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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Ministry of Social Development Budget 2013: Four-year Plan

**Covering:
Votes Social Development, Senior Citizens, and Veterans'
Affairs – Social Development**

**Version 3.0
8 May 2013**

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1.0 Strategic Direction

“We help New Zealanders to help themselves to be strong, safe and independent.”

The Ministry is leading a programme of fundamental change

We are leading changes to deliver on key Government priorities. We will fundamentally reform New Zealand’s welfare system and, with our social sector colleagues, implement a wide reaching programme of change to reduce child abuse and neglect. Doing this will require a large and complex programme of policy and system change that will stretch our staff and finances. However, implementing these initiatives in the right way will deliver better outcomes for some of the most vulnerable people and significant fiscal savings (to the Crown).¹

The scale and scope of the effort required to deliver on these priorities is sizeable. These changes will impact on the way we do business for almost every area of the Ministry and see us moving away from a ‘one size fits all’ approach to services. We will also need to deliver our core services more efficiently without compromising their effectiveness. Investment will be required to deliver on these priorities.

We have already begun to apply the Investment Approach to the benefit system to deliver better services to clients, and at the same time reduce the costs of delivery. As part of this approach, we will be deliberately engaging and actively working with specific groups of people so they can help themselves in the long-term. This will be supported by a new service delivery model and information that will allow us to identify different groups at risk of benefit dependency.

With these changes, will come greater expectations for performance and accountability. There will be transparency around investment decisions and public reporting of results. In the longer term we will progressively move funding from low-value to high-value activities based on evidence about their effectiveness.

To ensure we can achieve such a transformation, our business strategy is built on:

- collective leadership – within the Ministry and across the social sector, managing across portfolios
- a culture of action and responsibility
- strong relationship management based on a shared understanding of common goals
- a strong risk management framework
- an ability to demonstrate progress and share our stories simply yet effectively.

We face large departmental operating cost pressures over the next four years on top of those related to delivering key priorities. Our Value for Money programme has enabled all operational costs pressures to be met through savings initiatives and reprioritisation since 2007. However, our ability to meet these pressures and deliver

¹ Welfare Reform could deliver estimated savings of between \$0.992 billion and \$1.609 billion over the four years to 2017 due to reductions in benefit numbers.

on the priorities is limited. We are currently able to meet operational cost pressures in 2013/14 but have significant deficits beyond then.

In the future, we will look to apply the principles of an investment approach to all we do to deliver on Government priorities and deliver our business as usual more efficiently.² The investment approach principles will be used to underpin a process of business transformation. We will make greater use of information technology to deal with transactional services and shift effort to where it can add the most value and influence outcomes. We will use information sharing to eliminate processes and better manage benefit entitlements. Ultimately, we will need to make choices on which services deliver the best results. But we will continue to provide a safety net for all who need it.

Over time, as we look to embed an investment approach, we will gain a better understanding of the impact that we are having on client outcomes and associated future costs. With this information we could progressively move towards greater departmental autonomy over spending paired with greater accountability for delivering results.

We will deliver on Government priorities in a challenging environment

Over the next four years, we will deliver on significant government priorities, including:

- implementing Welfare Reform to help long-term beneficiaries back into work
- implementing the Children's Action Plan to improve the safety of New Zealand children
- Investing in Services for Outcomes (ISO) to improve results from the non-Government sector
- working with other agencies to deliver Better Public Services and achieve results on 10 key areas across government
- working with the Ministry of Business, Innovation and Employment and Housing New Zealand to deliver changes to our social housing system
- working with other agencies to support the rebuild in Christchurch
- tackling welfare fraud to encourage compliance and hold people accountable
- meeting Value for Money requirements to manage service development within a declining baseline
- improving the security of public information and protection of privacy.

Delivering on this large and varied change programme will be a significant challenge for the Ministry. Risks will arise from the volume, scale, speed, resource needs and interdependencies of the multiple reform agendas. Progress against each of these initiatives will need to be achieved within the context of a slow and uncertain economy, increasing operational cost pressures, a declining budget and significant change across all areas of our business.

Within Vote Senior Citizens, we will be focused on encouraging a culture where older people are valued and recognised as an integral part of families and communities. In

² Note that when we say we will apply the principles of an investment approach, we do not mean applying all aspects of the methodology being used by Work and Income, rather the idea of getting the best impact from every dollar we spend.

achieving this goal, we are confronting elder abuse and neglect, working with communities to tackle social isolation and developing a new set of actions under the New Zealand Carers' Strategy Action Plan. We will also continue to enhance the SuperGold Card and update our projections of the economic contribution of older New Zealanders. This will help us respond to the challenges and opportunities of an ageing population and workforce.

We are changing the way we operate

We must deliver on Government priorities while continuing to focus on increasing efficiency, without compromising public confidence or the effectiveness of our services. We are making significant changes to the way we work to achieve this.

Fundamental to our strategic direction is taking an investment approach. In the future, we will look at how we can apply the principles of an investment approach across all of our operations including services for children, families, young people, students, working-age people and seniors and our corporate and back office systems.

Put simply, an investment approach means we will need to have confidence that we are getting the best impact from every dollar we spend. Investment approach principles will guide where we target support, what services will work best, and how to balance these with the resources we have. Commitment to evaluation will ensure progressive improvement as we learn and apply what works best. The key components of this approach include:

- using evidence to drive investment decisions
- testing new ways of working
- providing differential services based on differing needs
- redeploying resources to service and activities that deliver the greatest benefit.

Our strategic direction will require us to work closely with other agencies – particularly Inland Revenue, Health and Education – to determine how improvements in effectiveness and efficiency can be delivered. We will be open to sharing resources and limiting duplication. We will assess the overall cost and benefits to government of making changes.

We will also build strong governance across development activities. The recent Deloitte's review of Information System Security found that we need to improve our policies and processes to ensure that information security risks are escalated to the right level in all cases. We also need to make explicit that information systems security is a critical part of all our IT projects. We have committed to a broad programme of work to embed best practice and integrate information security into strategic planning. We have appointed a Chief Information Security Officer and the Leadership Team has further and more direct oversight of information security issues through our governance processes.

1.1 Operating Model

We will need to change the way we deliver services and, increasingly, take an investment approach to everything we do. This will impact on our service model and workforce requirements and will be underpinned by a comprehensive IT programme. Appendix 2 includes an overview of our strategic technology objectives.

Specialised services will be targeted toward high need clients where we can make the most difference

We will provide high needs clients with face-to-face and more intensive interventions, based on evidence. Staff will be supported with improved client profiling and decision-making tools so that they can make on-the-spot transparent decisions on the best choice of options to address client needs.

This more focused approach is reinforced by the Government's Better Public Services principle that we should be focusing on specific results for high-need groups such as the long-term unemployed and the most vulnerable children.

We will separate out transactional activities

A core element of the investment approach will be continuing to move as many transactions as possible to self-operated online services (our channel strategy). We will move progressively to separate out transactional processes (eg data input) from specialist decision making. Transactional processes will increasingly move to centres where IT tools and straight through processing can improve speed and efficiency. Super efficient transactional centres will reduce costs and free up resources for specialist staff working intensively with high-needs clients.

Starting from 2013/14, we will move to more processing centres dealing with high-volume, low-value transactions.

We will require a different mix of staff

We expect that changes to our service models will drive changes to the composition of our workforce, particularly the mix of staff we have delivering core client facing services (including more specialised teams to focus on complex cases) and those largely supporting transactional processes. We will continue to assess the staff capability mix to ensure we have the right people in the right places, as the Ministry changes to deliver reforms and meet public expectations.

We are also challenging ourselves to govern and manage better. We will ensure that we have the most appropriate leadership arrangements and understanding to meet our challenges into the future.

We will use evaluation and fast feedback to adapt and improve services

We will trial new ways of working, using evaluation and fast feedback. We will be trialling a range of new evidence-based assessment tools, and will need to adapt and improve our services as we learn what works best. This process will be dependent on good quality evidence and evaluation.

We will implement processes to reduce future costs

We will also focus on identifying the parts of processes where our biggest costs occur – eg determining income, identifying relationships, prosecuting fraud, and establishing and collecting debt. Wherever possible we will look to move from after-the-fact detection and readjustment to processes where we reduce the need for costly interventions earlier.

1.2 Delivering on Government Priorities

Better Public Services

We are leading the cross-agency effort to achieve four of the 10 Better Public Service results and directly contribute to each of the other result areas:

- The Chief Executive (CE) of MSD is the lead CE for the Reducing Long Term Welfare Dependence and Supporting Vulnerable Children result areas (Results One to Four). These include reducing welfare dependence, improving participation in Early Childhood Education, increasing infant immunisation, reducing rheumatic fever and reducing assaults on children. He is supported in these roles by the Secretary of Education and Director-General of Health. These results are closely linked to the Government's wider programme of Welfare Reform and the Children's Action Plan.
- We contribute to Result Five: Increase the proportion of 18 year olds with NCEA level 2 or equivalent qualification. We are targeting young people at risk of long-term welfare dependence. This means being clearer about expectations for young people to be in work, education or training, and wrapping around services and support to ensure they achieve.
- We support the social and justice sectors' efforts to reduce crime (Results Seven and Eight). We do this particularly for youth crime through our work with at-risk children and young people, and child and young offenders.
- We contribute to Result Ten: New Zealanders can complete their transactions with the Government easily in a digital environment. We do this by continuing to successfully deliver new and improved online services across the Ministry's business lines, and further developing the digital environment for transactional services. We also participate in the Result Ten programme of work led by the Department of Internal Affairs and our CE sits on the CE working group.

As part of the Better Public Services programme of work we are the functional leader for Property and home to the Property Management Centre of Expertise.

Social Sector Leadership

The Government expects that all state sector agencies will improve the way they deliver services, achieve results and provide value for money. With support from other social sector agencies, we will co-ordinate the cross-agency response to four of the 10 Government Result Areas. We are accountable for demonstrating progress against these results.

Achieving results will require agencies to work together with families and individuals with multiple issues. We will need to operate as one sector to do this.

Our CE is the chair and leads the Social Sector Chief Executives' Forum (Social Sector Forum). Its members are the Secretaries for Justice and Education, the Director General of Health, the Deputy Chief Executive Infrastructure and Resource

Markets, Ministry of Business Innovation and Employment and senior officials from the State Services Commission, the Department of Prime Minister and Cabinet and the Treasury. Other CEs are invited to work on relevant issues.

The Social Sector Forum is a key lever to get the improved results Government is expecting of us. The Forum provides an opportunity to make a collective impact for the individuals, families and communities that our social service agencies aim to support.

The Forum has identified ways to overcome barriers and achieve results. These require us to look at the way we work together, including how we purchase and deliver services and collect and share information. This also involves harnessing the expertise of communities, non-government organisations, iwi and businesses. We will take lessons from cross-sector initiatives like the Social Sector Trials, and apply these to the Forum's priority work areas in future. We will deliver better results through innovation and a focus on rapid cycle change. This involves testing innovation using good information and fast feedback of results for expansion and improvement.

The Forum will also maintain connections with other result areas and key activities that are linked to its work.

Rebuilding Christchurch

Working across agencies

We are continuing to work with other agencies to share resources, expertise and infrastructure to be more effective and efficient. This includes being the functional leader for Property and the home to the Property Management Centre of Excellence.

The continuing need for office accommodation for government in Christchurch presents a unique opportunity to coordinate office and service delivery networks for those 18 agencies represented. It also is an opportunity to innovate and demonstrate emerging workplace practices for other Public Sector environments across New Zealand.

Child, Youth and Family have reconfigured services following the loss of all three service locations in the quakes, and will now provide services within communities, in four locations across Christchurch. One of these is a new location for CYF services. We are also exploring co-location opportunities with health providers and police, including developing a joint centre of expertise to respond to allegations of serious physical and sexual abuse.

Supporting Our People

Canterbury managers, staff and clients continue to experience the after-effects of the earthquakes and the on-going challenges of the recovery phase, both psychosocial and environmental.

The Ministry commissioned a wellbeing review, completed in February 2013 and the review's resulting recommendations have formed the Canterbury Leaders Group (made up of local MSD service line managers) wellbeing planning for 2013 and beyond. The key areas of focus include:

- acknowledgement and recognition, leadership visibility and manager coaching, training and support
- resilience training for staff and managers
- effective communications and support for change management activities
- support for staff dealing with stressed and angry clients.

These initiatives are designed to achieve improved core service delivery and stronger staff and manager wellbeing.

Tapping into innovation

Front of House

Following the Canterbury earthquakes, government agencies have been trialling new ways of working more closely together. We have learned lessons that we have put into practice at a new site on Durham Street in Sydenham.

At Durham Street, Inland Revenue and the Ministry are trialling an innovative approach to customer interaction known internally as Front of House. The Durham Street site has a strong focus on driving the right customers to the online channels and providing education, which will enable customers to self-manage in the future.

There are a number of key differences that clients experience, including visitors being greeted by a staff member who directs them to the right services. People are also able to interact with a range of government services online with assistance from staff. Services offered include Child Support, Student Loans and Working for Families Tax Credits, Seniors, StudyLink, Child, Youth and Family, and Work and Income.

Encouraging Innovation

The Ministry provides several ways for staff to submit innovative ideas. We have instigated an innovation practice within our IT department, which works closely with service delivery units to seek and trial IT solutions to business problems. The practice is primarily funded through joint operations with our technology partners.

