



New Zealand Welfare Reform

Think Tank - Berlin June 2012



Welfare Reform

- Overview
- Current state
- Background
- Intent
- Key dates
- 2012 changes
- 2013 changes
- Investment approach
- Service Delivery Model
- Questions.



Overview

- Improving economic and social outcomes for New Zealand.
- Will be implemented in three key stages:
 - supporting young people back into education and training to reduce likelihood of them needing a benefit
 - increasing the work focus for sole parents
 - increasing the work focus for a wider range of clients.
- Entire reforms are not yet passed as law, some changes are possible.



Current State

- 330,000 people (over 12% of working age population) receive benefits.
- 170,000 people have spent the majority of the last 10 years receiving a benefit.
- 220,000 children in benefit-dependent households.
- Welfare costs \$8 Billion per annum - 14% of total Government expenditure.



Welfare Reform Intent

- Improving economic and social outcomes for New Zealand.
- Promote independence and recognise people's work potential.
- Early intervention for people who could become dependent on benefits long-term.
- Support young people and teen parents into education, training or work-based learning.
- Protect people not able to work because of long-term sickness or disability.
- Build on the success of earlier reforms.



Key Dates

Welfare reforms will be implemented in three key stages:

- **July 2012** - youth changes, supporting young people back into education and training to reduce likelihood of them needing a benefit.
- **October 2012** - increasing the work focus for sole parents, widows and woman alone.
- **July 2013** - increasing the work focus for a wider range of clients and introducing new benefit categories.



Youth Changes - 30 July 2012

- Preventing young people from becoming dependent on Welfare by supporting them back into education and training.
- Balancing support and obligations in ways that will improve outcomes for young people.
- Wrap-around support delivered by external contractors.
- New payments for young people who are receiving a benefit.
- Information sharing between Ministries of Education and Social Development and external contractors.



15 October 2012 Changes

- Increasing the work focus for sole parents:
 - Sole parent clients must be available for:
 - part-time work when youngest child is five.
 - full-time work when youngest child is 14 or older.
 - Clients with youngest child under five to undertake work preparation activities.
 - Clients who have subsequent children will have work obligations when their youngest child turns one.
- Ensuring the benefit system is more active and work-focused.
- Setting the scene for the new benefit categories in July 2013.

