



# Better Public Services Result 1: Reducing long-term welfare dependence

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**Result 1: Reducing long-term welfare dependence (</resources/bps-reducing-dependence-new/#result1>)**

## What is the target?

The Government's target for Result 1 is to reduce working-age client numbers by 25% (from 295,000 to 220,000) and achieve an accumulated actuarial release of welfare liability of \$13 billion by June

2018.

Note: An 'actuarial release' is an estimate of the change in long-term liability of the benefit system resulting from changes in the number of beneficiaries and their likelihood of long-term benefit receipt. The measure attempts to isolate the impact of collective Government activity on beneficiary numbers.

## Why is this important for New Zealand?

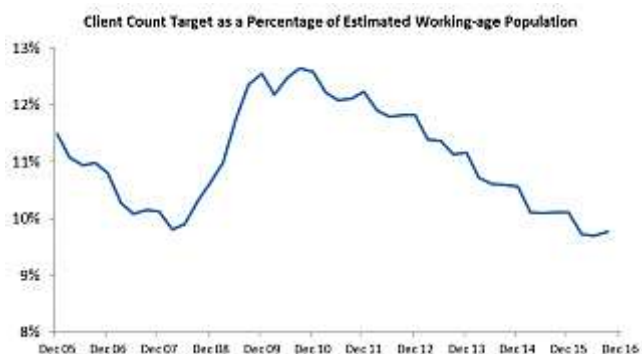
The goal of reducing long-term welfare dependence is to support people to have paid work to improve their lives. Higher participation in the labour market also supports economic growth which has wider benefits for New Zealanders.

A number of people only receive a benefit for a short period of time and move into work or training with little or no support from the Ministry of Social Development. However, there are others who require more support to participate in the workforce and as a result are often missing out on opportunities to better their lives, and those of their their cost of paying benefits to working-age

people is over \$7 billion a year. The financial cost alone is concerning, but it is only a portion of the entire economic and social cost to New Zealand caused by lost labour productivity and the negative social impacts of people being out of work and on welfare.

## What we have achieved so far

Since the Better Public Services targets were set in 2012 (and refreshed for Result 1 in December 2014) we have made good progress in reducing welfare dependence. It is important to consider the reduction in welfare dependence not purely as a total number but also as a percentage of the total population, as it shows any reductions in the wider context of New Zealand, and is less subject to skewing due to population changes.



Currently the proportion of the working-age population dependent on welfare is the lowest since 2007 and the number of beneficiaries is the lowest since 2009.

In late 2014, the Better Public Services Result 1 target was expanded to include a target relating to reduction of the long-term cost of benefit dependence: to achieve an accumulated actuarial release of \$13 billion by June 2018.



The accumulated actuarial release for the period from 30 June 2014 to 31 December 2016 is \$4.0 billion. Welfare reform policy and operational changes have made significant progress towards Better Public Services Result 1, with the number of beneficiaries falling to the lowest level in eight years. Furthermore, the welfare system's estimated future cost has reduced by \$12 billion since the Better Public Services targets were introduced in 2012.



The beneficiary count and actuarial release forecasts are sensitive to economic conditions, population and demographic changes, and the Ministry of Social Development's performance in supporting clients into sustainable employment.

## What are we doing to achieve this result?

In order to achieve the Better Public Service Result 1 targets, we need the number of main benefit clients to reduce by 67,000 and the mix of clients to be such that the actuarial release increases by a further \$9 billion.

In collaboration with other agencies and key partners we will use a social investment approach to understand who, how and when we should target certain clients.

Along with sole parents, we have identified four key overlapping client groups in the working-age population to invest in:

- young people
- people with a health condition or disability
- people with complex barriers to work, work, interventions are working well for many of our clients, such as sole parents and jobseekers, but other client segments are not achieving the same outcomes. Consequently, we will continue to focus on other high liability clients by:
  - focusing on early entrants to the benefit system to support young people and other at-risk groups;
  - supporting people into work quickly to limit the risk of long-term benefit dependence; and
  - providing intensive support for people who have significant barriers to work and are at risk of long-term benefit dependence.