One recent innovation was a pilot for social workers using iPads for home visits in Christchurch following the earthquake. We will be extending the number of mobile applications that we support, helping staff use their time to help more people, not doing administration. Other innovations include trialling electronic meeting papers and tablets for our governance secretariat and trialling mobile devices for legal services.

Canterbury Skills and Employment Hub

Canterbury Skills and Employment Hub is a one stop shop to help employers access workers including newly graduating trainees from Canterbury and across New Zealand. Where there are no suitable or trainable New Zealanders available, the Hub will provide employers who want to access migrant workers with confirmation which will enable the immigration process to be fast-tracked.

The Hub provides these labour market services for all sectors, but its initial focus is on industries associated with the rebuild, in particular the construction industry. Some of the features of the Hub include an online tool for job matching between employers and job seekers, and assistance with planning for short and longer term workforce needs and training.

Investing in Services for Outcomes

The Government is committed to creating a public service that is more innovative, efficient and results focused. The Investing in Services for Outcomes (ISO) programme aims to improve the way we engage and contract with social sector providers.

The ultimate goal of ISO is to improve the quality and value of social services received by vulnerable New Zealanders. This involves investing in client outcomes by deliberately moving funding to services and programmes that make a proven positive impact, while also reducing compliance costs for both the Ministry and Ministry-funded providers.

ISO aims to:

- provide a consistent contracting approach and a common point of contact in the Ministry to manage provider relationships
- ensure that Government priorities drive funding decisions
- shift funding to services that can make a proven difference
- require results to be demonstrated in order for providers to receive ongoing funding.

ISO will change the way we engage and contract with social service providers. We will take a whole of MSD approach to funding and contracting; streamlining how we do things internally and with providers. This approach builds on the lessons from other initiatives such as the new Youth Services and Social Sector Trials to ensure services deliver what's really needed on the ground. It also incorporates other funding and contracting developments, like high trust and integrated contracts to ensure transacting with MSD is as efficient as it can be.

By 1 July 2013, we will:

- introduce a single Ministry approval process for all providers
- work with providers receiving more than \$1 million in funding from the Ministry to adopt the 'one and one' contracting approach (one contract and one monitoring and reporting framework)
- ensure contracts for the small number of organisations receiving more than \$4 million in Ministry funding are outcomes-focused or there is a plan to achieve this by 2014/15
- look at options to reduce compliance and maximise efficiency for the organisations receiving less than \$1 million in funding from the Ministry.

1.3 We need to remain focused on delivering on our core business

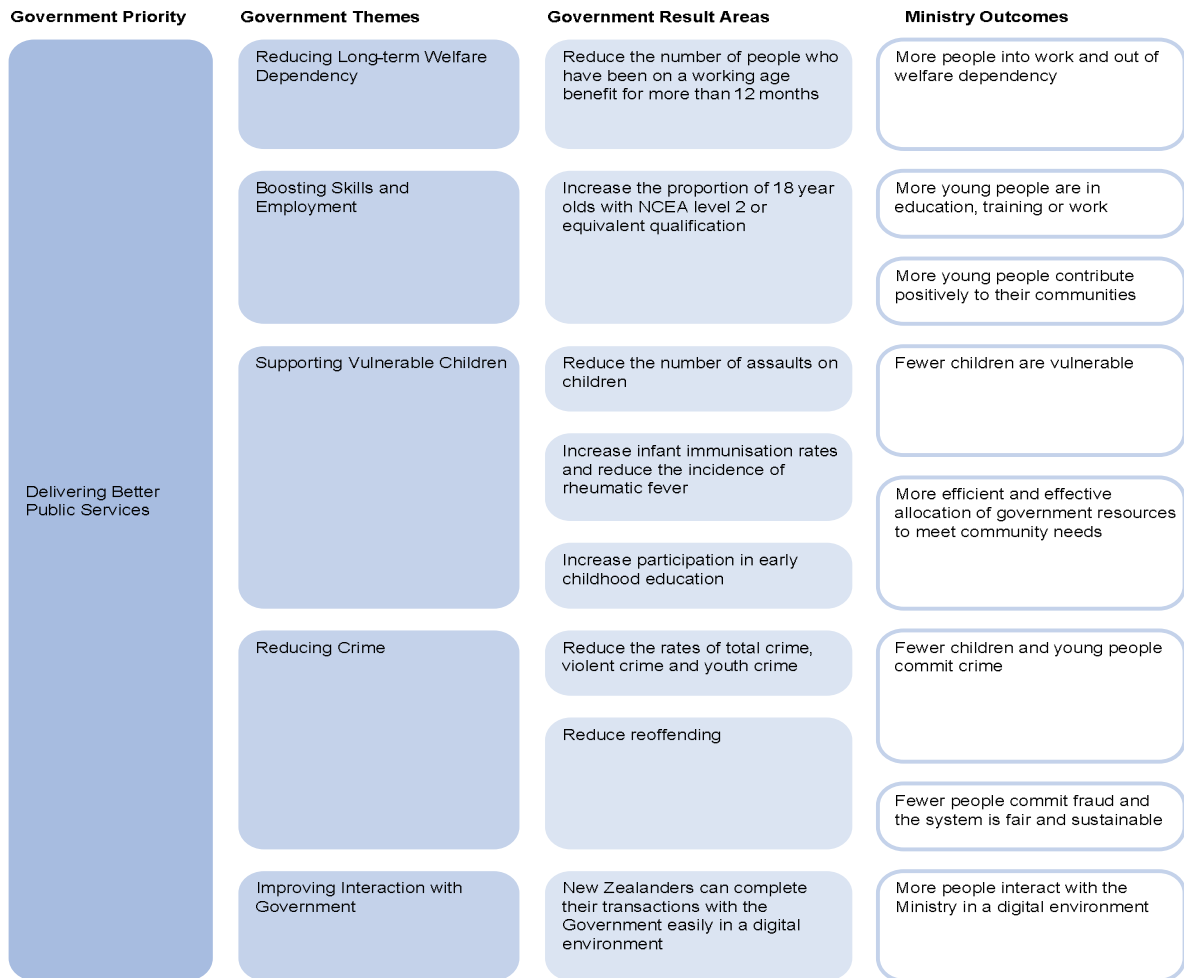
We must maintain our focus on our core business as we make these changes. We administer over \$20 billion in government expenditure and provide services and assistance to more than 1.1 million New Zealanders and 110,000 New Zealand families. Our core business includes the provision of:

- the statutory care and protection of children and young people, youth justice services, adoption services and funding to community service providers
- employment and income support services, New Zealand Superannuation and the administration of New Zealand's international welfare portability arrangements

- family services, by providing support, information and advice to families and communities
- campaigns that challenge antisocial attitudes and behaviour
- student allowances and student loans
- access to affordable health care for older people, families and lower-income New Zealanders
- services to uphold the integrity of the welfare system and minimise the debt levels of our clients
- leadership across the social sector, and funding to community service providers
- access to concessions and discounts for senior citizens and people with low incomes.

1.4 Outcomes Framework

To ensure our direction is clear, our outcomes framework (see figure below) reflects the priority of delivering Better Public Services. This means we can link our goals and resources directly to Government priorities and clearly track our progress.



1.5 Vote Social Development – March Baseline Update

Baseline profile – MBU 2013	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m
Operating expenditure – departmental	1,216.611	1,200.564	1,165.328	1,147.715	1,146.244
Operating expenditure – non-departmental	576.036	585.154	538.611	534.861	534.800
Operating expenditure – benefits	18,935.546	18,600.893	18,951.006	19,586.064	20,263.626

2.0 Medium-term Intentions

2.1 Delivering on Government priorities and business as usual

Over the next four years we face challenges to deliver initiatives and meet associated cost pressures.

Summary of departmental cost pressures

Cost pressures	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m
Departmental operating cost pressures	-	46.121	66.863	82.490	101.435
Total cost pressures	-	46.121	66.863	82.490	101.435

Departmental cost pressures will be met through a range of business improvement and savings initiatives.

Summary of new funding from the centre for Budget 2013 initiatives

Value of new funding	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m
Opex	1.582	49.675	43.693	31.547	30.076
NDOE	-	5.800	4.300	1.500	1.500
Other Expenses	-	12.161	12.161	12.161	12.161
BOUE	25.492	36.008	31.817	29.534	28.172
Capital	-	11.583	17.825	12.866	8.298
Net Appropriation Changes	27.074	115.227	109.796	87.608	80.207

Note: a table summarising the costs of new initiatives and funding (including from new funding, underspends and savings) is provided in Section 4.2.

Summary of changes to Baseline

Value of new funding	2012/13 \$m	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m
Departmental Operating	39.224	51.682	43.283	29.612	28.141
Non-Departmental - Operating	(5.297)	7.534	4.920	0.870	0.870
Non-Departmental – Other Expenses	(1.529)	14.726	12.893	12.943	12.943
Benefits	32.347	50.003	23.839	8.844	0.481
Capital	-	11.583	17.825	12.866	8.298
	64.745	135.528	102.760	65.135	50.733

The table above includes all the changes to baseline incorporated in the March Baseline Update. The changes include those agreed by Cabinet since Budget 2012, new initiatives agreed as part of Budget 2013, transfers to and from other Votes and savings.

2.2 Summary of Initiatives

The table below provides a list of initiatives over the next four years, including decisions on funding that have been made in the lead up to Budget 2013.

Intention	Action
<p>Welfare Reform Phase Two</p> <p>Implementation of final changes to benefit settings, the extension of work expectations and social obligations and the implementation of the Investment Approach to the welfare system.</p>	New
<p>Disability Allowance Shortfall</p> <p>The Government is continuing to explore ways of improving value-for-money in social assistance expenditure and will maintain current Disability Allowance funding levels in Budget 2013.</p>	Existing
<p>Budget Advice Services</p> <p>Additional one-off funding for Budget Advice Services and a strategic review of the funding model.</p>	New
<p>Housing Needs Assessment Transfer</p> <p>The Government has allocated funding to design a system that enables the transfer of needs assessment and related functions to MSD.</p>	New
<p>Portability of New Zealand Superannuation to Realm Countries [13]</p>	New
<p>Think Differently Campaign</p> <p>This campaign is a key initiative of the Government's Disability Action Plan. It seeks to increase the participation of disabled people in all aspects of life, and to change social attitudes and behaviours.</p>	Existing
<p>Enabling Good Lives demonstration in Christchurch and Waikato</p> <p>The purpose of Enabling Good Lives is to provide more individualised and flexible disability support.</p>	New
<p>Promoting Lifetime design in housing</p> <p>Lifetime design standards ensure houses are more suitable and easily adaptable to people's changing needs.</p>	Existing
<p>Monitoring by disabled people of their rights</p> <p>An independent mechanism to monitor the UN Convention on the Rights of Persons with Disabilities.</p>	Existing
<p>E Tu Whānau</p> <p>E Tu Whānau helps address family violence within Māori whānau, refugee, migrant and Pacific communities.</p>	Existing

Student Support Settings Changes to student support policy settings in Vote Tertiary Education will have an operational impact on Studylink.	New
20 Additional Medical Places Vote Health Budget package includes an initiative to increase the first-year medical enrolment cap by 20 equivalent full time students.	New
Time-limited funding	
Resolution of Historic Claims The Ministry is committed to resolving historic claims of abuse and has a goal to have all historic claims closed by 31 December 2020.	Existing
Growing Up in New Zealand Growing Up in New Zealand is a longitudinal study that follows the same group of children as they grow up, and studies the influences on their development.	Existing
Family Violence Response Coordination The funding is contracted to support more than 30 local family violence networks, many of whom employ co-ordinators to run an interagency response to high-risk family violence cases.	Existing
Confidential Listening and Assistance Service The Confidential Listening and Assistance Service provides assistance to people who allege abuse or neglect from their time in state care.	Existing
Contingency Initiatives – not for public release without Ministers’ approval	
Children’s Action Plan Implementing the Children’s Action Plan and putting in place Children’s Teams to bring together professionals at a local level to reduce the extent of child abuse and neglect.	New
Additional financial assistance for Kin Carers This new initiative provides additional targeted assistance to carers receiving Unsupported Child’s Benefit and Orphan’s Benefit.	New
[6]	New
Food in Schools Programme A Government contribution towards school breakfast programmes.	New
Community Hubs / Marae CBD A community-based initiative that will use existing structures to maximise potential in marae for enhancing tourism opportunities and employment training.	New

2.3 We have Value for Money plans in place to meet operational cost pressures ... but more is needed

We have a commitment to meet operational pressures through our Value for Money (VfM) programme. This has been in place since 2007 and has enabled a large proportion of operational cost pressures to be met through savings initiatives and reprioritisation. We have also funded nine large collective settlements without seeking additional “capability” funding.³

Over the next four years we face significant departmental cost pressures (\$296.9m), largely due to salary pressures and the efficiency dividend.

- **Salary pressures** are still the Ministry’s major cost pressure at \$147m (49 per cent) over the four year period. [10]
- The **efficiency dividend** represents the second largest cost pressure at \$95.2m (32 per cent) over the four year period. In 2013/14 the Ministry’s efficiency dividend will rise to \$20.5m and then to \$24.9m from 2014/15 onwards.
- **Volume increases** (\$16.9m) primarily relate to increased seniors volumes and additional overseas pensions testing (above invest to save proposals) and include expected cost increases related to children in care.
- **Inflationary costs** (\$29.2m) - the Ministry’s occupancy costs from our nationwide property network face inflationary pressures (forecast 2 per cent per year) and a new/changed National Office campus is expected in 2016/17. We face similar pressures on IT licensing and storage, and nationwide security guard costs.

