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July 2026

Social Investment in New Zealand

A Summary

Social Investment in New Zealand: A Summary

Harvey Brookes. Executive Director, Wellbeing Waikato

Contents

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The author gratefully acknowledges the valuable input, insights, and feedback provided by contributors and reviewers. While their perspectives have informed this report, all analysis, interpretations, and conclusions remain the sole responsibility of the author. Any errors or omissions are likewise the author's own.

Wellbeing Waikato acknowledges and deeply thanks Trust Waikato for its funding of our research programme, which enabled this work to be undertaken.

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Executive Summary

Social Investment has been discussed actively in New Zealand for the last ten years, most notably since its active promotion by former Finance and Prime Minister Bill English. This led to the creation of the Social Investment Agency (SIA) in 2016, restructured and renamed by the 2017-2023 Labour government, and re-established by the National coalition government of 2023.

While this paper draws on the history, debates and critiques of Social Investment, its primary purpose is to support practical application in Part 2—particularly in a Waikato context. As such, the emphasis is less on resolving past debates and more on identifying the issues that matter for implementation.

Part 1. A Summary of Social Investment (this paper)

- Problem Definition- Why Social Investment
- What is Social Investment?
- Context and Essential Design Elements
- The Role of Data and Measurement
- International Practice
- Benefits, Risks and Weaknesses
- The Positive Opportunities with Social Investment

Part 2. Social Investment in the Waikato (under development)

If Social Investment was to be adopted as an organising concept for social wellbeing in the Waikato region (and in a way where the locus of leadership was more local), what would that potentially look like and how would it be adapted to fix the Waikato context?

The intended outcomes from these two papers are to:

- **Build** a clear, shared understanding of Social Investment—its development, strengths and limitations—as a foundation for practical application.
- **Identify** the key issues and design questions that arise when applying Social Investment in a regional context, particularly in the Waikato.
- **Explore** how a collective leadership approach could shape social wellbeing outcomes in the Waikato, building on existing capability and partnerships.
- **Consider** how the foundations established by the Social Investment Agency can be interpreted and applied in ways that reflect regional priorities, context and capability.
- **Support** the development of the Waikato as a coherent and credible partner for central government in the application of Social Investment.
- **Strengthen** the conditions for effective regional decision-making, learning and adaptation over time, recognising the role of local leadership, knowledge and accountability.
- **Contribute** to a more resilient regional approach to social wellbeing that can endure across changes in policy and government.

Part 1. A Summary of Social Investment

1. Introduction

In New Zealand in 2026, Social Investment has evolved from a contested concept into a more established, though still developing, approach to social policy. It overlaps with concepts such as impact investment, social bonds, community development, social welfare and subsidiarity, but has a distinct meaning in the New Zealand public policy context.

Like all social policies, the New Zealand Social Investment model carries historical, ideological and political elements. Some reflect long-standing national assumptions about work, welfare and responsibility; others reflect the priorities of the government of the day.

While this paper summarises the history, debates and critiques of Social Investment, its primary purpose is to support practical application—particularly in a Waikato context, which will be developed in Part 2. The emphasis is therefore less on resolving past debates and more on identifying the issues that matter for implementation.

2. Problem Definition- Why Social Investment?

The core ideas of Social Investment have a long history, with several recurrent themes including the role of the state and the fiscal cost of state support, the value of personal independence and employment, vulnerability and burden (**Attachments 2, 3**).

In May 2024 the Social Investment Minister Nicola Willis stated:

> *"Despite the Government currently investing more than $70 billion every year into social services, we are not seeing the outcomes we want for all New Zealanders*[1]*."*

Her announcement further laid out the parameters of Social Investment as *"look(ing) beyond good intentions in our policymaking and use hard evidence to invest in what works. Our new approach builds on better social science evidence and advances in technology*[2]*."*

From an outcome perspective, more recent publications from the SIA describe the intended outcomes of Social Investment as a quadrant, as shown in **Figure 1**.

Figure 1. *Social Investment Anticipated Outcomes*

[1] Accelerating Social Investment | Beehive.govt.nz
[2] Ibid

Attachments 2 and 3 set out the relevant historical background and **Attachment 1** provides a summary of the current Social Investment Agency and programme. They show that conceptually Social Investment is not wholly new, but has developed from long-standing policy views with employment, independence, welfare dependency, fiscal restraint and early intervention.

Since at least the 1840s, post-colonisation Aotearoa New Zealand has regarded paid employment and independence from state support as the preferred outcome for most people, except where dependence is seen as unavoidable because of age, ill health or temporary misfortune. Even in those cases, the state has expected benefit recipients to be of good character and deserving of support[3]. A more recent example is the current government's approach of *"targeted, timely and temporary support.[4]"*[5]

A commonly cited policy objective is one where *"families are able to support themselves and take control of their own lives, freed from the dependence on State welfare."* Academic literature on the role of employment in New Zealand also tends to emphasise the changed relationship between the state and the individual due to reforms of the 1980s and 1990s, with labour market participation becoming the dominant basis of social membership[6], although this understates the longer historical evidence shown in Attachments 2 and 3.

New Zealand's long-standing focus on employment, individual responsibility and fiscal risk has been paralleled by an equally persistent pattern of poverty and deprivation, suggesting that repeated intervention with the same at-risk communities may reflect not only individual need, but enduring structural and policy settings that continue to reproduce disadvantage.

Time is central to the Social Investment model. The fiscal and social effects of dependence or independence compound across the life course, so earlier intervention is assumed to lower later costs and increase benefits for individuals, families and society. Longitudinal social research such as the Dunedin Study[7] and Growing Up in New Zealand[8] support this view.

In practice, these dynamics are now less debated in principle and more contested in how they are applied—particularly in decisions about how and who to target, when to intervene, and how to balance fiscal, social and community outcomes.