We will:

- invest in known effective employment interventions for high-liability clients (e.g. increase the use of contracted services with an emphasis on purchasing for results)
  - trial new interventions where there are no known effective interventions (e.g. Oranga Mahi which is a collaboration between the health and social sectors to provide more support to people at risk of long-term welfare dependence), and
  - improve business-as-usual activities (e.g. enhanced work-focussed case management).
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# Better Public Services Result 1 - Case Study: The other side of the desk [archived]

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**1 May 2018: The Government announced in January 2018 that the Better Public Services programme would not continue in this form. These pages have been archived.**



Nicole is a Nelson case manager who has been trialling the new approach with clients. She remembers how it feels to be sitting on the other side of the desk at Work and Income.

“I was there once. I know what it is like to feed my kids on cabbage and rice, or send them to school with just homegrown grapefruit in their lunchbox. I know how it feels to look at people with good jobs,

that it all just seems impossibly far away.”

Nicole says there are huge barriers for people in that position: “Even if life is hard, a lot of them are used to it – and that’s a big barrier. And then you start thinking about people judging you, not knowing what you can do, organising care for the kids, transport if you can’t drive – and it gets too big for you.”

Nicole’s role is proactive and solution focused. Every client needs a different approach. Building rapport and gaining trust is important.

One woman, who hadn’t worked in years, told Nicole that she had no strengths to bring to a workplace. Yet Nicole saw potential in the woman’s warm personality and experience with her own grandchildren. It took time, but Nicole encouraged the woman to consider childcare as an option,

to gain a first aid certificate and hand out her CV at the local pool where she took her grandchildren. Several job offers followed and she now has permanent employment in a working family with three kids. It is her first job in two decades.

Not everyone is thrilled to have Nicole's help. One client, a man who'd just come out of jail, told her bluntly that he wasn't interested in finding work or in having her as a case manager.

"Well," Nicole told him politely but firmly, "work is where we're heading and until you're there you're not getting rid of me – ever."

Soon after, a job at the local sawmill caught his attention. It was physical, but he was fit. "He was really excited about it," says Nicole. "He didn't get that job, but it was a turning point. We were on the same team after that and we started to really work together."

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# Better Public Services Result 1 - Case Study: Stocking up on jobs in Nelson [archived]

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**1 May 2018: The Government announced in January 2018 that the Better Public Services programme would not continue in this form. These pages have been archived.**



*Photo shows (from left to right) Work and Income Work Broker Kayne Osborne, Kmart Zone Manager Jason Picard, Kmart Richmond Manager Camrin Holmes, Work and Income Employer Services Manager Lianne Nichols, and Kmart Stores General Manager Paul Walkden at the opening of the new Kmart store in Richmond on 7 November.*

A successful collaboration between Work and Income Nelson and Kmart resulted in Work and

Income clients representing close to half the total number of staff hired for the retail giant's new Richmond store.

In February this year, the Work and Income Employer Services team in Nelson heard a rumour that Kmart was opening a new store in Richmond (near Nelson) sometime in late 2013. Seeing an opportunity the team developed a plan that would put them first in line with a recruitment proposal to fill the 80-100 roles needed to run this new store.

The Nelson team got in touch with Kmart, put forward their recruitment proposal and the rest, as they say, is history. Kmart made Work and Income their exclusive recruitment agency for finding full-time, part-time and casual staff required to work in general merchandise apparel and service areas. The positions were advertised through Work and Income's "find a Job" site, local work brokers and promoted widely through Work and Income service centres.

The team briefed Work and Income case managers on the staff qualities required and then set about finding suitable candidates - these included both beneficiaries and non-beneficiaries.