Through the VfM programme, savings initiatives totalling \$231.5m have been identified over the four years. Savings initiatives are primarily made up of:

- business process improvement initiatives (\$52.4m or 23 per cent), which consider processes and systems (these are highly dependent on IT enablement). These initiatives include automation of workflow through an investment in technology and removing unnecessary processes. Greater online services will be used to remove manual processes or introduce self-service options for clients (ie declaring income online).
- managing our people better (\$72.6m or 31 per cent) by reducing uncertainty in budget planning through active management of leave liabilities, planning for delays between attrition and recruitment and targeted structural reviews.
- managing our commercial contracts better and improved purchasing/discretionary spend decisions (\$70.5m or 30 per cent). These initiatives include driving better value from our third party spend.
- CYF Home for Life (\$24.8m or 11 per cent) – implementation sees a reduction of entry into care and so frees up resources.

³ If these pressures had not been proactively managed the Ministry would have needed to make capability bids of \$20-\$30m in each Budget round from 2008.

[10]

- operational policy change improvements (\$11.2m or 5 per cent) – streamlining annual renewal policy processes for Senior Disability Allowance clients.

We are forecasting a balanced position for 2012/13 and 2013/14. However, at this point the Ministry has funding shortfalls for years two to four of the plan as shown in the table below. The shortfall rises from \$18.094m in 2014/15 to \$31.025m in 2016/17. A significant programme of business transformation will be required to balance the books in years two to four.

	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m	TOTAL \$m
Total Departmental Cost Pressures	46.121	66.863	82.490	101.435	296.909
Savings Initiatives	46.121	48.769	66.181	70.410	231.481
Current Shortfall	-	18.094	16.309	31.025	65.428

2.4 We are exploring opportunities for business transformation to meet the shortfall

To continue to fund departmental cost pressures the Ministry has had to increase productivity gains from a declining baseline. This presents a significant challenge and more fundamental change is required to support future year cost pressures.

There are opportunities to generate more substantial savings through all-of-Ministry initiatives that take a more fundamental look at the way we deliver services. However, we need to ensure that initiatives are delivered in a timely manner and that we maintain a long term perspective.

Work is underway to evaluate Ministry-wide business transformation and this will continue throughout 2013. Key initiatives include:

- Information Technology – Straight Through Processing**

Smarter enterprise IT investments coupled with process reviews can help us deliver better services and a more efficient operation. Currently around 60 to 70 per cent of the work that Work and Income, Seniors and StudyLink undertake involves very similar transactional activity and the same functions.

Straight Through Processing (STP) is a key component in enabling the Ministry to deliver common services more efficiently and effectively (with shared accountabilities and resources across service lines). It could provide a central delivery channel supporting client self-service with minimal staff intervention. This would provide us with capacity to offset cost pressures and shift resources from transactional to more outcomes focused services.

However, existing business processes will need to be redesigned and inform the design of STP for it to realise its full potential. We will work through a Better Business Case process to progress the STP programme.

- **Process Elimination**

Our existing VfM plans have a strong focus on improving business processes. However, we may achieve greater gains by eliminating low value processes. Our processes and systems have been established for a range of legislative and policy reasons. These processes have been built on, layered and adjusted over time. This results in high levels of complexity, and the levers to change processes sit across the organisation.

For example, along with Inland Revenue we are progressing a new information sharing mechanism allowed for through the Tax Administration Act 1994. This will give the Ministry access to data it has not previously been able to access through the current data matching agreements. This provides an opportunity to bring work together across the Ministry focused on eliminating the current income declaration process through full automation and strong client messaging.⁵ This could be used as a case study for the Ministry to develop or change business rules in line with cross-Ministry strategic and operational needs.

In time, this will allow us to better manage benefit entitlements, reduce non-compliance, reduce overpayments (and the value of those overpayments), as well as assist in the recovery of more Crown debt.

- **Property Strategy**

We have begun to develop a Ministry-wide commercial property strategy, designed to look out over a 10 year horizon. Current analysis indicates that over the next 10 years the Ministry could reduce its commercial property footprint by 25 to 45 per cent.⁶ This is significant considering the total current occupancy costs of \$69m per year.

We will need to actively explore and use property strategy opportunities to better support our service delivery and VfM plans over the period.

⁵ The Ministry processes over 950,000 income and employment transactions per year and established \$195m in overpayments last financial year.

⁶ Assumptions currently underpinning this work are as follows:

- changing demand profile with increased urban drift
- fewer staff through Value for Money plans
- increased mobility and mobile/remote services (thus services may be provided in a different way).

2.5 We are responsible for implementing significant initiatives over the period

The Ministry also faces a significant challenge in implementing Welfare Reform Phase Two and the Children's Action Plan. We also have a range of new commitments, priority activities and expansions to current programmes.

Welfare Reform Phase Two

Welfare Reform is a Government priority. The reforms are ambitious and world leading, particularly in relation to the introduction of an actuarial approach to the long-term cost of welfare to New Zealand: the Investment Approach. The proposed balance of obligations, incentives, sanctions and support will make a real difference for a large number of New Zealanders, by getting them into work.

Phase two of Welfare Reform includes the implementation of final changes to benefit settings, the extension of work expectations and social obligations and the implementation of the Investment Approach to the welfare system.⁷ The Investment Approach takes a long-term view of welfare receipt and directs expenditure towards initiatives and activities that support individuals to move off benefit and into employment. This will manage the long-term liability associated with the benefit system by reducing system costs over time.

In June 2012 Treasury and the Ministry advised that the potential impacts of Welfare Reform are that the number of benefit recipients could be between 28,000 and 44,000 lower by June 2017 than if reform was not implemented. If achieved, this would result in estimated savings of between \$0.992 billion and \$1.609 billion over the four years to June 2017.

What it involves

Phase two mainly relate to changes that will come into place from 15 July 2013. These changes are:

- Work and Income staff working more intensively with sick and disabled people, managing new work expectations and social obligations
- IT changes for changes to benefit types
- trialling the contracting-out of case management for Domestic Purposes Benefit, Sickness Benefit and Unemployment Benefit
- development of a Health and Disability Assessment Tool
- policy changes associated with Work Bonus, the 28 Day Rule, Abatement grandparenting for sole parents and the Ministry reimbursing employers for failed drugs tests under the pre-employment drug testing policy.

Phase two will also include on-going implementation of the Investment Approach (Annual valuation, Quarterly Monitoring, External Monitoring and Evaluation).

Costs

The changes are set out in detail in the Joint Treasury and Ministry Cabinet paper *Welfare Reform phase two – Implementation, Costs and Funding* [CAB Min (12) 41/12 refers].

⁷ The initiative is part of the wider government welfare reforms committed to in October 2011.

This Cabinet paper agreed funding by the Ministry through underspends and savings initiatives for \$32.537 million of Phase Two costs for 2012/13, mainly relating to IT changes.

This paper also estimated the remaining costs of Welfare Reform Phase Two at \$199 million over the four year period. Since then, costs have been revised down due to:

- a reduction in the Investment Approach evaluation costs of \$6.090 million over the four-year period, due to greater certainty over policy and implementation decisions
- a reduction in the Health and Disability Work Ability Assessment costs of \$10.575 million over the four-year period. This is due to a reduction in the estimated per assessment cost and a 50 per cent reduction in planned assessments per annum
- a net increase in policy change costs of \$0.556 million of remodelling of the Work Bonus, 28-Day Rule and the cost of grandparenting abatement regimes for sole parents and the net cost to the Ministry of reimbursing employers under the pre-employment drug testing policy.

These developments bring the remaining costs of Welfare Reform Phase Two to \$182.963 million excluding tax impact (see table below). Note that this does not include the cost to Vote Health for Pre-employment drug testing (\$5.6 million).

Welfare Reform Phase Two funding requirements					
	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Work and Income staff	24.772	24.480	17.080	17.080	83.412
External contracting*	12.953	12.953	12.953	12.953	51.812
Work Bonus*	3.789	4.090	4.240	4.329	16.448
Investment Approach costs	3.460	3.430	3.430	3.430	13.750
Departmental implementation costs	3.461	1.640	1.640	1.640	8.381
Health and Disability workability assessment	0.625	1.250	2.000	2.000	5.875
Abatement Rules	0.445	0.468	0.468	0.468	1.849
28 Day Rule	0.192	0.200	0.200	0.200	0.792
Pre-Employment Drug Testing	0.161	0.161	0.161	0.161	0.644
Total impact on operating balance	49.858	48.672	42.172	42.261	182.963
Tax Impact	0.116	0.122	0.122	0.122	0.482
Total Operating (including tax impact)	49.974	48.794	42.294	42.383	183.445

*Note that savings have reduced the amount of operating funding sought for these initiatives.

Work and Income staff costs reflect changes in case management ratios and staff time related to the extension of work expectations and policy decisions that require Work and Income to work more broadly than they have before with approximately 61,000 beneficiaries who are sick or disabled. They also include staff costs relating to new social obligations for:

- Wellchild enrolment
- Early Childhood Education enrolment
- the Warrants to Arrest policy
- Pre-employment Drug Testing Requirements.

External contracting costs are based on contracting out case management for 1,000 sole parents, 1,000 people with a common mental health condition (depression or stress) and around 80 beneficiaries currently on Unemployment Benefit.

Policy change costs include the cost of the Work Bonus, 28-Day Rule, the grandparenting of abatement regimes for sole parents and the net cost to the Ministry of reimbursing employers for failed drugs tests under the Pre-employment Drug Testing policy.

Investment Approach costs include costs of evaluation for the Investment Approach, including actuarial valuations, external monitoring of the Ministry and evaluation of the welfare reforms.

Departmental Implementation costs include Work and Income's programme of readiness, IT software licences and administration of existing outcome contracts.

The Health and Disability Work Ability Assessment is an assessment that will be carried out by an independent health practitioner. It aims to establish an objective and expert view of a beneficiary's work ability.

Funding for Welfare Reform Phase Two costs in Budget 2013

The table below shows funding for Welfare Reform will come from savings initiatives in Vote Social Development and from the Budget 2013 operating allowance. Each funding source is described briefly after the table:

Funding Sources	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Underspends	(2.100)	-	-	-	(2.100)
Overseas pensions collection initiative	-	-	-	(6.091)	(6.091)
Widows/Women Alone Rate Change saving	(0.578)	(1.461)	(2.090)	(2.571)	(6.700)
Call on operating allowance - Budget 2013	(47.180)	(47.211)	(40.082)	(33.599)	(168.072)
Total	(49.858)	(48.672)	(42.172)	(42.261)	(182.963)

Underspend: The Ministry started delivery of the new Youth Services from 20 August 2012. The take up of the NEET (Not in Education, Employment or Training) young people into the programme was not as high as initially modelled. This has led to an underspend of \$4.00 million in 2012/13, \$2.10 million of which will fund Welfare Reform Phase Two.

Overseas Pension Collection Initiative: Cabinet agreed [CAB Min (12) 41/12 refers] that savings of \$6.091 million from the Overseas Pension Collection Initiative were to be used to fund Welfare Reform costs as part of Budget 2013. This initiative increases the ability to collect overseas state pensions by testing eligibility for an additional 10,000 people each year.

Funding of \$12.341 million was sought for additional staff and IT enhancements to achieve a reduction in New Zealand Superannuation expenditure by the Crown of \$61.740 million between 2012/13 and 2016/17. Of the net saving of \$49.399 million, \$17.772 million is available to fund Welfare Reform. \$11.861 million was used to part fund 2012/13 Welfare Reform costs, leaving \$6.091 million to fund Welfare Reform costs for Budget 2013.

The initiative will not affect those who have already applied for or who are receiving an overseas state pension. It will only apply to people coming onto superannuation in the future. It will increase the number of people testing for overseas state pension entitlements from 7,500 to 17,500 each year.

The Ministry only had resources to test 7,500 eligible superannuitants as they came onto superannuation and assist them to apply for an overseas state pension. As a result, a number of people were not applying for an overseas state pension when they were eligible. This initiative provides extra resource and changes to IT systems to increase testing for an additional 10,000 eligible people. Changes to IT systems will enable the Ministry to better identify applicants who are likely to be eligible for an overseas state pension.

Widows /Women Alone rate change: The Widows and Women Alone saving arises from the agreed benefit rate change for new beneficiaries who would have been eligible for Widows and Women Alone benefit, but after 15 July 2013 receive the Jobseeker Support rate [CAB Min (12) 30/15 refers].

Currently, recipients of Domestic Purposes Benefit for Women Alone (DPB for Women Alone) and Widows Benefit who do not have dependent children, receive a slightly higher rate of benefit (around \$8) than people in similar circumstances who receive the Unemployment or Sickness Benefit. Once these benefits are merged into Jobseeker Support, new applicants for a benefit after 15 July 2013, who would previously have been granted DPB for Women Alone or Widow's Benefit, will receive Jobseeker Support at the standard, slightly lower rate, of that benefit. Those currently receiving Women Alone or Widows Benefit will retain their higher rate of benefit when they transfer to Jobseeker Support and along with those moving to Sole Parents Support, they'll also retain current part-time benefit abatement rules. This will result in savings of \$6.7 million.