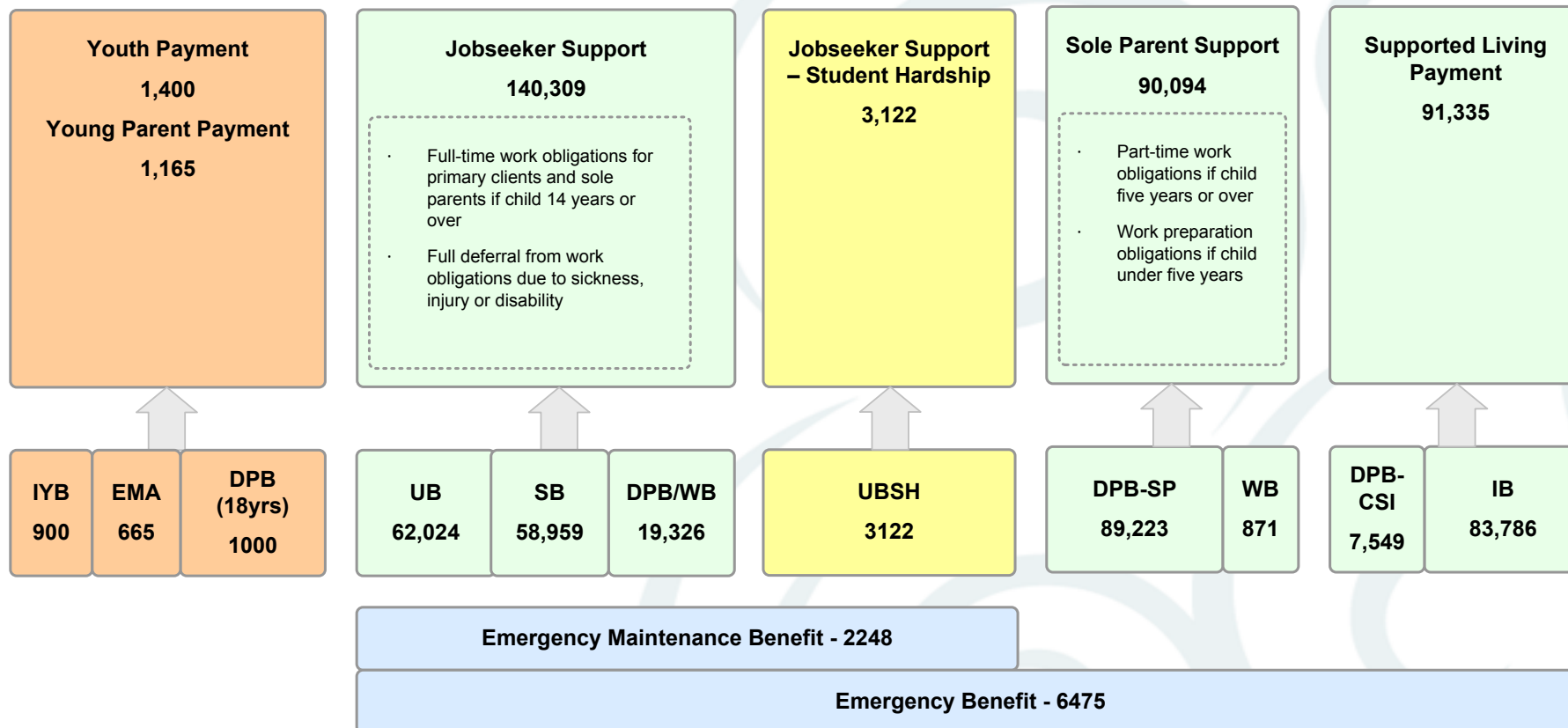


2013 Changes

- Health and Disability Panel set up to inform development of model - specialist advice.
- Entry to the benefit system for Health and Disability services:
 - changing entry triage and streaming processes
 - fast tracking applications for severe, permanent conditions.
- Work Ability Assessments:
 - developing work ability assessments.
- Services to support Health and Disability clients.
- Other changes under consideration:
 - changes to obligations on pre-employment drug testing
 - social obligations for other clients groups e.g. child participation in Early Childhood Education, school attendance, well-child health checks
 - stopping benefits for people with outstanding arrest warrants.

