



# Social Investment

October 2016

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Highlights of the  
Deloitte Report



# Social Investment

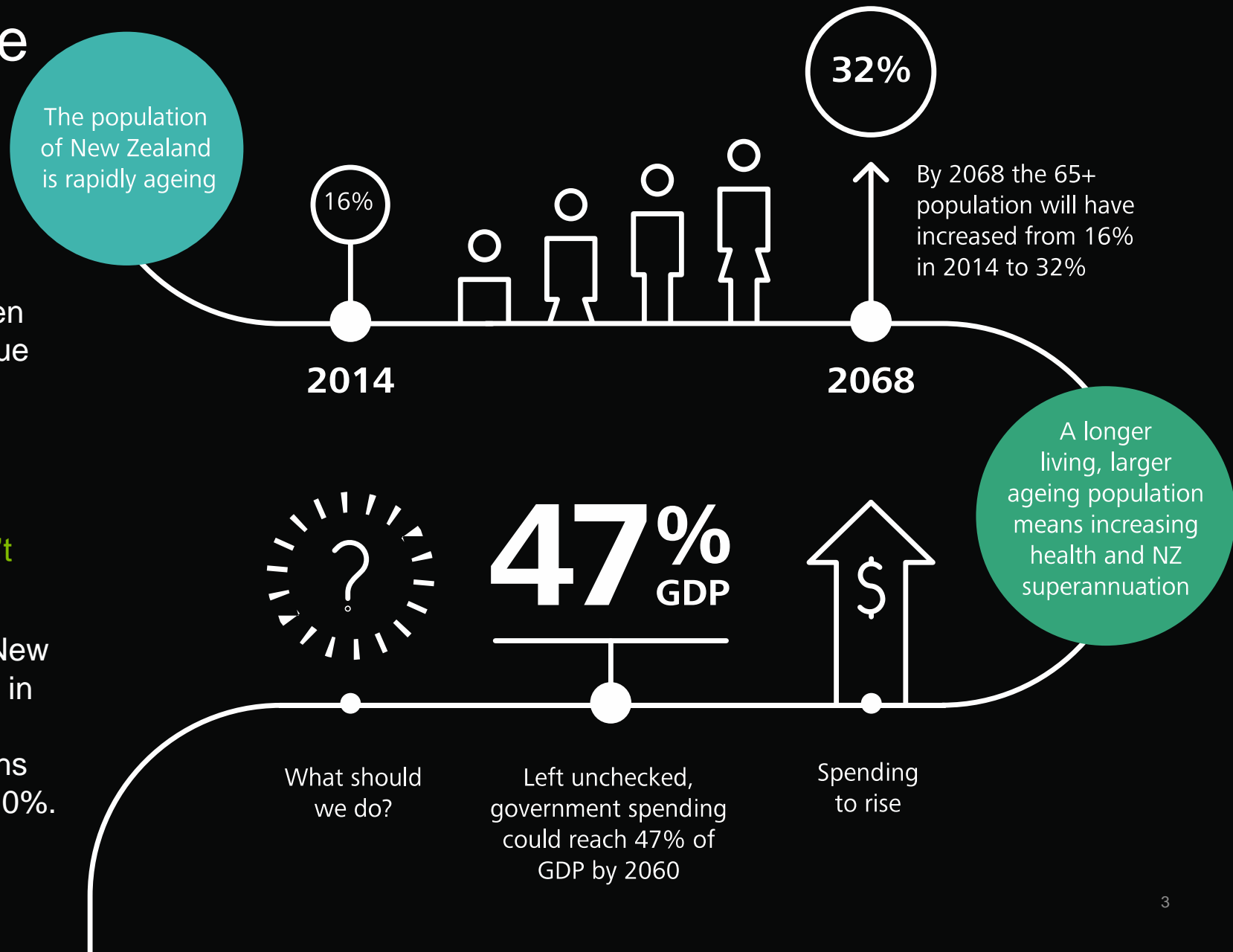
## The drivers for change

**Social spending is growing beyond our means.**

Total spending on the social sector is projected to rise by 5.7% of GDP between 2020 and 2060. Total government revenue as a share of GDP is only expected to increase by 0.7% over that same period.

**What we've been doing in the past hasn't always worked.**

For example, between 1970 and 1994, New Zealand increased spending per student in schools by around 220%, and saw a decrease in student achievement in maths and science over that period of around 10%.



Three options

1

2

3

Social investment

Increase taxes

Increase debt

Find a new way

May make working less attractive and encourage tax avoidance

Debt could reach 200% of GDP by 2060

Move away from spending vs cutting



The Government wants the investment approach to drive better social spending

Government has turned away from a simple spend versus cut approach to interrogate the quality of spending.