How success will be measured

In October 2011, Cabinet agreed to a number of new accountability arrangements as part of Welfare Reform. Some of these arrangements are already in place – the annual valuation, Work and Income Board and External Monitor. A Work and Income performance framework has been developed and will be a key tool in demonstrating the success of Welfare Reform. The performance framework is designed to tell a

clear story about how resources are used to deliver real and tangible results, and how resources are directed towards those areas that most contribute to reducing welfare dependency and the future liability.

The framework is based on:

- the new benefit categories and associated work obligations
- the Ministry's 2013/14 high-level strategic outcomes
- the Better Public Service target to reduce long term welfare dependence
- annual valuations, monitoring, and evaluation.

Disability Allowance Shortfall

The Disability Allowance (DA) appropriation was adjusted to reflect savings targets for four Budget 2011 and 2012 savings initiatives. In 2012, the Government introduced an accreditation regime for medical alarm suppliers. This has improved the quality of service for clients who need a medical alarm, while reducing the cost of the service to those clients and delivering savings to the Government. The Ministry is on track to achieve savings of \$8.7 million per year.

The policy decisions required to deliver other savings initiatives have not been made, although the Social Security (Benefit Categories and Work Focus) Amendment Act will enable further changes to procurement approaches and DA, if required. While the Government is continuing to explore ways of improving value-for-money in social assistance expenditure, the Government has determined it appropriate to maintain current DA funding levels in Budget 2013. The DA shortfall of \$147.284 million will be funded as part of Budget 2013. This reflects the importance of DA to vulnerable clients with a disability, including many older people.

Disability Allowance Budget 2011 and 2012						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	25.492	30.448	30.448	30.448	30.448	147.284

Budgeting Advice Services

As a one-off interim measure, the Government will provide an additional \$1.5 million in funding to Budget Advice Services, in addition to the \$8.9 million per year the Government currently provides through the Ministry's Family and Community Services. This will be followed by a strategic review of the funding model for Budgeting Advice Services in late 2013, with any funding implications addressed in Budget 2014.

This responds to one recommendation of the Expert Advisory Group on Child Poverty, and recognises increased pressure on Budget Advisory Services due to the recession and a greater number of referrals from Work and Income. The Government expects that, at average current funding rates, this additional funding will support services to an additional 6,000 clients, the increase in demand reported by the sector since 2010.

Costing

Budgeting Advice Services						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Cost	-	1.500	-	-	-	1.500
Total funding from centre	-	-	-	-	-	-

Note: that new funding is not required, this initiative is being funded from underspend.

Funding

The additional funding has been reprioritised from an underspend in Youth Support services in 2012/13 due to a slower than forecast take up.

Transfer of social housing functions to the Ministry

The Ministry will take over a range of Housing New Zealand Corporation (HNZC) functions as part of the Government's plans to improve social housing and better integrate the assessment of people's social support needs.

The Government has introduced the Social Housing Reform Bill, which opens up social housing provision to better meet social housing need.

Budget 2013 has allocated \$4.15 million (over 2012/13 and 2013/14) to design a system that enables the transfer of needs assessment and related functions from HNZC to the Ministry.

The transfer of social housing need assessment to the Ministry is planned for April 2014.

Costing

Housing Needs Assessment						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	1.450	2.700	-	-	-	4.150

Portability of New Zealand Superannuation to Realm Countries

Responsible Minister: Minister for Foreign Affairs

[13]

Costing

Portability of New Zealand Superannuation to Realm Countries						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	-	0.070	4.633	4.972	9.675

Portability of Veterans' Pensions to Realm Countries						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	-	-	0.091	0.101	0.192

[13]

Think Differently Campaign

Responsible Minister: Hon. Tariana Turia

The Think Differently Campaign is a key initiative in the Government's Disability Action Plan. Since 2010, the Think Differently campaign has been contributing to

national initiatives and funding small community projects that promote positive attitudes and behaviours towards disabled people. The campaign seeks to increase the participation of disabled people in all aspects of community life, and to change social attitudes and behaviours that limit opportunities for disabled people.

Increased funding will build on the gains made by the campaign in the first three years in changing the attitudes and behaviours that limit opportunities for disabled people. It will also build capacity for informal, community-based supports for disabled people and their families.

Think Differently Campaign						
	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	& out years	(\$m)
					(\$m)	
Total funding	-	3.000	3.000	-	-	6.000

Enabling Good Lives demonstration in Christchurch and Waikato

Responsible Minister: Hon. Tariana Turia

This funding is to establish trials in Christchurch and Waikato of the Enabling Good Lives approach. The approach is to provide more individualised and flexible disability support. Learning from the trials could be applied to other disability supports and services.

Christchurch

The trial would involve contracting a committed individual or NGO to manage inter-sectoral funding and a local governance mechanism Workshops for disabled individuals and their families/whānau would equip them to be informed partners in the design of supports and services. Provider capability would also be developed to deliver person-centred, flexible and community-based supports and services.

The trial will also build on initial development work with the local community that was funded by the Ministries of Health and Social Development in mid-2012.

Waikato

This funding will build on work to date by developing a self-assessment tool and operational guidelines for providers to help them to align with the Enabling Good Lives principles. Once completed, the guidelines will be available nationally for all providers to invest in some provider capacity development to assist them to transform the 'what, where and how' they work with disabled people. There will also be:

- workshops for disabled individuals and their families/whānau to equip them to be informed partners in the design of supports and services
- funding for capability development, for providers to address issues identified in their action plans, eg staff training or systems development
- development of an evaluation process (by an independent provider) that will measure provider progress.

Enabling Good Lives demonstration in Christchurch and Waikato						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	0.050	0.800	0.900	0.900	-	2.650

Promoting lifetime design in housing

Responsible Minister: Hon. Tariana Turia

Under the December 2011 relationship accord with the Māori Party, the Government agreed to require HNZC new-builds and leased new-builds to meet lifetime design principles and include acceptable disability access standards where practical and appropriate.

Lifetime design standards ensure houses are more suitable and easily adaptable to people's different needs. A house built to lifetime design standards allows for more flexible use over a person's occupation and will more likely cater to people's changing needs. There will be less need to modify a house, and any additional modifications will cost less.

Funding will continue to be provided for Lifetime Design Limited. to promote awareness of the value in making homes accessible, provide standards to facilitate lifetime design, and deliver a framework for accreditation, licensing and quality control of lifetime design standards.

Promoting lifetime design in housing						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	0.500	0.500	0.500	-	1.500

Monitoring by disabled people of their rights

Responsible Minister: Hon. Tariana Turia

In 2010, the Government designated the Convention Coalition of seven disabled people's organisations as a member of an independent mechanism to monitor the UN Convention on the Rights of Persons with Disabilities.

Monitoring involves interviewing disabled people about their life experiences and providing an independent report to Government. Findings inform priorities on issues affecting disabled people across government agencies.

Funding for the Convention Coalition meets New Zealand's obligations under the UN Convention on the Rights of Persons with Disabilities to support disabled people monitoring their rights and participation in the independent mechanism.

Monitoring by disabled people of their rights						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	0.275	0.275	0.275	0.275	1.100

E Tu Whānau expansion

Responsible Minister: Hon. Tariana Turia

Māori are over-represented in family violence statistics, both as victims and as perpetrators. E Tu Whānau addresses family violence through supporting leadership at all levels, changing behaviours, supporting the development of best practice in working with Māori whānau and other vulnerable communities, and growing the competence of practitioners working with whānau where there is violence. It emphasises the concept of culturally relevant community action and contributes to the Better Public Services target of ‘Supporting Vulnerable Children’.

The increased funding will enable the expansion of services focussed on Te Ao Māori and vulnerable communities including refugee and migrant, and Pacific people.

E Tu Whanau Expansion						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	2.000	2.000	2.000	2.000	8.000

Student Support Settings

Responsible Minister: Minister for Tertiary Education, Skills and Employment

There are several policy decisions in Vote Tertiary Education that have an impact on the Ministry. These are:

- *Additional Flexibility for Highly Performing Private Training Establishments (PTEs) and Continuing the 99-105 per cent tolerance bands*

Additional flexibility is being provided to highly performing PTEs to enable them to enrol more students above their funding caps. Changes are required to the delivery tolerance bands to absorb a proportion of the additional demand. These both help to achieve the Better Public Services target of increasing the proportion of 25-34 year olds with a qualification at level 4 or higher to 55 per cent by 2017.

- *Reducing student allowance entitlement for those aged 40 and over to a maximum of 120 weeks*

Reducing the lifetime student allowance entitlement for people aged 40 and over, to a maximum of 120 weeks is to improve the targeting of student allowances to focus support on initial years of study, and younger learners. This policy is introduced for applications for study starting on or after 1 January 2014.

- *Extending the Student Loan and Student Allowance stand-down period for permanent residents and Australian citizens to 3 years*

The stand-down period is being extended for permanent residents and Australian citizens to increase the Government's confidence that permanent residents will stay in New Zealand after study and make a contribution to our economy and society. A one-off system change to StudyLink's payment engine is required to implement the policy.

- *Adjusting access to the Student Loan Scheme for fees-free study*

StudyLink is being funded to make changes to Student Loan administration for people studying at levels 1 and 2 in tertiary education to:

- ensure that students in fees-free levels 1 and 2 qualifications are not borrowing for fees from the Student Loan Scheme (from 1 January 2013)
- restrict students in fees-free levels 1 and 2 qualifications who are under 18 years of age from borrowing from any part of the Student Loan Scheme (from 1 January 2014).

- *Removing Student Allowance eligibility for those aged 65 and over*

Eligibility for Student Allowances for those aged 65 and over is being removed for applications for study starting on or after 1 January 2014. This is to improve the targeting of Student Allowances more tightly on the basis of returns to study. The return on investment to the Crown in a person's education is much less if the person is not active in the workforce following completion.

Changes to Student Support Settings						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Additional Flexibility for Highly Performing Private Training Establishments	-	1.112	2.286	2.18	2.118	7.696
Reduce Student Allowance for those over 40 years old	-	(0.468)	(2.943)	(3.977)	(3.860)	(11.248)
Continue 99-105% Tolerance Bands	-	0.754	1.547	1.468	1.421	5.19
Extending Student Support stand-down period for Permanent Residents	-	0.38	(1.950)	(4.738)	(5.785)	(12.093)
Funding to deliver changes to loan eligibility for entry-level education	0.082	0.448	0.13	0.132	0.132	0.924
Removing Student Allowance eligibility for those over 65 years old	-	(0.005)	(1.445)	(2.291)	(2.480)	(6.221)
Total impact on operating balance	0.082	2.221	(2.375)	(7.226)	(8.454)	(15.750)
Tax Impact	-	0.052	0.002	(0.374)	(0.479)	(0.799)
Total Operating (including tax impact)	0.082	2.273	(2.373)	(7.600)	(8.933)	(16.550)

20 Additional Medical Places

Responsible Minister: Hon. Tony Ryall

The Vote Health Budget package includes an initiative to increase the first-year medical enrolment cap by 20 equivalent full time students (from 1 January 2014). This will result in operating costs of \$426,000 over four years. In addition, there will be increases in non-departmental capital expenditure (eg Student Loans). These costs will be met from the Vote Health Budget allocation.

20 Additional Medical Places						
	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total impact on operating balance	-	0.023	0.072	0.120	0.168	0.383
Tax Impact	-	0.003	0.008	0.014	0.018	0.043
Total Operating (including tax impact)	-	0.026	0.080	0.134	0.186	0.426

2.6 Time-limited funding

Time-limited funding for a range of initiatives has been considered as part of the Budget 2013 process. The decisions on initiatives funded are outlined below.

Resolution of Historic Claims

The Government is committed to a fair process for resolving historic claims. In 2004, the Courts, Crown Law, and various agencies (primarily Education, Health and Social Development) were overwhelmed by the large number of claims being filed in court by people who allege they had been abused or harmed as children while in the care of the state.

The Ministry is facing 750 claims of historic abuse, 324 of which are proceedings filed in the High Court. Further claims are forecast to be made at the rate of 200 per year. The Ministry's process resolves claims out of Court, which is much cheaper, faster and more effective. More than 380 claims have been closed to date. The Ministry is obligated to address the outstanding claims and manage the flow of incoming claims.

Our goal is to have all historic claims (for those in state care prior to 31 December 1992) closed by 31 December 2020.

Costing

Resolution of Historic Claims						
	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	& out years	(\$m)
					(\$m)	
Total funding	-	4.000	4.000	4.000	4.000	16.000

Funding

The Resolution of Historic Claims of Abuse will be funded \$16 million over four years (\$4 million per annum).

Next Steps

From 2013 to 2015, we will be putting the key components in place to ensure that we have the most effective and efficient system to assess and manage the resolution of historic claims, without compromising the integrity of the process. Key components include:

- improving our capability and capacity to more effectively and efficiently manage claim processes, eg streamlined processes, increased use of technology and closer collaboration with partner agencies
- enhancing our information system so we can accurately predict the number of likely claims brought that will need resolution by 2020
- assessing the viability of settling the outstanding 324 filed claims by way of a group settlement
- developing and testing different approaches to resolution, eg settling claims by group

- providing six-monthly progress reports to the Minister for Social Development on trends in new claims filed and claims settled, and potential barriers to achieving our goal.

Growing Up in New Zealand Study

Growing Up in New Zealand is a longitudinal study led by the University of Auckland, under an agreement with the Ministry. The study follows the same group of children as they grow up and studies the influences on their development. It is following close to 7,000 children who were born in Auckland and the Waikato in 2009 and 2010, and their families.