NZIER and Deloitte (2016)[9] described the case for Social Investment mainly in fiscal terms, as illustrated in

Figure *2* below. This framing places demographic forces around aging, reduced fertility and migration as the dominant structural features of the New Zealand economy. Left unchecked (or without changes to funding), the result of this is an unaffordable social support system, hence the need for change.

Treasury's forecasts still paint the same, or a potentially worse picture, a decade later. The 2025 Long Term Fiscal Statement[10] projected that with unchanged policy, by 2065 government

[3] Lessons of the past | Stuff
[4] $50 a week for lower-income working families | Beehive.govt.nz
[5] A much wider debate about universalism versus targeting is not explored here but is also relevant.
[6] Towards a neoliberal citizenship regime: A post-Marxist discourse analysis
[7] The Dunedin Study - Dunedin Multidisciplinary Health & Development Research Unit
[8] Home | Growing Up in New Zealand
[9] state_of_the_state_nz_2016.pdf
[10] He Tirohanga Mokopuna - Long-term Fiscal Statement 2025 - September 2025

spending per person would nearly double – from $18,300 today to $35,900 (inflation adjusted). Government revenue would rise much more slowly. These trends would result in government debt rising to around 200% of gross domestic product (GDP).

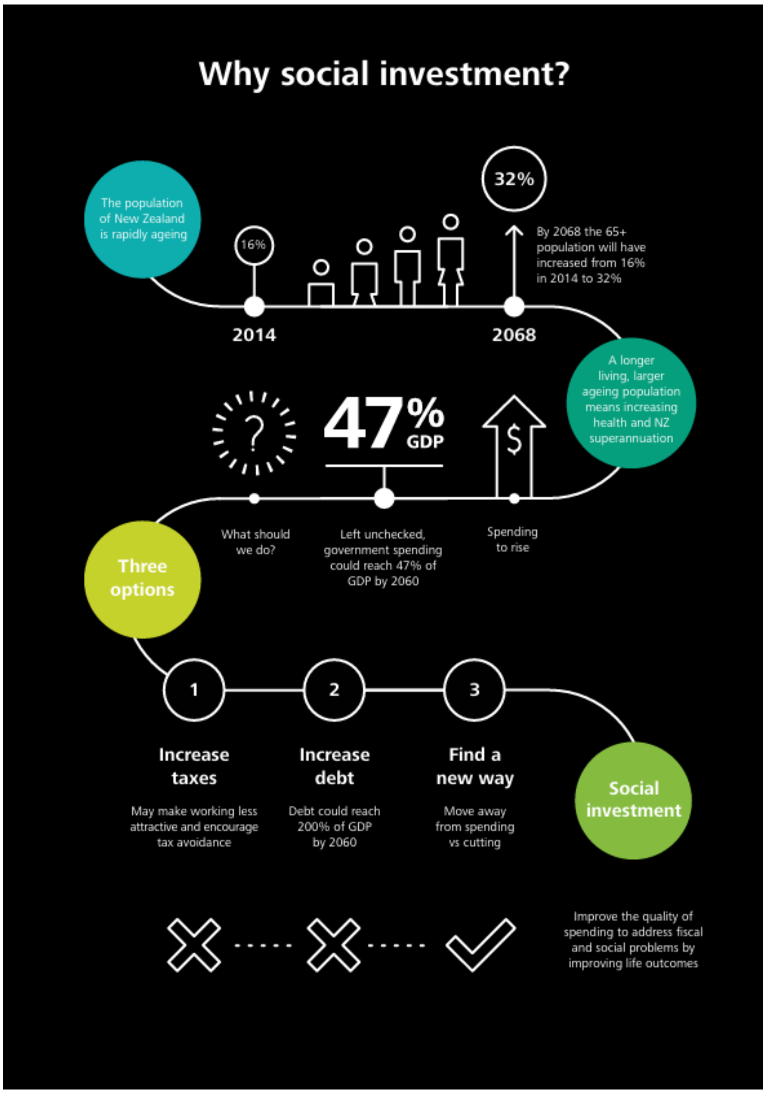

***Figure 2**. Problem Landscape (NZIER & Deloitte)*

NZIER and Deloitte describe Social Investment as a tool to improve the quality of government spend, instead of simply increasing the spend:

"...the new focus on reducing avoidable spending asks agencies to go further. The task is not to deliver the next 100 prison beds for the same cost as the previous 50; it is to remove the need for those new prison beds altogether. The only way to meet this kind of challenge is to consider root causes and prevent the need for these services in the first place."

3. What is Social Investment?

At its broadest, Social Investment means applying resources now to improve future outcomes. In the SIA's terms, it means using data, evidence and different ways of working to help people, whānau, families and communities achieve outcomes and thrive.

There has not always been a shared definition. Destremau and Wilson (2016)[11] noted that the New Zealand policy community lacked a common understanding of Social Investment. NZIER and Deloitte[12] reached a similar conclusion. Destremau and Wilson[13] summarised Social Investment as:

"A programme funded by the Government that entails applying resources today in the expectation that a measurable improvement in a dimension of policy interest will result at some point in the future."

Boston and Gill[14] describe an evolution from an early phase focused on fiscal accountability, reduced welfare dependency and a smaller, more effective state, to a later phase that added public economics, better outcomes for vulnerable people and stronger returns from social policy interventions.

The current model broadly follows this later interpretation, although Boston has noted[15] that literature on its conceptual foundations have not evolved greatly since 2015/16. The more recent writings of Katrina Ramage[16] are the exception to this. The suite of tools and actions applied by the SIA has developed over the last decade to now include funding streams, data explorers and impact measurement standards (refer **Attachment 1**).