Identifying the right referrals was critical. Work and Income Work Brokers made sure their Case Managers were aware of the qualities required. The job opportunities were promoted to staff as part of face-to-face presentations, particularly those in the front-line, to help raise excitement about and buy-in to the project. They also informed partner course providers in business, hospitality and retail, who then sent Work and Income clients they were training to attend Work Search seminars specifically tailored to support this project.

The best qualified candidates were prepared for job interviews by making sure they fully understood the expectations of Kmart, their CV was of high quality, they had support to hone their letter writing skills, and that they presented themselves well to their prospective employer.

A final pool of 150 applicants was seen in groups of 30. From there a shortlist of preferred applicants attended one-on-one interviews. Of the 87 staff Kmart hired, Work and Income placed a total of 65 employees – including 39 clients. It also assisted in the recruitment of students, screening and shortlisting the applicants for other part-time, short term employment. Kmart hired 22 students.

Working to reduce welfare dependence is one of several priorities that matter most to New Zealanders. Being innovative, collaborating more with others, taking the initiative and trying new things are some of the ways we can achieve a better life for kiwis.



**Te Kawa Mataaho**  
Public Service Commission

# **Better Public Services Result 1 - Case Study: Downer Civils Programme - Investing up front to make a difference [archived]**

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**1 May 2018: The Government announced in January 2018 that the Better Public Services programme would not continue in this form. These pages have been archived.**

In December 2014, we celebrated the placement of 200 Work and Income clients into the construction industry through our industry partnership with Downer.

Since 2011, we have been working with Downer to train and place unemployed people (most of whom are under 40) into sustainable jobs. With the help of Work and Income funding, Downer has developed a short-term course they call their 'Basic Civils' programme, established in Canterbury and now offered across New Zealand.

The key ingredient is the upfront investment in people – integrating both practice and theory to equip people with the skills and confidence they need to successfully transition from benefit to sustainable employment.

90% of beneficiaries who attend the course graduate into a job with Downer and over eighty per cent will still be there after twelve months, meaning they are not only getting a job, but continuing in a career.

To celebrate the success of the programme, Downer made a DVD, published a book and hosted a celebration in Porirua, where a number of graduates spoke about how the opportunity has changed their lives and those of their families.

The programme is a great illustration of partnership with industry – not only are we achieving great results together for individuals, but the December 2014 celebrations demonstrate that the industry has a strong sense of joint ownership and pride in the venture and its outcomes.





# Better Public Services Result 1 - Case Study: Henrietta and Wade [archived]

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## Henrietta

Work and Income is ensuring that clients can find employment early because we know the effect of long-term unemployment on people. We have increased the number of clients that exit from benefit before they reach the long-term Jobseeker Support group, while achieving reductions for clients in the target group.

Henrietta was on a benefit, and because of health conditions, she couldn't work. A little over a year ago, she received medical clearance from her doctor to return to work.

Her Work Focused Case Manager encouraged and supported her with her job search.

*"We built up a good relationship over about a two month period, we had some great conversations and I could see huge changes in Henrietta with her confidence increasing all the time."*

Henrietta soon built up the confidence to approach employers directly, and her perseverance paid off with an offer of employment. The job was part-time to begin with but as her hours increased she was able to move off benefit altogether.

**Work Focused Case Management and Flexi Wage help Wade into full time work**

For 31 year old Wade, Work Focused Case Management provided the prompt he needed to motivate him back into the workforce.

Wade had been on and off benefit since he turned 18, with short periods in employment and seasonal work. It was five and a half years since he'd worked.

Following the introduction of the Welfare Reform changes, Wade worked closely with a Work Focused Case Manager who worked with him and supported him to look for a job.

With the help and support of a Work and Income Work Broker, Wade was referred to a vacancy. Unfortunately, this didn't go so well.

Not giving up and knowing Wade's potential, the Work Broker talked with the employer over the possibility of giving Wade another chance. Wade was invited back for a second interview in which he made a really good impression.

Wade was offered a full-time position and has been in the role of retail assistant since January 2014 with the help of Flexi Wage. He is enjoying the job and eager to learn as much as he can.