The study has the potential to provide information of significant value to agencies across the social sector. This could include evidence to address social, educational, health and other issues of importance to policy development and inform the ongoing implementation and policy development for the White Paper for Vulnerable Children and Welfare Reform. For example, it could provide information on the impact of Well Child and Early Childhood Education participation on starting off well in school.

Funding

The Government has invested significantly in the establishment of the study. The majority of the funding to date has been through Vote Social Development, with smaller contributions from other sources, including Vote Health and Vote Education.

In 2012, an independent review of the study was commissioned by the Prime Minister and conducted by national and international experts. The review concluded that the study was valuable and recommended that for the next few years the study should continue to be funded by the Crown.

The study has a contract in place up to the end of the 2012/2013 year. Budget 2013 has confirmed funding for an additional two years. A review will be conducted in 2014/2015 to identify potential sources of ongoing funding for the study.

Costing

Growing Up in New Zealand Study						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	3.001	2.565	-	-	5.566

Votes Health and Education are also contributing to the Growing Up in New Zealand study. Vote Health is contributing \$400,000 in 2013/14. Vote Education is contributing \$444,000 over 2013/14 and 2014/15.

As the primary funder, the Ministry has held the responsibility for managing the study. This responsibility will now be transferred to the Social Policy Evaluation and Research Unit at the Families Commission.

Family Violence Response Coordination

Funding for Family Violence Response Coordination is time-limited and will cease at the end of 2012/13. The funding is contracted to support more than 30 local family

violence networks. The funding of \$2.8 million per year is used by the networks to employ local network coordinators, many of whom run the interagency process for responding to high-risk family violence cases. Police, CYF, and other government and community agencies are key partners. For most networks this is their most significant source of funding.

The service will continue to be funded for a further two years (2013/14 and 2014/15). Officials will report to the Minister of Finance and Minister of Social Development by October 2014 on whether services delivered through this initiative can be delivered through the Vulnerable Children work programme and/or through Investing in Services for Outcomes.

Costing

Family Violence Response Coordination						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	2.800	2.800	-	-	5.600

Confidential Listening and Assistance Service

The Government established the Confidential Listening and Assistance Service (CLAS) in 2007 to provide assistance to people who allege abuse or neglect or have concerns about their time in State care in the health, child welfare or residential special education sectors prior to 1992. CLAS was established as part of the Government's wider litigation strategy to deal with claims quickly and fairly, and as much as possible, outside of the Courts. It is administered by the Department of Internal Affairs. The service is successfully meeting two government objectives: providing a supportive resolution process for participants and mitigating litigation risk to the Crown.

The service provides a forum for people with long standing grievances with the state to be heard. At this stage, we are obligated to fund 75 per cent of the costs. This may change as our clients now make up 85 per cent of the total users of the service.

Costing

Confidential Listening and Assistance Service						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	0.994	0.865	-	-	1.859

Funding

The Confidential Listening and Assistance Service will receive funding of \$0.994 million in 2013/214 and \$0.865 million in 2014/2015.

Next Steps

The Ministers of Internal Affairs and Social Development will jointly report to Cabinet by 31 March 2014 on possible options for the future of CLAS and how agencies plan to deal with future claims.

2.7 Contingency Items

Children's Action Plan

NOTE: for internal communications purposes only. This is Budget Sensitive contingency - not to be released without Minister's consent.

The White Paper for Vulnerable Children set out an extensive programme of reforms that will require significant changes across the health, education, justice and social sectors. Implementing the Children's Action Plan (CAP) is a Government priority, requiring new ways of working across agencies. Implementing these proposals, in full in consultation with local communities, may take up to 10 years.

Ultimately, the reforms aim to reduce the extent of child abuse and neglect in New Zealand. However, the reforms will also drive progress on the Better Public Services targets for reducing assaults on children, increasing immunisation rates and reducing rheumatic fever, and increasing participation in early childhood education.

We will implement the CAP and put in place Children's Teams to bring together professionals at a local level.

Costs

On 10 December 2012 Cabinet established the Vulnerable Children's Contingency Fund (the Fund) and allocated \$3.000 million for initial expenditure on start-up costs. On 11 April 2013 the Ministers for Social Development, and the Ministers of Finance and Health (joint Ministers) agreed to appropriate \$2.535 million from the Fund to the Children's Action Plan Output Class in Vote Social Development in 2012/13, and a further \$0.400 million in 2013/14. In addition, joint Ministers agreed to appropriate \$0.065 million from the Fund to Vote Health.

The CAP will create various cost pressures across the social sector.

Funding of \$10.380 million for 2013/14 will cover the cost of establishing key components of the CAP, including the Child Protect Line, the National Children's Director, Regional Children's Directors, Children's Teams, training of professionals and initial work on an interagency capital programme. This funding is made up of the \$0.4 million from the Fund, and \$9.980 million from Budget 2013. This will ensure that:

- vulnerable children's health, education and social services needs are identified and addressed early, thereby reducing future costs
- social sector services delivered by Health, Education and Social Development agencies are better connected and can deliver better results.

Officials have identified that the start-up costs relating to the CAP will be spent on:

- development of predictive risk tools that will help find, assess and connect the most vulnerable children to services earlier and better
- the service design for the Child Protect Line, which will allow the public to report concerns, and the intake process for Children's Team's demonstration sites in Rotorua and Whangarei
- development and implementation of a cross-agency Care Strategy to improve the outcomes for children in care, and support for children and young people transitioning from care

- establishment of two Children's Teams to test the new early response system, a National Children's Director to provide national leadership and two Regional Children's Directors to provide regional leadership
- establishment of the CAP Directorate to oversee the implementation of the CAP
- development of a Children's Workforce Action Plan, Working with Children Code of Practice and competencies
- implementing new screening and vetting processes and provide training
- promotion of mentoring programmes and establishment of a scholarship fund for children
- introduction of Child Abuse Prevention Orders to place restrictions in situations where individuals pose a high risk to children in the future
- establishment of an interagency capital programme that could include preliminary work on the Vulnerable Kids Information System, enhancements to the Child Protection System needed to implement the Care Strategy and an information system that will track and monitor high-risk offenders.

Children's Action Plan start-up costs						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	6.980 plus 3.000 capital	-	-	-	9.980
Note: total funding available to spend in 2013/14 is \$10.380m. This is made up of the \$0.4 million from the Vulnerable Children's Contingency Fund, and \$9.980 million from Budget 2013.						

Funding

In addition, Vote Health is funding \$6.695 million over four years, through Budget 2013, towards the costs of implementing the CAP.

Fiscal Plan

Officials are developing an updated Fiscal Plan for CAP implementation that will:

- provide a summary of the funding that has been approved for CAP start-up costs
- outline the actions that will be taken to identify and address future start-up and ongoing CAP costs.

The draft updated Fiscal Plan will be considered by the Ministerial Oversight Group (MOG) on 12 June 2013.

Additional Financial Assistance for Kin Carers

NOTE: for internal communications purposes only. This is Budget Sensitive contingency - not to be released without Minister's consent.

When a child is in need of care because their parents have died or due to family breakdown, carers can receive the Orphan's Benefit (OB) or the Unsupported Child's Benefit (UCB). At the moment, there are about 12,000 children in New Zealand being cared for in these circumstances.

Cabinet provisionally agreed, as part of the response to the White Paper on Vulnerable Children that when funding becomes available, additional financial assistance will be provided to people receiving UCB or OB. Where children are cared for by people they know, particularly their extended family, this often leads to better outcomes for the child than if they were in state care. Providing some additional assistance to carers in this situation will reduce financial stress and help to improve outcomes for vulnerable children who would otherwise need to be in state care.

Costing and Funding

Additional financial assistance for kin carers						
	2012/13	2013/14	2014/15	2015/16	2016/17 & out years	Total
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Total funding	-	5.000	10.000	10.000	10.000	35.000

Funding

Cabinet has agreed that Additional Financial Assistance to Kin Carers receiving UCB/OB will get funding of \$5 million for 2013/14 and \$10 million for 2014/15 and outyears.

Next Steps

Work on this initiative is in its early stages. A Ministerial Reference Group has been established to provide advice to the Minister for Social Development on options for making additional assistance available to carers receiving UCB or OB. The Reference Group members will liaise with their community contacts and memberships to determine how best to meet the financial need of UCB and OB recipients, given the funding available.

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Food in Schools

NOTE: for internal communications purposes only. This is Budget Sensitive contingency - not to be released without Minister's consent.

The Budget sets aside \$1.9 million per year from 2013/14 in a contingency fund for a "Support for Food in Schools Programme".

The programme is intended to provide a Government contribution toward school breakfast programmes, subject to due diligence (including legal advice) from the Ministry of Social Development, The Treasury and the Ministry of Business, Innovation and Employment.

The "Support for Food in Schools Programme" is being funded from the Prime Minister's "Emerging Priorities" tagged contingency and therefore has no impact on the operating balance.

Costing

Food in Schools						
	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	& out years	(\$m)
					(\$m)	
Total funding	-	1.900	1.900	1.900	1.900	7.600

Community Hubs / Marae CBD

Responsible Minister: Hon. Tariana Turia

NOTE: for internal communications purposes only. This is Budget Sensitive contingency - not to be released without Minister's consent.

Budget 2013 is providing \$1.2 million in 2013/14 for the development of Community Hubs for the effective delivery of local health, training, employment, out of school, recreation and social services.

Targeting children and families, the initiative will be community-based, run out of schools, churches, marae, ECE providers and kōhanga reo. Marae CBD will utilise existing structures to maximise the inherent potential each marae currently holds, including enhancing tourism opportunities and employment training. The project will also encourage marae-based learning and initiatives to promote whānau literacy, including financial literacy and health literacy. Promoting marae-based health clinics as preferred sites of wellbeing and service delivery to support whānau is also part of the initiative.

Community Hubs / Marae CBD						
	2012/13	2013/14	2014/15	2015/16	2016/17	Total
	(\$m)	(\$m)	(\$m)	(\$m)	& out years	(\$m)
					(\$m)	
Total funding	-	1.200	-	-	-	1.200

2.8 We also face a number of unquantified cost pressures

We have identified a number of potential cost pressures that while not yet quantified, we need to be aware of in planning for the next four years. These include:

Investment in IT to improve effectiveness and reduce costs

Our ability to radically improve effectiveness and reduce costs depends largely on IT improvements. For example we have a large number of disintegrated legacy systems and no single client view. Making these improvements will require upfront investment.

Responding to the Independent Review of MSD's Information Systems Security and the Government Chief Information Officer (GCIO) Review of Publicly Accessible Systems

Responding to the recommendations of these reviews could result in cost pressures.

2.9 Work to develop savings initiatives and identify areas for reprioritisation is ongoing

See section 4.5 for savings that are part of Budget 2013.

Work is ongoing to develop savings initiatives to meet cost pressures facing the Ministry or generate savings for the Crown.

[6]

Tackling Welfare Fraud

Cabinet has approved a range of initiatives for tackling welfare fraud which were designed to meet the Government's commitments in the Post Election Action Plan. The initiatives encourage compliance with the welfare system, make it more difficult for people to defraud the welfare system and hold people to account for their actions.

The initiatives will be implemented at different stages over 2012/2013 and 2013/14. Initial investment for the initiatives will be funded from within baseline from Value for Money changes and minor reprioritisation.

Information Sharing with Inland Revenue

Information Sharing with Inland Revenue (IR) is part of the Cabinet-approved range of initiatives for tackling welfare fraud. The Ministry is now receiving regular monthly data from IR that specifies what current Ministry working age clients also receiving income from salary and/or wages.

This information allows the Ministry to more quickly identify and review benefit entitlements and correct them. It will also identify cases where clients have deliberately misrepresented their income details in order to receive social assistance.

The first stage will include working age clients and income from salary and wages. The next stages will include other client groups and other forms of income.

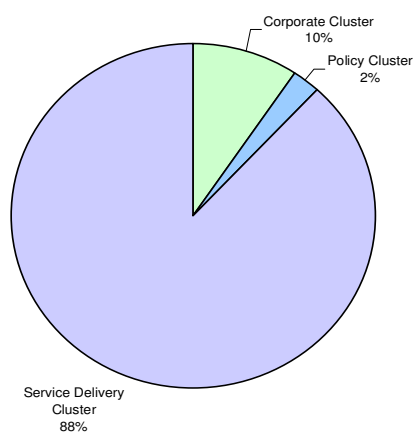
Costings and savings have yet to be identified but the initiative is likely to lead to increased benefit cancellations, debt recovery targets, cost per dollar recovered, and an increase in fraud prosecutions.

3.0 Organisational Capability and Workforce

3.1 Overview

We are faced with a dynamic and changing environment that will require the organisation to be highly adaptable. Applying a system-wide investment approach will present a fundamental shift in how we work and deliver our services. It will mean greater use of client segmentation, differentiated services and changes to transactional processes.

Our organisation is structured into clusters and service lines – the Policy Cluster, Service Delivery Cluster, and Corporate Cluster. This model has provided autonomy and accountability and enabled achievement of challenging programmes of work. However, it is a more expensive staffing model, with duplication of functions in each service line. We recognise that, to remain effective within our fiscally constrained environment, we need to strengthen our shared accountability across our service lines and agencies.



We currently have a wide range of roles that make up our workforce. Our mix of client facing roles is varied, from case managers (21 per cent) to field social workers (14 per cent) to customer service representatives in contact centres (5 per cent). Some of these workforce groups represent the largest groups of their kind across the public sector. Other roles include statisticians, legal services, IT professionals, policy analysts, fraud investigators, work brokers, employment coordinators, and residential youth workers.