The SIA summarises Social Investment on its website as:

... about better enabling people, whānau, families, and communities to achieve outcomes and thrive, by using data, evidence and different ways of working. Social investment:

- *Takes a longer-term view across multiple areas of people's lives*
- *Supports investment in early intervention and prevention, rather than crisis response*
- *Targets investment which improves the lives of people who need it most*
- *Provides holistic support to people and their families and whānau.[17]"*

In its 2024/25 Annual Report[18] SIA describes Social Investment as:

"... about driving better outcomes from the investments made in social services, particularly for our most vulnerable people. It involves using data, evidence, and analytics to understand the value from investments, including what works for whom, where and when; and using that understanding to drive better outcomes for people. It is:

- *A way of allocating resources – using data and evidence to prioritise resources where the impact and value is highest. This is particularly important for our most vulnerable people, whānau and communities with high and complex needs.*
- *A way of investing in services – establishing outcomes-based contracts that allow community organisations to innovate and adapt the support they provide.*

[11] wp2016-5_defining_social_investment.pdf
[12] state_of_the_state_nz_2016.pdf
[13] Ibid
[14] Ibid
[15] Email communication Brookes-Boston, 3 July 2026
[16] Katrina Ramage | Substack
[17] What is social investment? | Social Investment Agency
[18] SIA-Annual-Report-2024-2025-v2.pdf

- *A way of delivering services – a people-focused outcomes approach which actively monitors and adjusts interventions as required as opposed to a service provision (output) approach.”*

There is now a greater degree of convergence in how Social Investment is described in practice, even if important questions remain about how consistently these principles are applied across agencies and contexts.

4. Essential Design Elements

Boston and Gill[19] note five conditions which they believe helped set the scene for Social Investment’s introduction in New Zealand by the Key/English governments. These were:

a) **Fiscal context** – the effects of the Global Financial Crisis (GFC) and the Canterbury earthquakes which followed soon afterwards all put pressure on the government’s fiscal position, albeit from a strong starting position.
b) **The public management system and the drive for better social services** – reflecting long-held concerns about the disjointed, fragmented and siloed nature of government services and a desire for a client-focused, whole-of-government approach, as reflected in the Better Public Service targets.
c) **Long-term welfare dependency** – a concern with the gradual increase over several decades in the number of working-age people on benefits, especially amongst Māori and Pasifika communities. This was reflected in the creation of the Welfare Working Group in 2010, chaired by Paula Rebstock, which drew on the liability model of the Accident Compensation Corporation (ACC). It also emphasised a strong focus on prevention to avoid welfare dependency.
d) **Vulnerable children** – linked to item (c), the government had been concerned since 2009 by the high incidence of child abuse and neglect, which led an expert advisory panel to recommend substantive legislative and institutional changes, including a new Ministry for Vulnerable Children, Oranga Tamariki.
e) **Big data and more advanced data analytics** – the development of large and complex social datasets which allowed data from different sources to be matched. The development of the Stats NZ Integrated Data Infrastructure (IDI) allowed life-course investments made in people and families to be traced more accurately.

Boston and Gill[20] note three innovations of Social Investment:

- **Client Segmentation**- identifying groups with particular needs.
- **Intervention Innovation** – tailoring interventions to better address needs through market segmentation.
- **A new mode of governance** – working horizontally across government silos to produce results that may otherwise be hard to achieve with the traditional machinery of government.

Taken together, the SIA model has four core design features:

- a long-term life-course focus
- prevention and early intervention
- targeted support for those with the highest and most complex needs; and

[19] Ibid
[20] Ibid

- feedback loops that use data and evaluation to improve effectiveness over time.

Destremau and Wilson.[21] distinguish *"spending",* which implies immediate and often palliative resource allocation, from *"investment",* which is future-oriented and expects a later return. In social policy, this language implies that earlier investment can reduce later remedial spending and generate benefits for individuals, families and society.

The investment framing also implies that returns should exceed the original resource allocation, whether through avoided costs, improved outcomes or wider social value. This is useful, but it also raises questions about what counts as value and who receives the return, a point made by Chapple[22] when he characterises Social Investment as a transfer of resources from the poor to the wealthy (by way of lower welfare payments, which then permit lower marginal income taxes).

Destremau and Wilson[23] point out the Social Investment attempted to alter thinking about social citizenship and social rights in two ways, with the objective of shaping spending patterns and outcomes.

- The first is increasing attention to children. If the young are future citizens, by middle childhood and the teen years they have gained new rights and have become a focus of citizenship discourse.
- The second alteration introduces a new risk analysis into visions of social citizenship. The Social Investment perspective refines the focus of the welfare state to address specific needs, largely at earlier ages, while also refining the focus towards specific risks to be covered. There is an impetus to increase the sophistication of the welfare state as it is embedded in the Social Investment perspective, with prevention as the central idea.

Key Design Realities for Social Investment

Taking the above into account, some key design realities for Part 2 emerge:

- Decisions are inherently value-based, not purely technical
- Social outcomes are shaped by wider structural forces
- Systems are complex and adaptive, limiting central design; and
- Fiscal indicators are useful but incomplete proxies for wellbeing

5. The Role of Data and Measurement

Quantitative data is central to Social Investment, especially in two forms:

- Data about the individuals, cohorts or communities who a Social Investment approach is aiming to support. The development of the Integrated Data Infrastructure from around 2011–2013 allowed multiple datasets about the same individual to be matched and analysed.
- Data about the fiscal implications of the current situation, any intervention and its possible fiscal benefits, especially via avoided costs. The current Minister's comment on the current situation captures this: "*Despite the Government currently investing more than $70 billion*

[21] Ibid

[22] Planning Quarterly - Simon Chappell- Forward Liability.pdf

[23] Killian Destremau and Peter Wilson (2016) Defining Social Investment Kiwi Style in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment

every year into social services (a fiscal quantification), we are not seeing the outcomes we want for all New Zealanders (outcome data)".[24][25]

The SIA and its predecessor the Social Wellbeing Agency have shown a desire to combine administrative data with lived experience to develop greater insight (**Figure 3**), and this approach was used in research on having a baby in South Auckland[26]. Its published data explorers[27] show that quantitative administrative data remains dominant.