When asked about what it's like to be in work Wade replied *"It's going great. They are all really supportive here and it's really good to be in the workforce again. I am learning as much as I can and Work and Income helped me out a lot"*.



# **Better Public Services Result 1 - Case Study: Kapiti Service Centre employment-focused workshops [archived]**

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In support of the October 2012 Welfare Reform changes, Kapiti Service Centre has been providing clients with the opportunity to attend employment focused workshops from March 2013. These workshops assist and support sole parent beneficiaries to come off a benefit and become independent.

Sole parents with full-time work obligations are invited to attend these workshops to learn about

Working for Families assistance, and the appropriate tools and resources available to them to prepare for and find work. To date, over 100 sole parents have participated in these workshops and the experience has been very positive for both the Workshop Facilitator and many of the participants.

"Working with sole parents has been very positive," she said They are eager to participate in services we provide and are interested in learning more about childcare assistance, the Working for Families package and the Transition to Work grant. Some clients are overwhelmed with how simple it can be to go off benefit with the assistance that is available for them. It is great to see the satisfaction they gain when they become independent".



# Better Public Services: Reducing long-term welfare dependence [archived]

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1 May 2018: The Government announced in January 2018 that the Better Public Services programme would not continue in this form. These pages have been archived.



**Result 1: Reducing long-term welfare dependence (</resources/better-public-services-reducing-long-term-welfare-dependence-archived/#result1>)**

## Why is this important for New Zealand?

Most people who receive a benefit do so for only a short period. However, there are other people who are missing out on the opportunity to better their lives, and those of their families, through work.

Being out of paid work and on a benefit for extended periods increases the risk of poverty, social dislocation and deteriorating overall health. It can also have negative effects on the children of people on a benefit long-term.

The cost of paying benefits to working-age people is now over \$8 billion a year, with much higher lifetime costs. The cost alone is concerning, but it is only a portion of the entire economic and social price New Zealand pays as a result of lost productivity and negative social impacts.

Reducing long-term welfare dependence is about supporting people to better their lives, managing the Government's future financial liability and supporting our economy by ensuring we have a skilled and productive workforce.

## How will we know we are achieving this result?

The Government's target for this result is to:

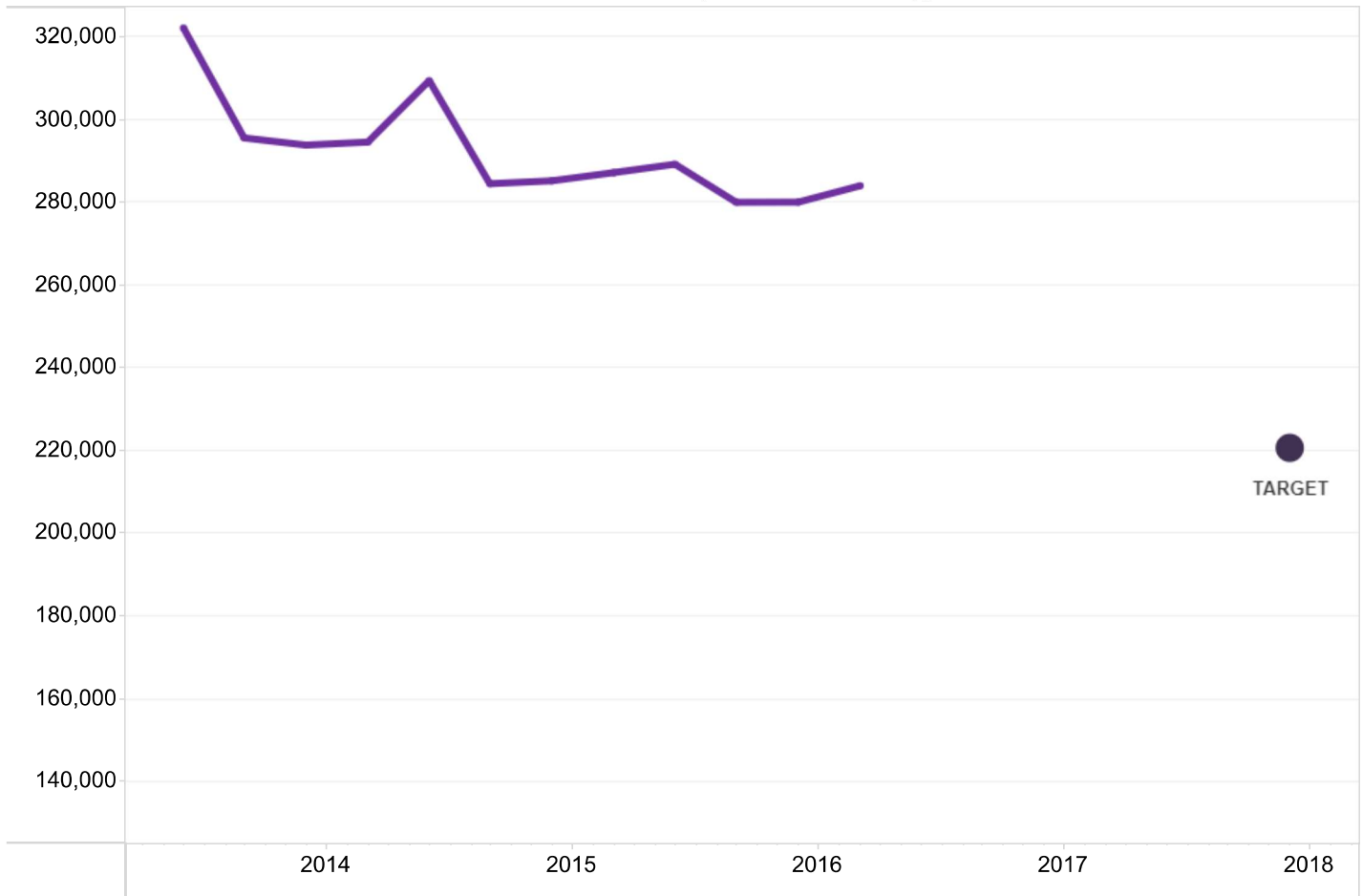
- reduce working age client numbers by 25% to 220,000 from 295,000 as at June 2014, and an accumulated actuarial release of \$13 billion by June 2018.

Note: An 'actuarial release' is an estimate of the change in long-term liability of the benefit system resulting from changes in the number of beneficiaries and their likelihood of long-term benefit receipt. The measure attempts to isolate the impact of collective Government activity on beneficiary numbers.

The old target of reducing long term Jobseeker Support numbers to 55,000 by June 2017 was replaced by the new target from June 2015.