Taking an investment approach means we need to trial new ways of working, using evaluation and fast feedback. We will be trialling a range of new evidence-based assessment tools and will need to adapt and improve our services as we learn what works best.

Underpinning our medium-term plan is a large and complex IT and business change programme. We will continue to invest in technology to improve effectiveness, accessibility, and the quality of our services.

3.2 Changes to support our strategic direction

In the past we have been fleet-footed and innovative in making incremental changes. However, we now face the challenge of significant programmes of work, short timeframes for implementing larger-scale change, and increased expectations of what the Ministry can deliver.

We are well positioned to deliver on our work programme. We expect that changes to our service models will drive changes to the composition of our workforce, particularly the mix of staff who deliver core client-facing services and those largely supporting transactional processes. This could include more specialised teams to focus on complex cases.

Taking an investment approach will require an ‘up skilling’ of both staff and managers. The nature of our frontline work will become more complex with ‘investment’ decisions being made by staff. This will require a greater level of judgement than has previously been expected. Some frontline work will also require much greater collaboration with other agencies than we have seen before as we intervene earlier with more intensive preventive solutions.

With the scale of change and the speed of implementation required, not only will managers need to continue to manage ongoing change, but also manage ambiguity. Moving forward, the ‘right answer’ will not always be clear, and middle and senior managers will need to become more comfortable with creating the future.

We will also need to be consistently thinking ahead and involving more people in thinking about how we meet these challenges. We acknowledge the need to tap into the ability of our staff to innovate, eliminate wasteful processes, remove ‘rework’ and reduce the cost of poor quality. Managers will be encouraged to take a less ‘hands on’ approach, and enable staff to implement improvement ideas and experiment with new ways of doing things.

The Ministry recently launched the new Purpose and Principles that will guide and inspire the way we work into the foreseeable future. These new principles are more than just behaviour. They are the foundation of the kind of culture we need to deliver on our large, complex reform agenda and the Government’s expectations of us. Every part of the Ministry is involved in this and to succeed we will need a culture that fosters high levels of motivation, participation, teamwork, and service quality.

Change leadership

Despite its size, the Ministry is an extremely agile and high performing department with a “culture of responsiveness, agility, commitment, innovation, alignment and desire to achieve” (PIF, May 2011). We are a ‘can do’ organisation and have a strong commitment to the mission, purpose and quality of the work that we do. We are also “exemplary at managing risk” (PIF May 2011). As such, the Ministry has a strong foundation on which to build.

What our leaders will look like

The identification and development of future leaders with the right skills and knowledge to stimulate organisational growth and success is critical to the delivery of our work programme over the next four years.

We know that we will need to enhance the capability of our managers to be strong leaders, who are comfortable with ambiguity and committed to a stronger high performance culture. Changes to service delivery will also see the need for our leaders to become more highly skilled in relationship and stakeholder management, as we work across agencies and the NGO sector.

To grow our leadership capability we will:

- up-skill managers to lead, manage relationships, manage fiscal constraints, deal with ambiguity, innovate and use process improvement tools
- work with managers to build a stronger performance culture
- encourage strategic thinking, innovation and streamlining of processes
- establish clear expectations of managers
- continue to support 'transitioning' managers
- continue in-house leadership and development programmes: 'Chief for a Day', Emerging Leaders Programme, and Te Aratiatia
- continue the National Leaders Forum to help managers understand our climate: financial pressures, expectations, change, innovation.

How we will engage our staff and support change

Our engagement with staff and their unions during change is an organisational strength. We recognise the importance of positive and stable industrial relations in supporting a high-performing organisation.

Our Modern, Innovative and Productive Public Services Agreement with the Public Service Association (PSA) confirms our positive working relationship. This agreement outlines our shared commitment to working together with a joint focus on areas such as innovation, productivity and value for money. It also outlines the processes for engagement and the development of our joint work programmes. Through consultation, we have also established change management protocols and practices.

We will up-skill and enhance the knowledge of our staff through development initiatives relevant to their occupation, will continue our practice of establishing working groups and parties to tackle challenges, and have a particular focus on culture.

Employment relations

Our HR strategies and frameworks will support engagement with staff, ensuring we get the basics right and maintain a sustainable workforce. This includes ensuring that our employee relations are positive and reflect our business strategies and operating context. The Ministry has an Employment Relations Strategy of constructive engagement with employees and their unions. The agreed (with the PSA) aim of this strategy was to deliver services that are successful for citizens and for the employees of the Ministry.

Key principles for this constructive engagement are:

- resolving issues at the lowest level at which they arise
- sharing information and engaging in good faith at all times, while maintaining confidentiality when and where required

- basing the relationship on honesty and ‘no surprises’
- acknowledging the PSA as the collective representative of the majority of Ministry employees and therefore a key stakeholder.

Our approach is to engage our workforce early in the process to better understand how their work may be affected by change, providing an opportunity for their opinions to be heard. A current example is the engagement in Child, Youth and Family with staff on change in Canterbury.

3.3 Culture

In the past, we have been structured on a model with strong autonomy. We will be moving towards a new way of working where there is less duplication, increased collective focus, and accountability is distributed to lower levels of the organisation.

We have “strong cultural alignment” (PIF, 2011) within our organisation, and this new approach will require changes to the way we think and behave. To truly ‘bed in’ a new way of working we will need:

- greater cohesion and understanding of the ‘bigger picture’ and organisational strategy
- more future focussed solutions
- to reinforce a high performance culture
- to empower managers and staff to challenge thinking
- to encourage well informed decision-making and judgement
- a culture of risk awareness to appropriately manage information and decisions.

We have already started work to reshape our culture. Question seven (‘my opinions count’) from the Gallup Engage Survey has become a ‘lever’ for the Leadership Team to signal their intention for more healthy debate on decisions. The Leadership Team have also initiated:

- a ‘keep-stop-build’ conversation with third tier managers and invited ideas from them on strengthening our culture moving forward
- the revision of our mission, strategy and principles
- increased sharing of information across the Ministry about the Leadership Team’s meetings, our performance against key priorities, and insights from our CE.

It is important that as many staff as possible have their opinions heard. To begin to achieve this, we have initiated several working groups who are developing ideas on reducing bureaucracy, re-work, and increasing ownership.

3.4 Workforce

Our strategic direction will result in a fundamental shift in how we deliver our services. We need capability that supports this approach.

The role of our client-facing staff will become more complex and will require a wider range of behavioural skills, and investment decisions will need to be made. We will need staff to be more adaptable, resilient, client-centric, future and quality focussed. Decisions will need to be evidence-based, and effective differentiation of services will need to be applied. Staff will need to apply sound judgement and risk awareness.

Our workforce will also need a focus on quality, efficiency savings, process improvement and an enhanced IT capability.

Changes to our operating models may mean that staff become less bound by traditional working arrangements, more mobile and flexible. We expect that staff will be required to work in non-traditional ways, and use high levels of personal initiative.





We expect our managers to continue to lead with enthusiasm and to inspire those under their charge to deliver ambitious outcomes. Our managers will have to manage and lead in environments where conventional reporting relationships and people management practices become increasingly tested.

Key





Capacity Change			Capability Shift		
Neutral	Decrease	Increase	High	Medium	Low







Workforce capacity and capability impacts – intended changes

Area	Capacity change	Capability shift	Areas of capability shift
Investment Approach			<ul style="list-style-type: none"> - Up-skilling case managers - Actuarial skills (including mathematics, statistics and financial theory) - Propensity modelling capability - Trialling and evaluative skills
Welfare Reform			<ul style="list-style-type: none"> - Training for differentiated services - Business process centralisation
Investing in Services for Outcomes			<ul style="list-style-type: none"> - Continuance of core contracting and funding operational - Increased focus on relationship management and influencing skills
Child, Youth and Family			<ul style="list-style-type: none"> - Continued focus on social work registration - Increased culture of quality professional practice - Increased engagement and connection with families, communities and agencies - Confidence and engagement with Māori - Enhanced relationship management skills - Increased responsiveness to Māori - Increased clarity of roles and responsibilities - New training programme and accreditation process
Tackling Welfare Fraud			<ul style="list-style-type: none"> - Process training - Enhanced risk management
			<ul style="list-style-type: none"> - Predictive analysis and actuarial

Core Policy			<p>science</p> <ul style="list-style-type: none"> - Increased use of quantitative behavioural economics - Planning and programme management expertise
Corporate Services			<ul style="list-style-type: none"> - Relationship management skills - Cross government focus - Increased emphasis on strategic thinking - Building leadership capability - Enhanced ability to deal with ambiguity

Workforce capacity and capability impacts – whole of organisation/sector

Capacity Change	Capability Change	Context	Change in Capability
Overall		<p>We are in a dynamic change environment and will require changes to our workforce composition and capability. Overall we expect our total workforce to decline over time, dependent on demand and the nature of demand.</p>	<p>Overall we expect a shift in the mix and capability of processing and client-facing roles.</p>
			
Leadership		<p>We have significant programmes of delivery over the medium term:</p> <ul style="list-style-type: none"> • Welfare Reform • Vulnerable Children • Investing in Services for Outcomes • Modernising our transactional business. 	<ul style="list-style-type: none"> - Increased relationship and stakeholder management skills - Ability to work with ambiguity - Process improvement nous - Innovation and creativity - Influencing ability - Strategic thinking - Business acumen - Financial literacy - Resilience - Enhanced people management capabilities - Enthusiastic and inspirational leadership
			

Staff				<p>Staff will be required to work differently and a different mix of skills, knowledge and competencies will be needed.</p>	<p>Transactional</p> <ul style="list-style-type: none"> - Focus on quality - Efficiency - IT capability - Process improvement skills - Adaptability and flexibility - Resilience - Personal initiative - Risk awareness - Sound judgement - Future-focussed
Staff				<p>Staff will be required to work differently and a different mix of skills, knowledge and competencies will be needed.</p>	<p>Specialist decision-making</p> <ul style="list-style-type: none"> - Differentiated services - Evidence-based decision making - Increased relationship management ability - Adaptability and flexibility - Resilience - Personal initiative - Risk awareness - Sound judgement - Future-focussed
Staff				<p>Greater automation and client self service</p>	<ul style="list-style-type: none"> - Reduction in administration

3.5 Capability

To determine the capability that we require we will need to undertake detailed workforce planning. We have made some headway in determining what will be required in the future to deliver on our strategic priorities. However, we will need to conduct a detailed analysis once we have more clarity around critical components of our work programme.

Where we are able, we will continue to use our in-house development programmes, including our leadership development programmes; and training, development and professionalisation initiatives within our service lines. We will continue to build on our organisational culture. In cases where we are unable to sufficiently up-skill our internal capability we will recruit talent.

We are assessing our group structures to ensure that we are providing the services that are needed to better support our client-facing services and ensure that we are responding to the changing environment. We have recently undertaken structural reviews of our Risk and Assurance and Legal Services functions, and Corporate Services. The Corporate Services review encompasses our Financial Services/VfM, Human Resources, Information Technology and Communications functions.

These reviews aim to ensure that the operating models for each of these teams are geared to meet the Ministry's current and future needs. Through these changes there is particular focus on excellence, consistency, agility and future-focused solutions, and a 'one-MSD' approach.

3.6 Capability pressures

The biggest capability challenge will be the shift to support a system-wide investment approach – building this as a fundamental core capability underpinning all we do.

Other capability gaps include:

Capability Gap/Pressure	Reason for capability gap/pressure
Social workers	Skills are in short supply and demand is growing – there are insufficient social workers coming through the graduate pipeline to meet CYF and wider sector needs.
ICT professionals	Skills are in short supply and there is a strong contracting market – particularly for Developers and Infrastructure & Services ICT professionals.
Graduate policy professionals	A recognised future capability gap: Currently we do not have sufficient junior analysts with potential to resource future senior analyst turnover.
Auditors	Long term skill shortage
Procurement professionals	Long term skill shortage
Investigators (collections unit)	Competitive market

3.7 Capacity

We expect our total workforce to decline over time, depending on the level and nature of demand. However, we will have an initial increase in FTE and workforce costs for 2013/14 in order to implement Welfare Reform Phase Two.

FTE numbers

	2012/13	2013/14	2014/15	2015/16	2016/17
Total FTE numbers	9474	9783*	TBC	TBC	TBC

* Note that this figure includes the additional 354 Work and Income staff for Welfare Reform Phase Two.

Ministry VfM initiatives may result in further changes to staff and/or role mixes, capacity and reconfigurations. As relevant business cases and plans are developed and approved by the Ministry's Leadership Team, staff projections will be revised.

Total Workforce Costs

	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Total workforce costs (estimate)	636.092	674.430*	TBC	TBC	TBC

* Note that this figure includes costs for the additional 354 Work and Income staff for Welfare Reform Phase Two.

As part of our remuneration strategy we will establish a consistent but flexible Ministry-wide remuneration approach. This approach will be affordable, comply with relevant legislation and minimise precedents that cause adverse flow-on effects for other parts of the organisation or other departments.

We will move to one consistent job evaluation methodology and ensure that the current survey data reflects the markets in which the Ministry competes for talent.

[10]

. We will also consider and review non-financial elements including:

- work-life balance
- career development opportunities
- non-financial recognition of performance and contribution
- work environment.