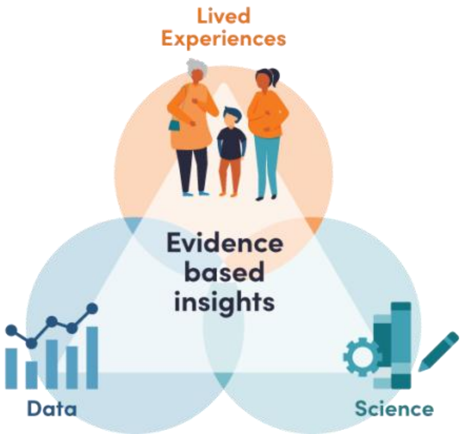

Figure 3. *Integrated Social Investment/Wellbeing Approach*

The origin of the data-driven approach was the actuarial model used by ACC, supported by far greater data availability and access at that time. Paula Rebstock, then ACC Chair, also chaired the 2010 Welfare Working Group,[28] which explored whether ACC-style forward-liability modelling could be applied to welfare. At its core, this approach treats long-term welfare dependency like an insurance liability and uses early intervention to reduce future costs. This created a clear link between ACC's return-to-work model and Social Investment.

Baker and Cooper[29] describe New Zealand's model as a distinctive data-driven welfare experiment. Linked administrative data and actuarial modelling are used to identify people at high risk of poor long-term outcomes and to target spending toward interventions expected to reduce future fiscal costs.

Their critique is that the model can place fiscal outcomes ahead of broader social goals. It can narrow social problems to measurable individual risk factors, downplay structural causes such as poverty and inequality, and use data categories in ways that reinforce stigma or reshape the relationship between citizens and the state.

Gluckman[30] offered a more positive account. He argued that citizen-based analytics, linking data across sectors such as health, education and welfare, can improve policy by showing

[24] Accelerating Social Investment | Beehive.govt.nz
[25] Comments in brackets have been added by the author
[26] J000443-SIA-Print-Collateral-_-Case-study-2.3-FINAL-DIGITAL-v2.pdf
[27] For example: Regional Data Explorer | Social Investment Agency
[28] https://img.scoop.co.nz/media/pdfs/1008/WWG_Detailed_Paper.pdf
[29] https://researchspace.auckland.ac.nz/server/api/core/bitstreams/2f496cd4-e1d7-4730-8228-db90ff87593d/content
[30] Using evidence to inform social policy: the role of citizen-based analytics - June 2017 - Office of the Prime Minister's Chief Science Advisor

which interventions work, for whom and when. He also warns that privacy, bias and scientific validity require careful governance.

His recommendations were to strengthen analytical capability, build ethical frameworks and social licence, improve data stewardship and privacy protections, and use insights cautiously rather than treating risk estimates as deterministic.

Measuring non-monetary return on investment is complex. Common methods include Cost Benefit Analysis, CBAx[31] and Social Return on Investment, which try to express social benefits in dollar terms. Multi-Criteria Analysis (MCA) and checklists provide less quantitative alternatives and are sensitive to decisions on criteria and weightings. Advocates of wellbeing approaches, including Arthur Grimes[32], Simon Chapple[33] and Bill Rosenberg[34], also support cost-benefit analysis because it considers benefits as well as costs, but Chapple and Rosenberg criticise the Social Investment model when it gives too much weight to forward fiscal liability and too little to quality-of-life gains.

Social Return on Investment has developed alongside Social Investment, most notably through Impact Lab[35]. It identifies outcomes, measures them where possible, applies financial proxies, and compares the estimated value of benefits with the cost of producing them.

SROI can be useful where outcomes are well evidenced and comparable at a population level, such as education, driver licensing, housing, justice, employment and welfare-related benefits. Its limits are substantial: monetisation is subjective, resource-intensive and dependent on assumptions, and it can privilege outcomes that are easy to price over outcomes such as mana, dignity, identity and community connection.

Data as a Pre-Emptive Intervention Tool

Research by Vaithianathan, Maloney, Putnam-Hornstein and Jiang[36] examined whether administrative data can be used to identify children at high risk of abuse or neglect early in life, enabling more targeted and effective prevention. Using integrated data from New Zealand's public benefit and child protection systems, the authors developed a predictive risk model (PRM) based on a large cohort of children born between 2003 and 2006.

The model incorporated a wide range of variables and demonstrates reasonable predictive accuracy, successfully identifying a small group of children at substantially elevated risk—nearly half of those in the highest-risk decile experienced substantiated maltreatment by age five.

The analysis shows that most children who go on to experience maltreatment have early contact with the benefit system, suggesting a critical window for intervention. While no substitute for professional assessment, it offered a practical, scalable, and cost-effective tool to help agencies prioritise early support and prevention services for the most vulnerable families.

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[31] The Treasury's CBAx Tool | The Treasury New Zealand
[32] Slides - Arthur Grimes - Treasury Guest Lecture: Wellbeing Report seminar series: Wellbeing approaches to policy: Insights from New Zealand Research - 14 September 2022
[33] Planning Quarterly - Simon Chappell- Forward Liability.pdf
[34] View of The 'investment approach' is not an investment approach
[35] Social Return on Investment (SROI) Analysis for Charities - Impact Lab
[36] Children in the public benefit system at risk of maltreatment: identification via predictive modeling - PubMed

Chouldechova, Putnam-Hornstein, Benavides-Prado, Fialko and Vaithianathan[37] also undertook research on PRM to support child protection hotline screening decisions in Allegheny County, USA. The model drew on linked administrative data to help caseworkers assess which referrals are most likely to involve future harm, addressing the practical challenge that human decision-makers struggle to synthesise large amounts of historical information at the point of intake.