Improve the quality of spending to address fiscal and social problems by improving life outcomes

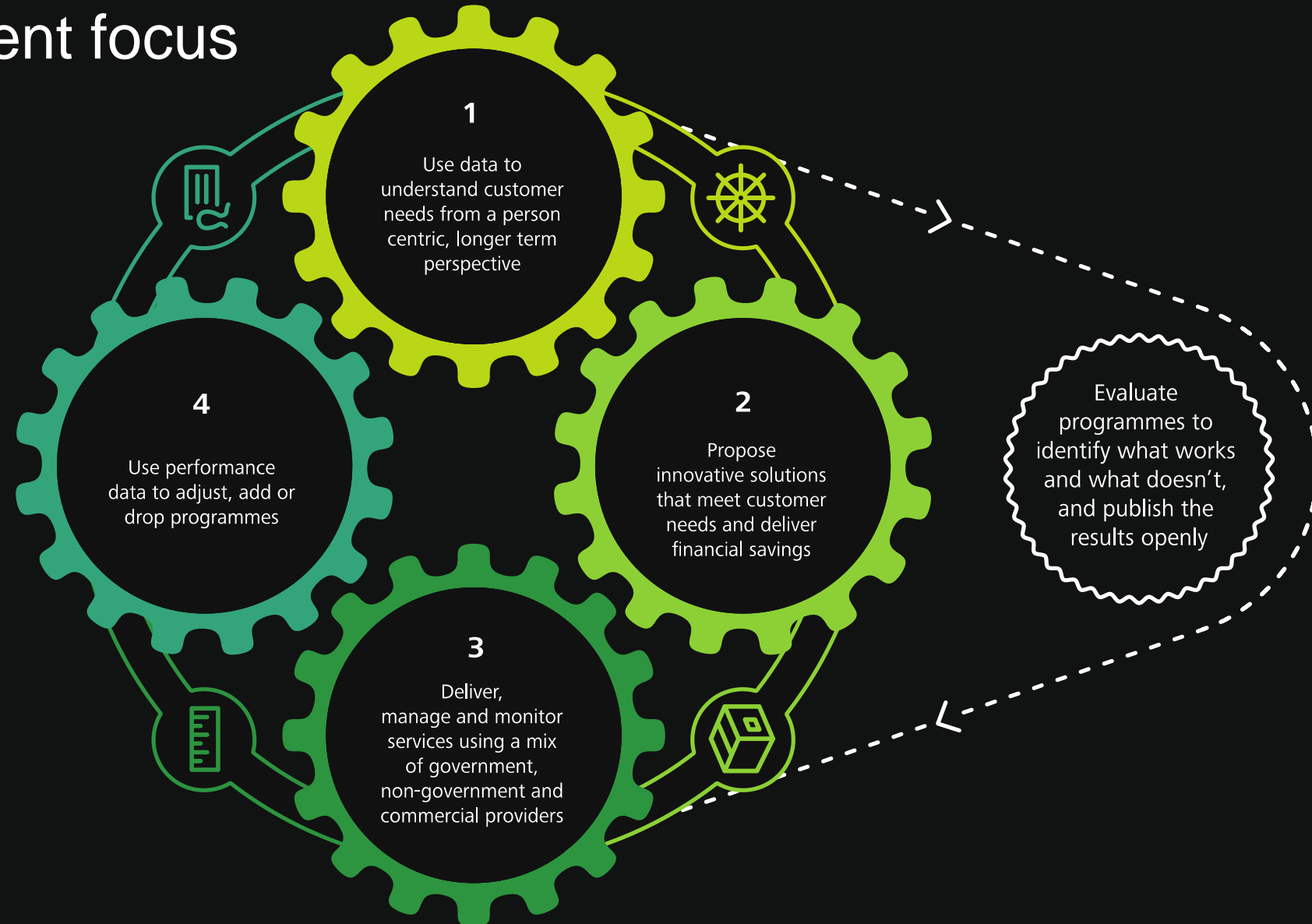
# What is Social Investment?

## A return-on-investment focus

Social investments are made on the basis of a business case which covers:

- data quantifying the issue or challenge;
- the likelihood of the proposed interventions addressing the issue or challenge; and
- measurement and reporting back to decision-makers on the outcomes achieved by the interventions to enable calculation of the benefits.

Delivery is open – can be a mix of providers, all government or all outsourced. The key is to actively manage delivery on the basis of performance – adjust, add or drop.