As part of our approach to collective agreement negotiations, we are also reviewing the alignment of remuneration systems with the Ministry's business strategies.

We have two major Collective Agreements that will be negotiated in 2013, and part of our strategy will be to ensure that any increases in staffing costs across the Ministry will be affordable and sustainable.

4.0 Summary of Total Financial Impact

4.1 Operational cost pressures

Operational cost pressures	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Salaries	17.563	30.467	43.391	55.370
Efficiency Dividend	20.500	24.900	24.900	24.900
Volumes Increases	3.275	3.912	4.547	5.185
Accepting Mobile to 0800 Calls	2.200	2.200	2.200	2.200
Inflationary Costs	2.583	5.384	7.452	13.780
Total operational cost pressures	46.121	66.863	82.490	101.435
Operational efficiencies/reprioritisation	46.121	48.769	66.181	70.410
Changes to third-party revenue	-	-	-	-
Transfers to/from other Votes	-	-	-	-
<i>Total funds available</i>	46.121	48.769	66.181	70.410
Savings required but not yet identified	-	18.094	16.309	31.025

4.2 Initiatives

Vote Social Development and Veterans' Affairs Budget 2013 Initiatives.

Initiative funding	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)	TOTAL
Welfare Reform Phase Two	-	49.858	48.672	42.172	42.261	182.963
Budgeting Services	-	1.500	-	-	-	1.500
Confidential Listening Service	-	0.994	0.865	-	-	1.859
Disability Allowance Shortfall	25.492	30.448	30.448	30.448	30.448	147.284
Family Violence Response Coordination	-	2.800	2.800	-	-	5.600
Growing up in New Zealand study	-	3.001	2.565	-	-	5.566
Needs assessment for social housing	1.450	2.700	-	-	-	4.150
Portability of New Zealand Superannuation to Niue, Tokelau, and the Cook Islands	-	-	0.070	4.633	4.972	9.675
(Vote Veterans' Affairs)	-	-	-	0.091	0.101	0.192
Resolution of Historic Claims	-	4.000	4.000	4.000	4.000	16.000
Expand the E Tu Whanau programme	-	2.000	2.000	2.000	2.000	8.000
Think Differently Campaign promoting positive attitudes and behaviours towards disabled people	-	3.000	3.000	-	-	6.000
Enabling Good Lives Demonstration	0.050	0.800	0.900	0.900	-	2.650
Promoting lifetime design in housing	-	0.500	0.500	0.500	-	1.500
Monitoring by disabled people of their rights	-	0.275	0.275	0.275	0.275	1.100
Total initiative funding	26.992	101.876	96.095	85.019	84.057	394.039
Note that this table shows impact on operating balance (does not include tax, and is gross of underspends and savings).						

Vote Health Initiative

20 additional medical places	-	0.023	0.072	0.12	0.168	0.383
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Vote Tertiary Education - Student Support Package

Additional flexibility for Highly Performing Private Training Establishments	-	1.112	2.286	2.18	2.118	7.696
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Reduce Student Allowance for those over 40 years old	-	(0.468)	(2.943)	(3.977)	(3.860)	(11.248)
Continue 99-105% Tolerance Bands	-	0.754	1.547	1.468	1.421	5.190
Extending Student Support stand-down period for Permanent Residents	-	0.380	(1.95)	(4.738)	(5.785)	(12.093)
Funding to deliver changes to loan eligibility for entry-level education	0.082	0.448	0.130	0.132	0.132	0.842
Removing Student Allowance eligibility for those over 65 years old	-	0.005	(1.445)	(2.291)	(2.48)	(6.211)

4.3 Contingency initiatives

	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Children's Action Plan*	-	6.980	-	-	-
Additional Financial Assistance for Kin Carers	-	5.000	10.000	10.000	10.000
Support for food in schools programme	-	1.900	1.900	1.900	1.900
[6]					
Community Hubs/Marae CBD	-	1.200	-	-	-
[6]					

*Note this excludes \$3m capital that has also been allocated for 2013/14.

4.4 Transfers from/to other votes

Teach NZ Scholarships

	2012/13 (\$m)	13/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
From Vote Social Development to Vote Education	(4.102)	(6.232)	(7.116)	(7.913)	(7.656)

Currently all TeachNZ scholarships from 2005 to date are funded from Vote Social Development. The scholarships are a recruitment tool that supports the supply of qualified and appropriately trained teachers in New Zealand schools and early childhood services. This funding is held in Vote Social Development because payments to scholarship students are made through the Student Loans and Allowances payment system. This links the scholarships to a debt recovery process through IRD for any student who fails to meet the terms and conditions of their TeachNZ scholarship. The current supply situation has eased and means that this funding can be reprioritised back into Vote Education.

Health's Contribution to Social Sector Trials

	2012/13 (\$m)	13/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
From Vote Health to Vote Social Development	-	1.258	1.258	-	-

Vote Health's contribution (of \$2.516 million over 2013/14 and 2014/15) for the expansion of Social Sector Trials is being transferred to Vote Social Development as part of the Budget. The Social Sector Trials are a cross-agency initiative that tests a community-based approach to social service delivery and transfers the control of resources (including funding), decision-making authority and accountability for results to a Trial Lead at the local level. The Trials are working towards a range of outcomes including youth, education, and health focused outcomes.

The Social Sector Trials (the Trials) are a cross-agency initiative supported by the Ministry of Social Development, the Ministry of Education, the Ministry of Justice, the Ministry of Health and the New Zealand Police.

Transfer of funding from Vote Social Development to Tertiary Education Commission

	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
From Vote Social Development to Vote Tertiary	-	(6.661)	(6.661)	(6.661)	(6.661)
<p>\$6.661 million on-going funding is being transferred from Vote Social Development to Vote Tertiary Education for the operational funding of the Foundation Focused Training Opportunities programme and other Tertiary Education Commission operating costs. This transfer will put in place a permanent arrangement for the funding that has been agreed to on a yearly basis for a number of years.</p> <p>The precursor to the Foundation Focused Training Opportunities programme was the Training Opportunities programme. A portion of the funding for this programme has always been transferred to the Tertiary Education Commission to fund the administration of the programme and other Tertiary Education Commission operating costs.</p> <p>\$7.661 million used to be transferred to the Tertiary Education Commission for operating costs until the Training Opportunities Programme was split into Training for Work (administered by the Ministry of Social Development) and Foundation Focused Training Opportunities (administered by the Tertiary Education Commission).</p> <p>\$1 million was reallocated to the Ministry of Social Development to administer the Training for Work contracts, reducing the amount transferred to the Tertiary Education Commission to \$6.661 million.</p>					

4.5 Savings, reprioritisation and underspends

Cabinet has agreed to an underspend of \$4.000 million on Youth Support Services in 2012/13 being used to fund Budget 2013 costs. The \$4.000 million has been applied in the following way:

- to reduce the new funding sought for Welfare Reform Phase Two by \$2.100 million
- to fund \$1.500 million of additional Budget Advice Services in 2013/14

[6]

Savings Identified	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Support for Youth Payment and Young Parent Payment recipients	(3.200)	-	-	-	-
Support to prevent disengaged young people from coming on benefit at the age of 18	(0.800)	-	-	-	-
Total savings	(4.000)	-	-	-	-
Returns a Vote Social Development underspend in 2012/13 to partially fund the Social Development 2013 Budget package					

Application of Savings	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Welfare Reform	-	2.100	-	-	-
Additional funding for Budgeting Advice Services	-	1.500	-	-	-
[6]					
Total	-	4.000	-	-	-

Two savings initiatives will also be used to fund Phase Two of Welfare Reform. The table below summarises funding sources for Welfare Reform. Detail on each of these sources is provided in Section 2.5.

Funding Sources	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)	Total (\$m)
Underspends	(2.100)	-	-	-	(2.100)
Overseas pensions collection initiative	-	-	-	(6.091)	(6.091)
Widows/Women Alone Rate Change saving	(0.578)	(1.461)	(2.090)	(2.571)	(6.700)
Call on operating allowance - Budget 2013	(47.180)	(47.211)	(40.082)	(33.599)	(168.072)
Total	(49.858)	(48.672)	(42.172)	(42.261)	(182.963)⁸

⁸ Note that this does not include the cost to Vote Health for Pre-employment drug testing (\$5.6 million).

4.6 Capital expenditure

Departmental Expenditure	Increase/(Decrease)				
	2012/13 (\$m)	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 (\$m)
Opening balance funding available	120.801	106.578	97.235	95.808	89.167
Depreciation funding	28.460	38.117	41.124	34.886	39.786
Sale of assets	1.800	1.800	1.800	1.800	1.800
Other	12.956	13.736	14.525	12.599	13.363
Total baseline funding available	164.017	160.231	154.684	145.093	144.116
Capital investments funded from baselines	57.439	62.996	58.876	55.926	55.926
New capital funding sought from the centre	-	-	-	-	-
Closing baseline funding available	106.578	97.235	95.808	89.167	88.190

Our technology investment

The Ministry is rapidly evolving towards new working practices as the environment around us changes. We are being challenged to continue the excellent support we offer our clients but to do it more efficiently and to ensure value for money. Technology can support the Ministry to: deliver on government priorities; implement superior targeted services to clients; and create improvements in efficiency.

The business strategy of the Ministry's service lines relies heavily on technology. Key business delivery areas are:

- enhanced case management tools to support the new Service Delivery model eg Investment approach
- extending the functionality delivered via the self-service channel – including web, mobile, self-service workstations
- integrated Job Search (eg self-referrals to seminars)
- enhance Online services – Correspondence, New Business Appointments, Pre-benefit activities, Job Seeker profiles, MyAccount extensions, Online calculators
- integrated third party notifications – GPs (medical certificates), childcare providers
- automating back-office processing
- supporting Welfare Reform and the new Service Delivery Model
- intelligent workflow
- delivering joined-up services in partnership with other government agencies, NGOs, and potential employers.

Appendix 2 includes an overview of our strategic technology objectives.

In a rapidly changing business and technology environment, threats to security and privacy are also critical. We need to ensure that the information assets of the Ministry are kept safe and that the rights of our clients are protected.

IT Efficiency and Effectiveness

IT needs to balance efficiency and effectiveness – that is, we are *doing things right* but also *doing the right things*.

In recent years, the Ministry has focused on delivering technology improvements to individual service lines (to support Value for Money plans) and delivering on significant legislative change. The Ministry is conscious that this must be balanced with smart enterprise investment, to ensure that our IT application and infrastructure assets are modernised and continue to represent value for money.

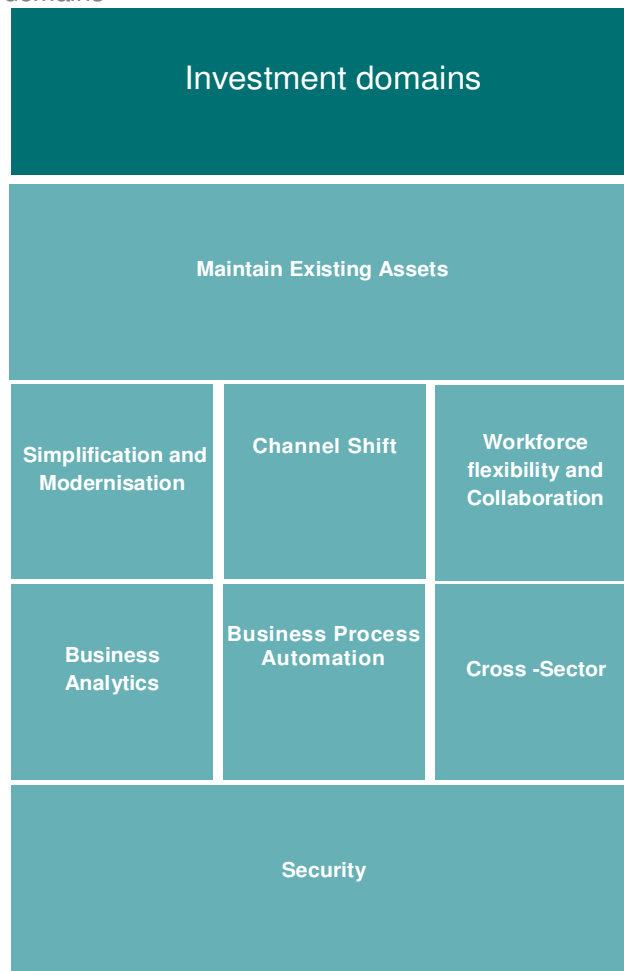
Currently, the Ministry supports over 200 different IT systems and the book value of these IT assets is far less than their replacement value. Accordingly, the Ministry has been developing plans to modernise our IT assets. As part of this, we have accumulated cash which we have chosen not to spend on lower priority capital.

Our approach to IT investment asset management has been considered and careful. We have chosen an approach to ‘evolve’ our IT systems rather than not invest and then require substantial injections for system replacement. This represents good asset management practice and is in-line with Treasury advice that accumulated depreciation funds should be targeted to re-investment into non-replaceable assets to prevent future risk of failure and/or full replacement.

We have done the thinking into what the right investment level is and where it should be directed and are preparing business cases for these (self-funded) planned changes.

Indicative Four Year IT Investment Overview (2012/13 -2016/17):

MSD IT investment domains



This table summarises our indicative annual and four year investment profile at the IT domain level.