The authors showed that such tools can improve consistency and make better use of available data but emphasised that predictive analytics in child welfare is inherently contested. A central contribution of the paper is its examination of fairness and bias: because models rely on historical administrative data, they may reflect and reproduce existing social inequalities, particularly across racial and socioeconomic groups.

The study highlighted that there is no simple notion of a "fair" algorithm—different fairness measures (e.g. equal error rates vs. equal predictive value) can conflict, especially when underlying risk levels differ between groups. This creates unavoidable trade-offs between accuracy and equity.

Overall, the paper concluded that predictive models can be valuable decision-support tools, but they must be carefully designed, audited, and governed. Rather than replacing professional judgement, they should be used transparently and alongside human decision-making, with explicit attention to ethical risks and the potential for unintended bias. The risks with PRM are addressed further in **Section 7.2.**

6. International Practice

Ramage[38] has described New Zealand's approach to Social Investment as *"unusually specific, technocratic and domestically defined"*. She notes that while not necessarily a criticism, it does raise important questions because the language institutions choose shapes how problems are understood, how success is measured, where funding flows and ultimately how societies understand themselves.

Internationally, Social Investment is often framed as the long-term strengthening of human and social capability. It tends to encompass ideas such as prevention, participation, resilience, education, health, housing stability and social capital. At its core, the concept usually applies economically and civically[39].

Destremau and Wilson[40] undertook a comparative assessment of the extent of Social Investment policy in Europe. They concluded very few countries have enforced a pure Social Investment perspective to their welfare state, noting that the clear break between Social Investment, Keynesian and neoliberal perspectives is only true in theory.

They noted that the greatest extent of Social Investment was in the Nordic countries and the Netherlands. Importantly, countries whose social policies were still strongly focused on a Keynesian "compensatory welfare approach"[41] (continental European countries) showed far less evidence of a "Social Investment"[42] approach.

[37] chouldechova18a.pdf
[38] Does New Zealand mean something different by 'social investment'?
[39] Ibid
[40] Killian Destremau and Peter Wilson (2016) Defining Social Investment Kiwi Style in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment
[41] Policies with a present focus - old age, early exit and unemployment
[42] Policies with a future focus - expenditure for families, active labour market policies and education

Ramage offers more specific case studies of UK approaches to Social Investment:

6.1 UK Prime Minister's Delivery Unit

Established under Tony Blair, the UK Prime Minister's Delivery Unit[43] was designed to address a persistent challenge in government: the inability of large, siloed systems to consistently deliver on long-term outcomes. Rather than increasing funding or restructuring agencies, the PMDU introduced a focused model built on data, clear accountability, and active performance management from the centre. By tracking priority outcomes, coordinating across departments, and maintaining direct oversight from the Prime Minister's office, it strengthened delivery discipline and demonstrated how targeted, evidence-driven governance can improve results within existing public systems.

6.2 UK Local Partnerships

Local Partnerships[44] represents a further evolution of this approach, shifting from central oversight to strengthening delivery capability at the local level. Operating between central and local government, it provides expertise, advisory support, and practical tools to help communities implement national priorities in ways that reflect local conditions. Rather than acting as a traditional policy or monitoring agency, it focuses on building capability, enabling collaboration, and supporting place-based solutions.

This model highlights how Social Investment principles can be applied not just through central control, but by empowering local systems—aligning resources, knowledge, and relationships to deliver more responsive and sustainable outcomes.

This emphasis on place-based, locally anchored delivery is also reflected in recent New Zealand analysis on localism (NZIER, 2023[45]), which highlights the potential for improved outcomes when decision-making, funding and accountability are closer to communities. The implications of this for a Waikato Social Investment model are considered further in Part 2.

6.3 What Works

The UK's **What Works[46]** initiative is a network of independent evidence centres, established from 2013, designed to close the gap between research and real-world decision-making. Their core role is simple but powerful: to collect, test and translate evidence about "what works" into practical guidance for policymakers, commissioners and frontline professionals.

Rather than only producing research, the centres actively shape how it is used—through tools like the College of Policing's "Which?-style" crime reduction toolkit[47], or the Education Endowment Foundation's large-scale trials of teaching interventions[48]. Over time, the network has expanded to cover major areas of public spending and has delivered hundreds of evaluations, helping embed evidence into everyday decisions across sectors like education, policing, health and local economic development.

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[43] The Prime Minister's Delivery Unit (PMDU) in the UK - Centre for Public Impact
[44] Local Partnerships
[45] Let it go: Devolving power and resources to improve lives - NZIER working paper 2023/02
[46] Celebrating five years of the UK What Works Centres | Nesta
[47] Crime reduction toolkit | College of Policing
[48] EEF Blog: Recruiting to trials – how hard can it be? | EEF

The model focuses on usable evidence, not just evidence. The centres fill gaps through experiments (for example, randomised trials in education) and adapt findings to context, recognising that the real question is often "what works for whom, where and when." Case studies highlight this practical impact: education trials have clarified when smaller class sizes improve outcomes; health evidence has shifted treatment away from unnecessary antibiotics; and policing tools have helped weigh the effectiveness of interventions like CCTV or boot camps.

Five years on, the initiative is widely seen as having changed the culture of decision-making—making evidence more visible, more accessible, and more routinely used. The broader lesson is that institutionalising evidence—through dedicated, trusted intermediaries—can materially improve system performance.