# Why an investment approach matters

Current social services don't always address the needs of New Zealanders with poor life outcomes



## High risk

Children 0-14 with two risk factors are considered high risk



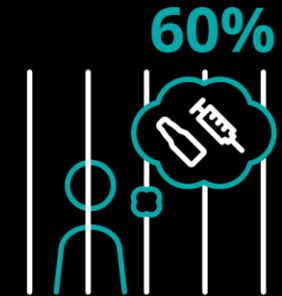
## Children at risk

185,000 children/young people are considered at risk of poor life outcomes



## Double the rate

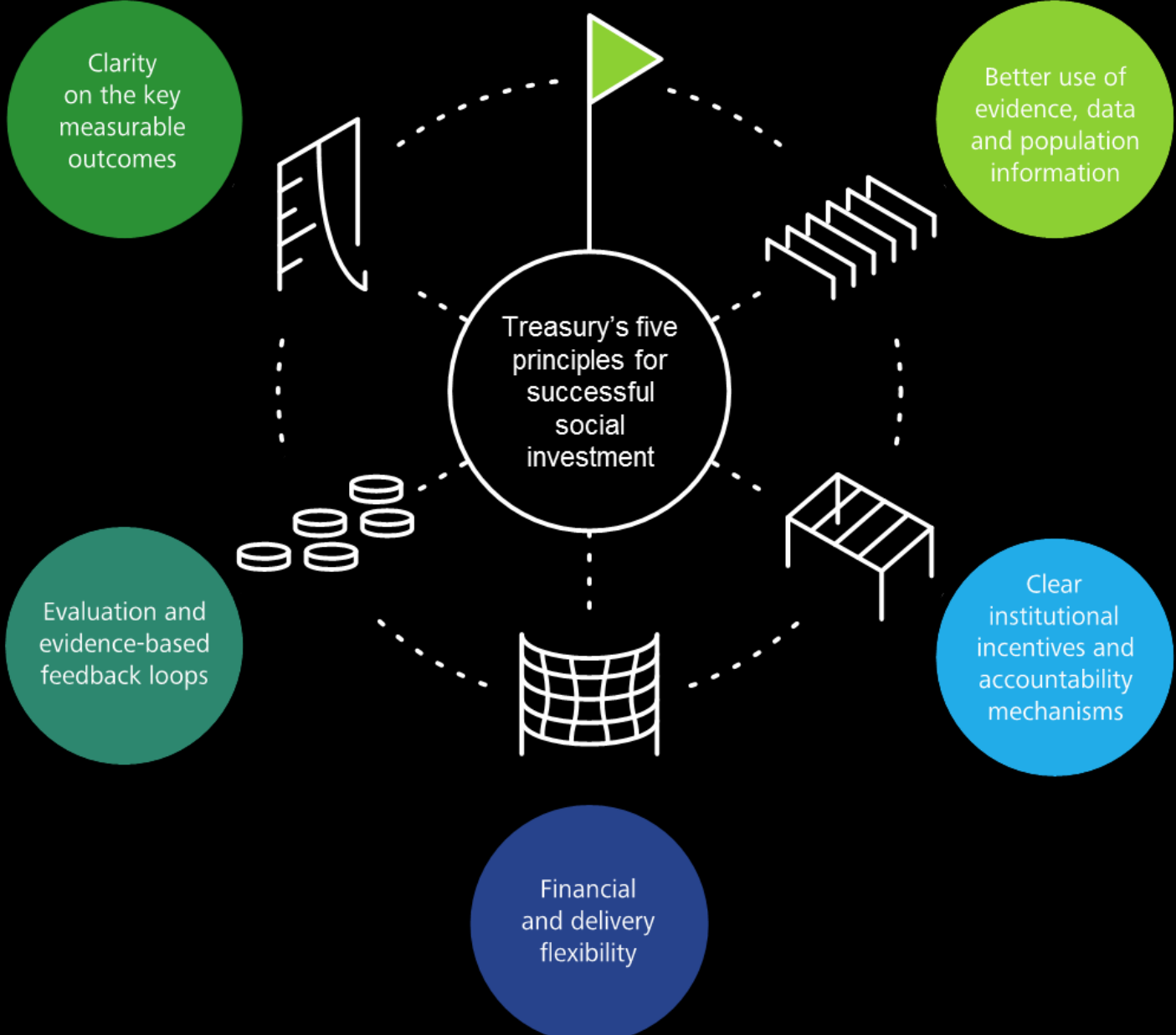
Northland's not in employment, education or training (NEET) rate is nearly double that of the national rate



## Substance abuse

Around 60% of people serving community based sentences have substance abuse problems

# Challenges for the wider adoption of social investment



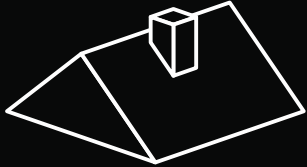
# Recommendations for central government

A model for implementing social investment over the next five years



1

Set the direction and targets for people with poor outcomes



2

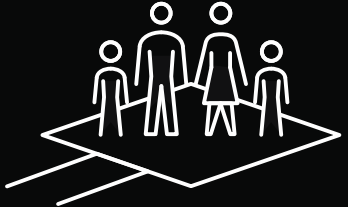


Set up a single agency to focus on people with poor life outcomes



3

Run the new agency according to social investment principles



4



Enable access to data



