities to access other support?)
- 63 As noted, we will address questions about qualitative experience through other research and evaluation work programmes across government.

Exploring additional funding mechanisms

- 64 The impact evaluation questions set out above require a large work programme. As the work is scoped in more detail, it is possible that some of the questions or outcomes of interest will not be able to be addressed given the limited funding available to us.

benefited recipients in the form of higher after-housing costs incomes. Given the data available, it was not possible to establish the extent to which these measured rent increases were the result of recipients being able to afford to spend more on housing (possibly leading to lower levels of crowding), or if the policy allowed landlords to increase rents (possibly due to increased housing demand). See <https://motu.nz/our-work/population-and-labour/individual-and-group-outcomes/do-housing-allowances-increase-rents-evidence-from-a-discrete-policy-change/>

²² See For example, in its 2017 report, Superu identified the quality of interpersonal relationships – individuals' perceptions of how well their whānau get along and the level of whānau support – as among the most significant factors associated with whānau wellbeing. Data on this measure is not collected with enough regularity to support analysis of the impact of the Families Package on them. See <https://thehub.sia.govt.nz/resources/families-and-whanau-status-report-2017/>

- 65 In addition, the Families Package opens up opportunities for a range of other policy-relevant quantitative research questions to be addressed, in addition to the impact evaluation questions we propose prioritising.
- 66 We are exploring additional funding mechanisms and options for encouraging others to do research in this area and will keep you updated on progress.

Consultation

- 67 We have consulted with the Child Poverty and Child Wellbeing Units in the Department of Prime Minister and Cabinet, The Treasury, Inland Revenue, MBIE, Te Puni Kōkiri, Ministry for Pacific Peoples, Oranga Tamariki–Ministry for Children, the Ministry of Health, the Ministry of Housing and Urban Development, the Social Investment Agency, and the Māori and Pacific responsiveness teams within MSD in developing the advice set out in this briefing.

Next steps

- 68 As we go forward, a cross-agency reference group will be established for this MSD-led work programme to help further refine the scope of impact evaluation questions, and ensure co-ordination with related monitoring, research and evaluation projects that agencies are undertaking using other funding streams.
- 69 MSD will lead the work to further explore feasibility, scope and costs, in consultation with the cross-agency reference group. We will then work through which projects will be completed in-house and which will be procured through external contracts, or involve research collaboration with external partners.
- 70 Most work will get underway when funding becomes available in 2020/21 (\$150,000) and 2021/22 (\$300,000). MSD will undertake the analysis of changes in incomes of MSD clients using baseline funding. This work will start in 2019.
- 71 We will report to you in September 2020 and 2021 with:
- An updated monitoring report on receipt of the Families Package
 - an update on trends in the main outcomes the Families Package would be expected to influence, based on monitoring work taking place across government
 - an update on results to date and upcoming impact evaluation projects, informed by further examination of the feasibility, scope and costs of addressing the questions set out in this report
 - an update on related evaluation projects that other agencies are undertaking using other funding streams.

72 In December 2022, we will report to you with a synthesis report on Families Package monitoring and evaluation, drawing on this work programme and other work occurring across government.

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Report

Date: 25 September 2019

Security Level: IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development

Families Package Monitoring Report - 2019

Purpose of the report

- 1 The purpose of this report is to provide you with a copy of a first-year monitoring report for the Families Package.

Recommended actions

It is recommended that you:

- 1 **note** that in July 2019, we briefed you on our approach to monitoring and evaluating the Families Package and indicated we would provide you with a first-year monitoring report in September 2019 [REP 19/7/675 refers]
- 2 **note** that the attached reports provide this information, setting out trends to June 2019 for Families Package payments, including the Family Tax Credit, Best Start, the Winter Energy Payment and the Accommodation Supplement
- 3 **note** that we intend to publish the reports on the MSD website, and will work with your office on details, including timing and communications
- 4 **forward** the attached reports to the Minister for Child Poverty Reduction, the Minister of Finance, the Minister of Housing, the Minister of Health, the Minister of Education, the Minister for Māori Development, the Minister of Revenue, the Minister for Workplace Relations and Safety, the Minister for Children, the Minister of Employment, the Minister for Pacific Peoples and the Minister for Women.