In New Zealand, the recently published IDEA report *Hard Truths* argues that New Zealand's public sector lacks consistent, high-quality evaluation of programmes, limiting the ability to know "what works" and undermining accountability and trust. It recommended a step-change in both the volume and rigour of evaluation, including more systematic, compulsory approaches and stronger incentives for agencies to assess outcomes.

This suggests the Social Investment Agency could play a central role as a national "centre of excellence" for evaluation—providing leadership, setting standards, and potentially ensuring that major government initiatives are rigorously and consistently evaluated. In effect, the SIA is positioned as a system steward that could embed evidence-driven decision-making across government, helping shift funding toward programmes that demonstrably deliver better outcomes.[49]

7. Benefits and Risks

Many of the issues outlined in this section were first articulated during the early development of Social Investment. While responses to these concerns have evolved in practice, they remain relevant in shaping how the approach is interpreted and applied—particularly in new or localised contexts.

7.1 Benefits

Social Investment is intended to improve outcomes for individuals, families, whānau and communities while producing long-term fiscal benefits for New Zealand. Because the model has been interpreted differently across governments and agencies, evidence of impact remains emergent.

The SIA describes the benefits as greater agency and tailored support for people and whānau; greater flexibility and learning for providers; better use of evidence, community insight and outcomes-based commissioning for commissioners; and stronger public confidence that social spending is achieving impact.

Many existing models already apply elements of Social Investment without always using that language. Four examples are noted below. There are many others, including in the Waikato[50] - the point being that a Social Investment approach is already well established in many communities across New Zealand, even if not called that.

[49] Hard Truths — I.D.E.A.

[50] Reviewers of this draft are encouraged to offer more New Zealand and Waikato examples for inclusion

Whānau Ora[51] is a culturally anchored, strengths-based approach shaped by Māori worldviews. It puts whānau in charge of decision-making, supports self-determined aspirations, and treats whānau as the unit of change rather than focusing only on individuals. Marae already function as mature, whānau-centred delivery and governance infrastructure in many parts of the country, including in the Waikato, and are central to whānau ora as a concept and a programme.[52]

Reviews[53] have found positive outcomes across evaluated Whānau Ora communities, with measures developed by commissioning agencies and whānau to reflect local realities. **Table 1** shows the results of Whānau Ora for Te Pou Matakana (North Island) in 2016-17.

	2016–17		
	Whānau Direct	Kaiārahi	Collective Impact
Participation: whānau engaged	2614	5420	1333
Outcomes: (% of participating whānau)			
Improved standard of living	41%[16]	28%	18%
Improved health	30%	29%	30%
Increased participation in the community	13%	10%	12%
Increased knowledge	10%	23%	36%
Improved whānau relationships	4%	9%	4%
Increased engagement in te ao Māori	2%	2%	2%

Table 1. *Whanau Ora Impact Evaluation*

Housing First is an internationally adopted approach that prioritises rapid access to stable housing, followed by wrap-around support[54]. Its premise is that people are better able to address issues such as mental health, substance use and social disconnection once they are securely housed.

Its principles include immediate access to housing without readiness conditions, consumer choice and self-determination, individualised support, harm reduction and recovery orientation, and social and community integration.

A review of the Peoples Project in Hamilton[55] found significant improvements five years after participants were housed, including lower hospitalisations, reduced emergency mental health interactions, improved justice and police-related indicators, and increased income. Examples are shown below in **Figure 4**.

[51] Whānau Ora | Home
[52] For example Waikato Tainui marae can be seen here: TKM | Iwi | Waikato-Tainui | Te Kahui Mangai
[53] Whanau Ora Review 2019.pdf
[54] Long-term housing solutions: Housing-led and Housing First: OECD Toolkit to Combat Homelessness | OECD
[55] Housing First Benefits in Hamilton.pdf

Figure 4. *Examples of Housing First Impacts, Hamilton NZ*

Public Health. Sarah Hogan[56] notes that "Social Investment" and early interventions have been practised in public health for over a century. Its backbone is the classic prevention hierarchy — **primary** prevention (removing risk before disease occurs, illustrated through John Snow's cholera work, vaccination and fluoridation, often achieved through law and regulation rather than clinical contact), **secondary** prevention (early detection and screening), and **tertiary** prevention (rehabilitative care that limits established harm). Hogan uses this framework less as a taxonomy than as a diagnostic tool for finding the right balance of intervention for a given problem, showing it at work across cases from violence prevention to diabetes and HIV.

Hogan[57] categorises upstream health care as either:

- **Primordial.** Prevention which targets the very formation of risk factors early in life (breastfeeding, shaping children's diets); or
- **Primal.** Prevention which focuses on the "primal period" from conception to about twelve months (reducing alcohol in pregnancy, folic acid supplementation, protecting mother–infant bonding).

Grounding this in the evidence on Foetal Alcohol Spectrum Disorder (FASD), she shows public health reaching the "return on early investment" logic through evidence, long before the social-investment movement adopted it — while also being honest that upstream is *sometimes*, not always, best, given the real costs, long evidence lags, and the risk of harmful over-intervention.

The Southern Initiative (TSI). A place-based, Auckland Council-led social innovation function that works alongside South and West Auckland communities to tackle the root causes of inequity through data-driven, community-informed, and partnership-based approaches[58]. The TSI has previously been noted by the SIA as a key example of Social Investment[59].

It brings together government, iwi, business, philanthropy and communities to co-design solutions, test and iterate them in real-world settings, and then influence wider policy and system settings—shifting investment toward prevention, early intervention, and long-term outcomes rather than crisis response.