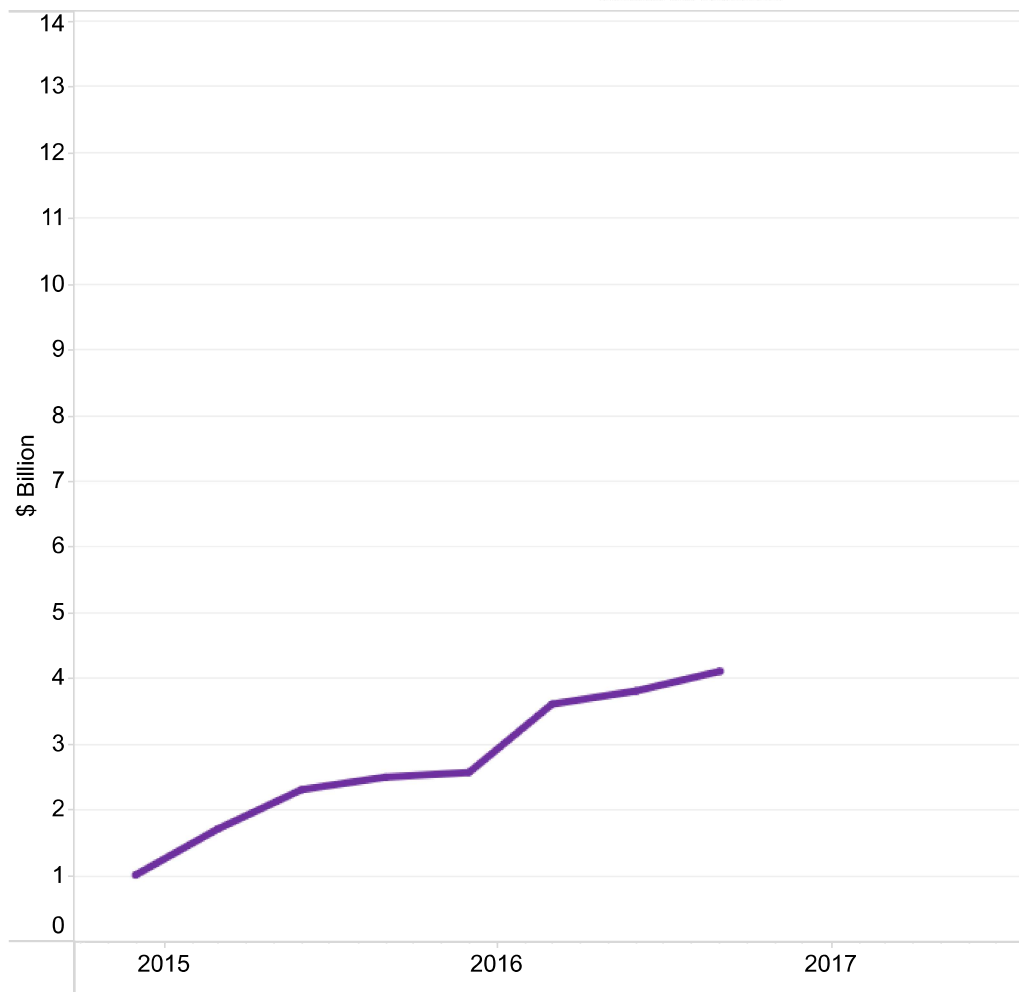
**Figure 1 shows the number of working age people (18-64-year-olds) receiving a main benefit (excluding Jobseeker Support - Student Hardship) from December 2013.**

Numbers on main benefits (excl Student Hardship)



MSD estimate that \$3.6 billion of the \$13 billion actuarial release target has been achieved as at 31 March 2016. The result illustrates the liability saving of working with clients at risk of welfare dependency and matching them with sustainable employment. The figure below shows the estimated actuarial release to date.

## Actuarial Release



You can see the datasets at [data.govt.nz](https://data.govt.nz/dataset/show/3354) (<https://data.govt.nz/dataset/show/3354>).

## What the data tells us

At the end of March 2016 279,769 working age people were receiving a main benefit. This was largely driven by decreases in Sole Parent Support and Jobseeker Support numbers.

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## What are we doing to achieve this result?

As part of Welfare Reform, the Government will actively promote participation in paid employment and give people the support they need to take on paid employment.

In addition to a stronger work-focus for more people, achieving this result will require an integrated cross-agency approach that addresses the causes of long-term welfare dependence.

We have three overarching strategies for reducing long-term welfare dependence:

- we will work with a wider range of clients to break the pattern of welfare dependence
- we will invest our resources smarter to get the best results
- we will improve the model of service delivery.



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# **Better Public Services Result 1 - Case Study: Work and Income is working differently to support New Zealanders into work [archived]**

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Work and Income is focusing on giving more help to, and intervening earlier with people who have complex problems, to support them off a benefit and into work

## **Trade Employment Placement (Trade up Limited – Bay of Plenty region)**

The Trade Employment Placement service commenced in January 2014. The service is provided by experienced industry trainers with strong employer networks and delivers highly individualised support to at risk youth (18-24) Jobseeker Support clients to gain employment in the trades-related sector. The service involves work readiness and job search support as well as employment placement and post placement support including support into apprenticeships. 88 clients commenced participation on the service in the six months to June 2014. As at 30 September 2014, 44 (72 per cent) of the 61 clients that had completed the service had achieved an employment outcome resulting in an exit from benefit while one further client had achieved part-time employment. The remaining 17 clients continue to participate on the service, while this year a further 22 have commenced participation on the service which has now been extended from the Western Bay of Plenty to the whole region.