Agree / Disagree

Fleur McLaren
Manager, Research and Evaluation
Insights MSD

25/9/19

Date

Hon Carmel Sepuloni
Minister for Social Development

21/10/19

Date

Background

- 2 The Families Package was announced in December 2017 and mostly introduced in 2018. It comprised:
 - increases to the maximum amounts payable for Accommodation Supplement and Accommodation Benefit for students, and updates to the Accommodation Supplement areas that qualify recipients for higher levels of maximum payment to better reflect rental costs, effective from 1 April 2018
 - increases to several existing payments for families with dependent children, effective from 1 July 2018 (Family Tax Credit, Foster Care Allowance, Orphan's Benefit and Unsupported Child's Benefit)
 - introduction of two new payments, effective from 1 July 2018 (the Best Start tax credit for families with children born or due to be born after 1 July 2018, and the Winter Energy Payment for those in receipt of a main benefit, New Zealand Superannuation or a Veteran's Pension)
 - extension of the length of paid parental leave from 18 weeks to 22 weeks, effective from 1 July 2018, and from 22 to 26 weeks, effective from 1 July 2020.¹
- 3 In July 2019 we provided you with a briefing that:
 - gave an overview of existing pieces of work that will be monitoring outcomes that we expect the Families Package might influence
 - gave advice on evaluating the impact of the package on outcomes, including an overview of impact evaluation challenges and opportunities, and questions we plan to prioritise
 - indicated we would provide you with a monitoring report on the components of the Families Package during September 2019 [REP 19/7/675 refers].
- 4 The attached first-year monitoring reports include:
 - an A3 summary
 - a main report that provides high-level discussion of the main components of the Families Package
 - a smaller supplementary report that provides more detail, including breakdowns by ethnic group and other recipient characteristics where these are possible.

The package boosted incomes of low- and middle-income families

- 5 Trends to date show more families received a weekly or fortnightly Family Tax Credit payment (data on receipt of lump-sum payments after the end of the tax year are not yet available). Those who received payments also received more, with:
 - an increase in the average amount a recipient received from Inland Revenue from \$117 per week at the end of June 2017 to \$157 at the end of June 2019
 - an increase in the average amount a recipient received from MSD from \$147 per week at the end of June 2017 to \$188 at the end of June 2019.

¹ Robertson, G. (2017). *Families Package Factsheet*.
<https://treasury.govt.nz/sites/default/files/2018-02/families-package-dec17.pdf>

The Best Start tax credit helped over 36,000 families in its first year

- 6 As at the end of June 2019, 29,000 people were receiving a Best Start payment from Inland Revenue, while 7,400 people were receiving a payment from MSD.
- 7 The number of families receiving a Best Start tax credit at any point in time will continue to increase for the next two years, before starting to stabilise in the second half of 2021 as the first cohort of children start to age out of the scheme.

The Winter Energy Payment is helping around 796,000 people heat their homes this winter

- 8 During the first year of the payment, 774,000 people, on average, received the Winter Energy Payment. This has increased this year to 796,000 as at the end of June 2019. Very few people have chosen to opt out of receiving the Winter Energy Payment.
- 9 Growth in the number of recipients has largely been due to the growth in the number of people receiving either Jobseeker Support or New Zealand Superannuation.

There has been an increase in the amount that caregivers are receiving

- 10 More caregivers are receiving either an Orphan's Benefit or Unsupported Child's Benefit, as part of a trend in receipt that predates the Families Package. These caregivers are receiving more per week thanks to the increase in payment rates as part of the Families Package, and the introduction of the Clothing Allowance.
- 11 Data from Oranga Tamariki on trends in Foster Care Allowance was not available in the timeframes for this report. Efforts will be made to include high-level information about this payment in next year's monitoring report.

The increased payment rates for Accommodation Supplement and Accommodation Benefit have resulted in people getting noticeably more money per week

- 12 The amount the average Accommodation Supplement recipient receives weekly has increased from \$71 at the end of June 2017, to \$98 at the end of June 2019.
- 13 There was an accompanying fall in the number of Accommodation Supplement recipients who also received Temporary Additional Support or Special Benefit. Expenditure on Temporary Additional Support for those who still needed it fell. This was due to the increased Accommodation Supplement payments reducing the income deficit a person faced, therefore reducing the amount of Temporary Additional Support they received.
- 14 The number of people receiving the maximum amount of Accommodation Supplement fell at the implementation of the Families Package changes. Since then this number has started to grow.
- 15 While the number of students receiving an Accommodation Benefit continued to decrease, as per pre-existing trends, the rate of decline slowed. Additionally, the increase of the maximum rate from \$40 to \$60 increased overall expenditure on the payment.

Next steps

- 16 Annual updates of this report will be prepared over the coming three years.
- 17 Other parts of our work programme will be estimating the impact the Families Package has on a range of measures, including family incomes, child poverty, children's outcomes, parents' employment, and measures of wellbeing.

- 18 We intend to publish the attached reports, and other reports from the Families Package monitoring and evaluation work programme evaluation as they are completed, on the MSD website. We will work with your office on details including timing and communications.

Appendices

Families Package Monitoring Report – 2019 (A3)

Families Package Monitoring Report – 2019: Trends in receipt of Families Package payments

Families Package Monitoring Report – 2019: Supplementary information on selected payments

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