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[56] Hogan. S 2016. Assessing the Merits of Early Intervention, in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment
[57] Ibid
[58] The Southern Initiative
[59] J000443-SIA-Print-Collateral-_-Case-study-2.3-FINAL-DIGITAL-v2.pdf

Its success as a Social Investment exemplar lies in this combination of evidence, lived experience, and systems change: it targets resources to those most affected, focuses on interconnected outcomes like employment, wellbeing and education, and uses innovation (e.g. co-design labs, social procurement, youth engagement platforms) to deliver scalable, enduring impact that reduces future demand on public services while improving equity and opportunity.

While TSI does not explicitly refer to itself as a Social Investment approach, many of its qualities are consistent, from a more localised, community-led, culturally and placed based approach. An example of this was one of TSI's first initiatives, the Early Years Challenge.[60]

The challenge built on a clear early-intervention logic: that the first 1,000 days of life are a critical window where relatively small, well-targeted investments in families can deliver lifelong benefits, while failure to act early leads to compounding social and fiscal costs.

Drawing on linked administrative data, neuroscience, and lived experience in South Auckland, the work shows that poor outcomes for young children are both more prevalent and often hidden at a population level—requiring proactive, place-based intervention.

The analysis identified a small set of interconnected early-stage factors that most strongly shape child development, including: the stability and quality of caregiving relationships; parental mental wellbeing and stress; household income and material hardship; housing stability and quality; and access to health and early learning services.

These reinforced the case for shifting investment upstream—supporting parents and whānau early, holistically, and in ways that build capability—rather than relying on fragmented, downstream services once problems are entrenched. **Figure 5** shows the evidence base and strategic framework developed by the Early Years Challenge.

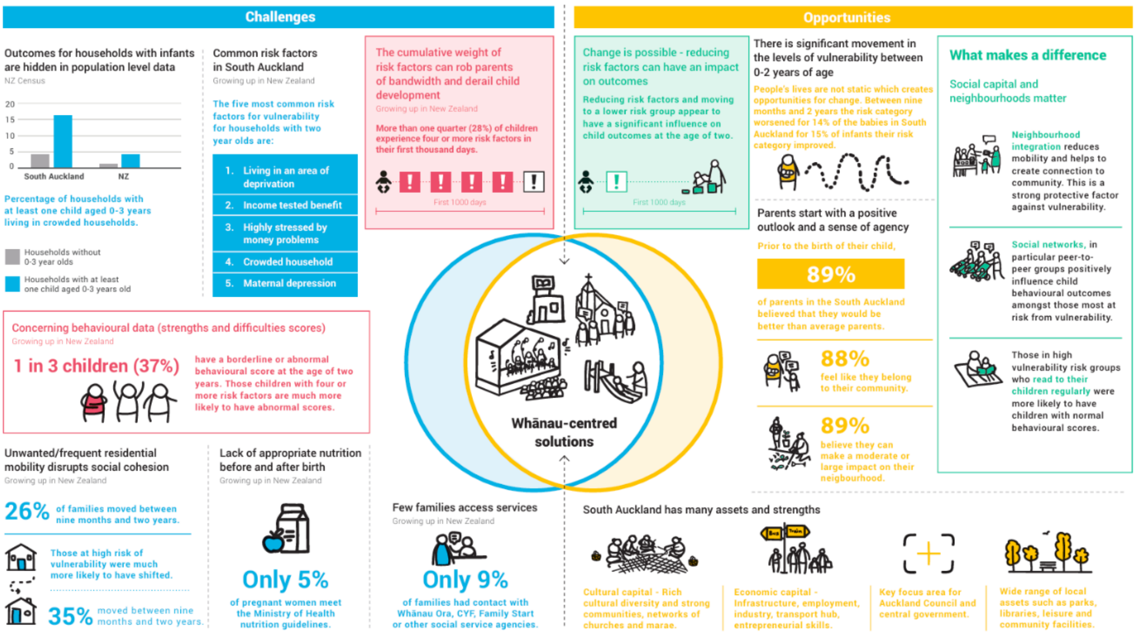

Figure 5. *Early Years Challenge, TSI*

[60] Early years challenge. Supporting parents to give tamariki a great start in life

7.2 Risks

Social Investment carries several risks: how the policy problem is framed, how value is measured, how data is used, how governance shapes practice, and how well the model can accommodate a Te Ao Māori worldview.

Problem definition. Social Investment can frame social problems through welfare dependency, future fiscal liability and individual risk. In that frame, poverty, low wages, housing insecurity, labour-market conditions and income adequacy can become secondary to the behaviour, obligations and future cost of beneficiaries or "at-risk" groups. Banerjee and Duflo (2019) noted that defining people by their problems turns circumstance into essence, denying hope[61]. Baker and Cooper[62], O'Brien[63] and others caution that a tight return-on-investment logic may reinforce a work-first, liability-reduction model, rather than a wellbeing approach concerned with dignity, income security, structural change and the social determinants of poor outcomes.

A recent post from Katrina Ramage also observed *"the challenge facing New Zealand is not simply reducing the future cost of welfare, it is also about increasing the future capability of communities. Those are not the same objective: one measures success by reducing dependency; the other measures success by increasing participation, contribution and resilience."*[64]

Defining return. If Social Investment allocates resources now to improve future outcomes, the central question is what counts as value. Rosenberg[65], Chapple[66] and the Centre for Social Impact[67] warn that fiscal savings, measurable impacts and dollar-valued returns can dominate, while equity, dignity, mana, whānau strength, trust, identity, social cohesion, community connection and long-term capability receive less weight because they are harder to monetise.

Cost-benefit analysis, CBAx, Social Return on Investment and other value-for-investment methods can improve discipline, transparency and accountability. Their limits are equally important. Results depend on assumptions about discount rates, distributional effects, attribution, uncertainty, financial proxies and what is included or excluded. These tools should sit alongside qualitative evidence, community knowledge, lived experience, distributional analysis and explicit consideration of who gains and who loses. They should not become the decision-making framework itself.