# Drive2Work (YMCA South and Mid Canterbury - Southern region)

Drive2Work is a Training for Work programme delivered in Timaru to clients at risk of long-term benefit dependency. The programme comprises up to 13 weeks of skills training including support with driver licensing, employment placement primarily in the transport sector, and post placement support. As at 30 September 2014, 45 (68 per cent) of the 66 clients that had completed the programme had achieved employment, and a further six (9 per cent) of clients had achieved part-time employment. The remaining 16 clients continue to participate on the programme, while a further 22 have commenced participation this financial year.

## Working with employers

**Master Painters** In the 2013/14 financial year, we have had a contract with Morrison McDougall Limited to train youth for Master Painter Association members and allied construction trades. This programme began as a trial residential programme with the Sir Edmund Hillary Outdoor Pursuits Centre and has since become a regionally based hands-on training programme strongly supported by the construction industry, with suppliers providing materials and equipment for the participants. This programme continues to be run under variation into the 2015 financial year, completing November 2014. To date there have been 92 participants on the programme with 30 employed, and 45 currently participating from multiple regions.

**Summerset (Retirement Village operator)** Summerset have 18 villages throughout the country, and after trialling listing vacancies with Work and Income in October 2013, five clients were successfully placed with them. At the same time a Skills for Industry, Industry Partnership programme was initiated to assist Summerset and our clients' transition into employment. Summerset has subsequently decided not to make claim under this contract, saying that they are appreciative of the free professional recruitment service and the standard of our client referrals. To the end of September, 22 clients had been placed with the employer and ongoing straight recruitment is managed nationally through an Employer Services Account Manager.

[Back to Better Public Services home page \(/better-public-services\)](#) / [Result 1: Reducing long-term welfare dependence \(/bps-reducing-dependence\)](#)





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# Better Public Services Result 1 - Case Study: Reducing Long-Term Welfare Dependence through Youth Service [archived]

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Youth Service is a new way of supporting disengaged 16- and 17-year-olds as well as 16- to 18-year-old parents back into school, alternative education, training or work. The teenagers get one-on-one mentoring and support from specialist workers, such as Fati, who work for Work and Income or contracted community youth organisations.

They work intensively with the young people, helping them make plans and get whatever help and services they need to make more of their lives. In one case, where it seemed certain that a client was facing a jail sentence, it was through Fati's support that the judge decided to give Sam a chance. Instead of jail, Sam was sentenced to community work.

Fati found community work linked with a youth programme, hoping to get Sam thinking about a positive future.

"It made me stop and think big time," says Sam. "My brother got stabbed up in jail, just about died. I don't want to follow in his footsteps."

Fati says that Youth Service focuses on young people at a pivotal time in their lives, when almost every decision has the potential to be life-changing.

"You have to tackle them in that period where they are experimenting, when they are easily swayed by negative influences. The important thing is to get your foot in the door, start listening to the young person and working out what their barriers are," says Fati

"Once we start sorting through the issues together and making a plan, it's great to see that spark of hope in a young person's eyes. That's what it is all about."

Tracey Burge, a counsellor for Catholic Social Services in Wellington, has been surprised at the range and flexibility of support Fati can co-ordinate through Youth Service.

"When Futtz said he could help me with literacy courses for a client, I thought he had misunderstood. Young people who weren't on a benefit didn't used to be able to get support like that from Work and Income," says Tracey.

"It opens the support network wider for the young person, rather than just relying on one provider. Futtz can get all the relevant people on board when they are needed. It feels cohesive."