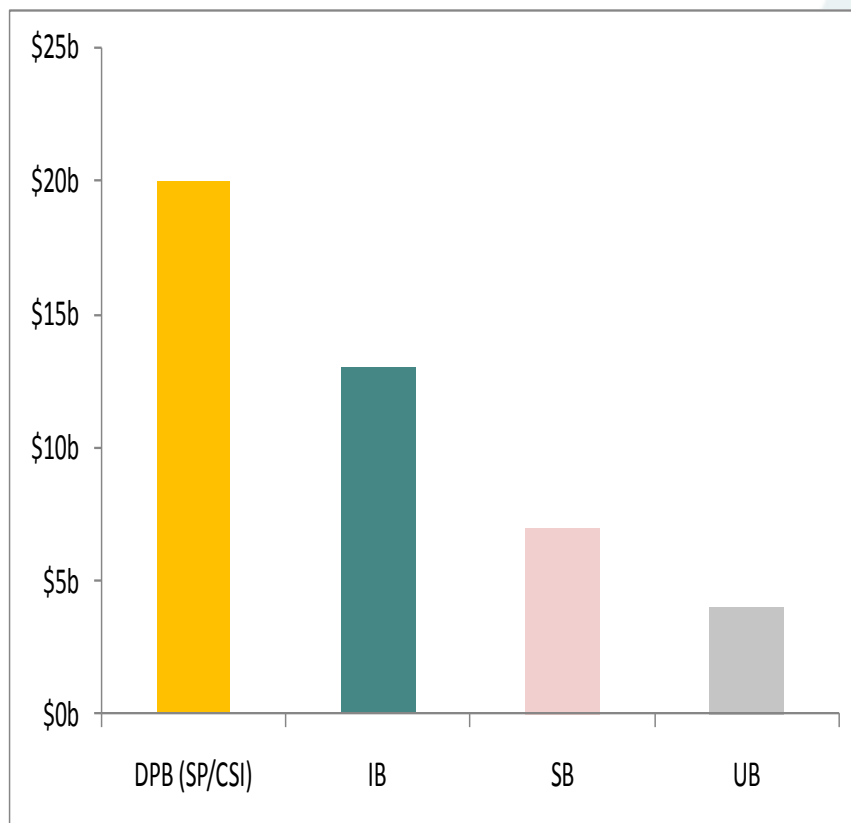


Proposed New Categories and Existing Benefits

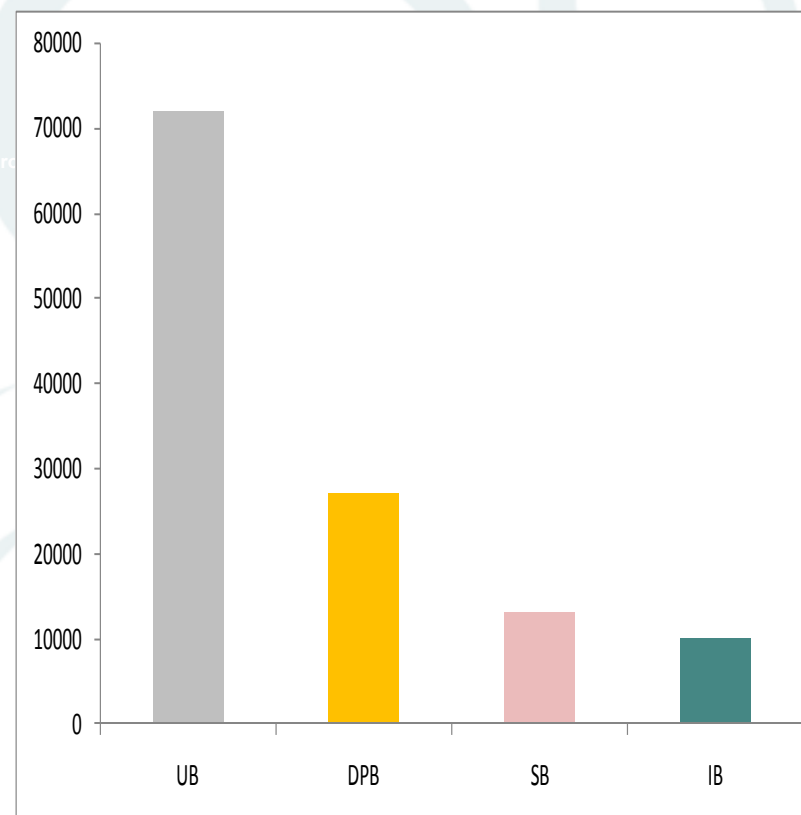


Investment Approach

Estimate of future cost by main benefit category



Participation in employment assistance by main benefit category





Service Delivery

- Under the Investment Approach employment services and supports will be targeted differently.
- Employment services and supports available to all clients - some will receive more intensive support.
- Targets will be set for specific cohorts where we think we can reduce liability by getting clients into work.
- The Investment Approach, requires us to make evidence based decisions to ensure the best return on investment.



Service Delivery Model

Our service delivery will evolve over time to support Welfare Reform.

- More online resources for staff and clients:
 - online application information will be used to inform a range of decisions
 - range of self-help job search resources for clients
 - toolkits/resources for case managers to tailor ongoing activities for clients.
- Automated systems and tools to improve decision making:
 - tools that determine clients participation in pre-benefit activities and type of activity
 - tools that determine risk of long term liability and amenability to services
 - fully automated self service stream for clients who don't require staff intervention
 - systems that better use our information data.
- Centralised processing of transactional work.



Questions?

Welfare Reform Programme