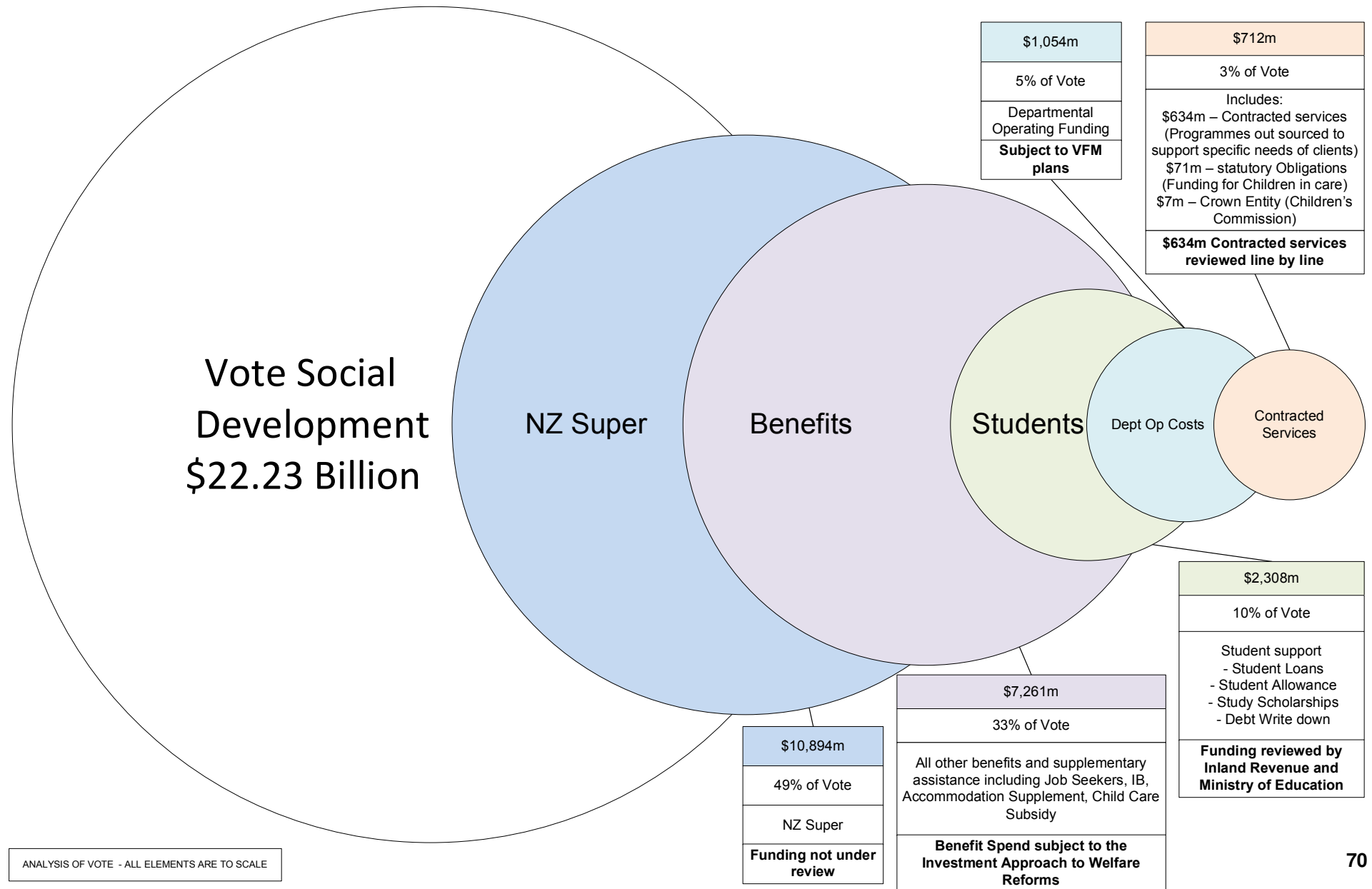
	Investment Domain	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	Total \$000
1	Asset Management	15,550	15,500	14,500	12,250	57,800
2	Systems Simplification and Modernisation	2,500	6,250	5,000	3,500	17,250
3	Channel Shift	7,250	4,059	1,700	1,000	14,049
4	Workforce flexibility	2,400	1,200	2,000	1,000	6,600
5	Business Analytics	1,000	2,000	2,959	1,000	6,959
6	Business Process Automation	9,900	18,000	9,000	9,000	45,900
7	Cross-Sector	3,000	2,000	-	986	5,986
8	Security	1,620	1,600	1,600	1,600	6,420
	Total	43,220	50,649	36,759	30,336	160,964

5.0 Key Risks

Risk description	Current controls and mitigating strategies
<p>Implementing Government policy</p> <p>The achievement of the Government Key Result Area targets and the associated implementation of major Government programmes (e.g. Better Public Services, Welfare Reform, White Paper) may be sub-optimal and not in line with stakeholder expectations due to the:</p> <ul style="list-style-type: none"> • volume, scale, speed, resource needs and interdependencies of the multiple reform agendas • “system’s” ability to effectively deliver cross-agency results • ability to work effectively with NGO sector and other external partners to achieve results. 	<p>Leadership Team oversight of all programmes, including of capacity and capability implications.</p> <p>Programme governance of major programmes including Independent Quality Assurance, and regular monitoring and reporting.</p> <p>Implementation of Welfare Reform overseen by Work and Income Board.</p> <p>Audit Committee advice on management of risks.</p> <p>Leadership of the Social Sector Forum to align cross-agency priorities and understanding and optimisation of opportunities and management of risks.</p> <p>Strong relationships with partner agencies and NGO and community sectors.</p> <p>Timely feedback to central agencies about “system” changes needed to implement cross-agency results.</p>
<p>Adaptability</p> <p>The Government has indicated that the Ministry is likely to be required to take on new business.</p> <p>We need to position ourselves to integrate new business where it complements our strategic direction, and to manage the risk of new business that does not complement our strategic direction.</p>	<p>Active consideration of strategies, business models, capability and capacity required to deliver our future strategic direction, and to respond appropriately to new business.</p>

Risk description	Current controls and mitigating strategies
<p>IT capability and capacity – change programmes and business as usual</p> <p>a. The increased pressure on our IT resources (sufficiency and quality) arising from the demand to support the broad range of change programmes, results in sub-optimal:</p> <ul style="list-style-type: none"> • delivery of changes necessary to enable and support our strategic direction. In particular greater use of online services and predictive modelling • delivery of our business as usual services, ie without significant adverse events • support for the achievement of our Value for Money programmes. <p>b. The lack of a “single client view” may compromise our ability to make the most effective and efficient use of the information we hold about our clients to deliver services and achieve positive outcomes.</p>	<p>IT function governance and management</p> <p>IT strategy in place</p> <p>IT integrated into all change programmes</p> <p>Capacity and capability actively managed – well established arrangements with third party suppliers.</p>
<p>People capability and capacity</p> <p>a. The extent of change may lead to change fatigue, and staff disengagement, which in turn means our ability to achieve our strategic objectives is diminished.</p> <p>b. We do not recruit and retain the people we need (the right staff numbers, and skills and experience) for our future strategic direction.</p> <p>c. We may not manage “key person risk” where a potential loss of certain individuals compromises our ability to achieve our objectives.</p>	<p>Change management strategies and plans</p> <p>Engage Action Plans</p> <p>Culture conversations being led by the CE and the Leadership Team</p> <p>Workforce planning and management.</p> <p>Key person risk actively considered and managed.</p>

Risk description	Current controls and mitigating strategies
<p>Maintaining the ‘Bottom Line’</p> <p>Our ability to maintain stakeholder confidence may be adversely affected if we do not deliver our services in accordance with our bottom line standards, particularly in areas such as:</p> <ul style="list-style-type: none"> • integrity and conduct • delivery of services to clients • Information and data security • the health, safety and security of our people and our environment • legislative and regulatory compliance • financial sustainability, including Value for Money. 	<p>Clear expectations of staff in the Code of Conduct, with supporting systems and structures in place to ensure expectations are met.</p> <p>Systems and processes in place to support maintenance of bottom-line standards. This includes assessing impact and making the necessary changes for new or changing business.</p>



ANALYSIS OF VOTE - ALL ELEMENTS ARE TO SCALE

Appendix 2. Our Strategic Technology Objectives

Being able to deliver our services in a way that meets the future needs of New Zealanders is what drives our strategic goals and objectives. We have developed key Ministry priorities and outcomes into an overarching set of strategic objectives that support the Key Result Areas and other government priorities, at business unit, agency, Sector and All-of-government levels:

#	Strategic Objective	Outcomes
1	Simplify and enhance systems for front-line staff	<p>Systems simplification and improved user experience of our IT systems will:</p> <ul style="list-style-type: none"> - enable staff to interact with clients with less time on transactional activities on systems eg data input - enhance our ability to assess and manage high-risk clients requiring face-to-face intervention - enable comprehensive work-assessments - connect clients to work opportunities and training. <p>All this supports Key Result Area #1- <i>Reduce the number of people who have been on a working age benefit for more than 12 months.</i></p>
2	Expand client self-service ie provide self-service clients with improved user experience and choice of channels	<p>Providing a choice of channels⁹ for convenience, ease of use and catering to varying demand by different client segments (eg students) will:</p> <ul style="list-style-type: none"> - enable shift from more expensive channels such as ‘voice’ via contact centres - support changing client behaviour - motivate ‘low needs’ clients to move to cost-effective self-service channels - lower cost-to-serve per transaction - allow our frontline staff to focus on high and complex needs of families and clients. <p>Supports Key Result Area #10 - <i>New Zealanders can complete their transactions with the Government easily in a digital environment</i></p>

⁹ Refer MSD Channel Strategy

#	Strategic Objective	Outcomes
3	<p>Promote new and effective ways of working for our staff</p> <ul style="list-style-type: none"> - provide staff with the 'right tools for the job' 	<p>Modern technologies will allow:</p> <ul style="list-style-type: none"> - enhanced staff flexibility in delivering services to clients outside office premises using mobile technologies¹⁰ - improved staff efficiency and accuracy using electronic data capture, even when mobile - access to information from core systems outside office premises - enhanced staff collaboration and access to information by enabling email, calendar, instant messaging and office apps on mobile devices - increased staff support of business transformation initiatives eg mobile social-workers - better staff satisfaction by ensuring "I have the materials and equipment I need to do my work right". <p>We will achieve this by:</p> <ul style="list-style-type: none"> - supporting working from outside of office premises eg at client location, partner agency locations and home - leveraging mobile technologies - supporting BYO (bring your own device) enablement.
4	<p>Extract the value locked away in our information assets</p> <ul style="list-style-type: none"> - treat information as an asset - provide adequate controls to govern and secure them 	<p>Leveraging the value in information using business intelligence and predictive analytics_tools, using not just MSD's information but also from partner agencies and moving towards 'Big Data' analysis techniques, will:</p> <ul style="list-style-type: none"> - inform better decision making during services provisioning - support evidence-based policy development - support MSD's Investment Approach during service assessment, planning and provisioning - evaluate if the service plans sufficiently address client needs in providing the right outcomes - measure propensity for clients to be long-term welfare-dependent, cause child abuse or to commit fraud - contribute to an integrated and 'big picture' view of a client and family by sharing information with external agencies.

¹⁰ Refer MSD Mobile Strategy

#	Strategic Objective	Outcomes
5	Enable automation of business processes	<p>The benefits of providing a 'self-service channel' cannot be fully realised if staff still have to carry out a series of manual processes, involving re-keying of data from the online transaction into multiple systems (SAL, CMS, SWIFTT, UCVII).</p> <p>A technology framework to enable automation, and coordination of people, processes and systems will:</p> <ul style="list-style-type: none"> - simplify end-to-end processing of online applications and direct data capture into the IT systems - reduce re-keying and duplication of client data by front-line staff across different systems - integrate and provide coordination with client self-service enabling 'straight-through-processing' of online transactions (ie apply→assess→pay) - eliminate non-value adding process activity for case managers and improve transactional throughput.
6	Enable collaboration with external partners (government agencies and NGOs)	<p>A technology framework that enables agency collaboration and information sharing will:</p> <ul style="list-style-type: none"> - provide an integrated view of clients across partner government agencies such as the Ministry of Education, Ministry of Health and Police, by providing early visibility and enabling intervention for at-risk children and young people - enable information sharing with social sector agencies to assist MSD's Investment Approach - enable a community based approach for coordinated services to vulnerable children and at-risk families - support the ISO programme - support the Government's Key Result Areas #2,3 and 4.
7	Create assurance around security of our information and systems	<p>Robust system security policies and processes will protect:</p> <ul style="list-style-type: none"> - privacy of client data - information in our systems and - integrity of our systems.
8	Enhance agility in the delivery of IT services and systems	<p>A robust, managed and continuously improved systems development lifecycle (SDLC) will enable quicker realisation of business benefits and outcomes.</p>

#	Strategic Objective	Outcomes
9	Innovate and leverage technology for business outcomes	<p>Adopting new technologies via limited and controlled business pilots will:</p> <ul style="list-style-type: none"> - enable technology innovation in a risk-smart manner; at the same time providing the benefits of leading-edge technology for social outcomes. - enable embracing the 'consumerisation' of IT, including mobile technology and social media - provide cost-effectiveness and agility in delivering solutions by leveraging cloud technologies for commodity services - provide tools that empower our staff to provide services to clients, where and when they need them.
10	Support Government programmes and initiatives: ISO, Welfare Reform, Children's Action Plan	Our technology programme will deliver on Government priorities and Key Result Areas.