Data, targeting and categorisation. Linked administrative data, actuarial modelling and feedback loops can identify need earlier, target support more precisely and show what works over time. Gluckman[68] highlights this potential, especially where data is used to understand which interventions work, for whom and when across the life course. The same

[61] Banerjee, A.V. and Duflo, E (2019) Good Economics for Hard Times. Referenced in Karacaoglu G (2021) Love You. Public Policy for Intergenerational Wellbeing. Tuwhiri, Wellington
[62] https://researchspace.auckland.ac.nz/server/api/core/bitstreams/2f496cd4-e1d7-4730-8228-db90ff87593d/content
[63] View of Reforming welfare: a look backwards
[64] Now I see! When New Zealand says 'Social Investment', it means 'Welfare'!
[65] The 'investment approach' is not an investment approach | Policy Quarterly
[66] View of Forward liability and welfare reform in New Zealand
[67] Social investment and social return on investment Sarah Trotman.pdf
[68] Using evidence to inform social policy: the role of citizen-based analytics - June 2017 - Office of the Prime Minister's Chief Science Advisor

tools can also individualise disadvantage, overstate predictive certainty, reinforce stigma and create more conditional or surveillant relationships between citizens and the state. The risk is greatest where people are defined as risks, liabilities or future costs rather than as members of families, whānau and communities shaped by wider social and economic conditions.

Social policy problems are complex, multi-causal and contextual. Administrative datasets provide only a partial account of people's lives and often record deficits and service interactions more readily than resilience, relationships, culture, informal support or community capability. Association is not causation: knowing that a factor is linked with poor outcomes does not show what caused those outcomes or which intervention will change them. Measurable indicators, segmentation tools and future-value estimates can therefore appear more precise than the evidence allows.

Ramage[69] notes that across much of the developed world, governments are increasingly drawn toward systems that favour measurability, quantifiable outcomes, short-term accountability and demonstrable return on investment. While understandable, Ramage cautions that societies are not spreadsheets and some of the conditions that allow countries to remain stable, prosperous and cohesive over long periods are notoriously difficult to measure including:

- trust
- belonging
- social cohesion
- institutional legitimacy
- community confidence
- shared civic identity

Ramage also concludes that if Social Investment frameworks become too narrowly associated with measurable fiscal savings, there is a risk that governments unintentionally deprioritise the very social conditions that make long-term resilience possible[70].

MSD's PRM work[71] showed that linked government data can be used to identify children at high risk of maltreatment early in life, enabling more targeted, preventative intervention—an early example of a Social Investment approach that shifts resources toward those most likely to experience poor outcomes. However, the work also highlights significant risks:

- **Imperfect accuracy:** false positives and missed cases are inevitable.
- **Bias and inequity:** models can reinforce existing structural and system biases (particularly for Māori).
- **Stigmatisation:** labelling families as "high risk" can have harmful social consequences.
- **Privacy concerns:** extensive use of sensitive, linked administrative data raises issues of consent and trust.
- **Ethical and cultural risks:** potential for disproportionate surveillance and impacts on specific communities.

[69] Does New Zealand mean something different by 'social investment'?
[70] Ibid
[71] Vulnerable Children Predictive Modelling - Ministry of Social Development

- **Over-reliance:** danger that tools crowd out professional judgement rather than support it.

Ramage notes the discouragement that come with precise identification and stigmatisation- *"those within eligibility may avoid engagement because participation reinforces an identity they would rather leave behind. On top of that, those just outside eligibility tend to feel overlooked and misunderstood. The result is a system that becomes increasingly precise in identifying need while becoming less effective at encouraging participation… In short, an intervention that achieves a statistical improvement but leaves people feeling diminished should surely be examined differently from one that strengthens confidence, dignity and connection."*[72]

MSD's website contains substantial historical information on PRM[73]. Papers published at this site on child maltreatment conclude that PRM may have preventive value, but only if governed with strong safeguards, transparent decision-making and a Māori ethical frame. An ethical review by Tim Dare[74] accepted that administrative data could help identify children at elevated risk and support earlier, better targeted intervention, but it treats this as ethically defensible only if the model is accurate enough, services are effective, engagement is carefully designed, and harms such as false positives, false negatives, stigma, privacy intrusion, coercion and over-reliance on automated scores are actively managed.

Blank et. al.[75] explored PRM's ethical issues for Māori when using it to identify new-born children who are at high risk of future maltreatment. The starting point was that preventing harm to tamariki is a legitimate and important goal, and that PRM could potentially help whānau receive more intensive, coordinated and timely support before statutory child protection thresholds are reached.

The paper concluded that this possibility is ethically acceptable only under stringent conditions. It emphasises that PRM must not be treated as a neutral technical exercise because the data, categories and institutional systems on which it relies are shaped by existing inequalities, including the over-representation of Māori in welfare and child protection systems.

The paper identifies key risks for Māori, including deficit framing, stigmatisation, misclassification, privacy intrusion, disproportionate surveillance, weakened trust in services, and harm to whakapapa, mana and whānau relationships if risk scores are used in ways that override professional judgement or whānau voice. It argues that any development or testing of PRM must be governed through tikanga and Māori ethical principles, with meaningful Māori participation in design, oversight, interpretation and decision-making, clear limits on data use and information sharing, transparency about how the model works, and a strong requirement that identification leads to real, mana-enhancing support for tamariki and whānau, rather than simply labelling them as high risk.

[72] Now I see! When New Zealand says 'Social Investment', it means 'Welfare'!
[73] ibid
[74] 00-predicitve-risk-modelling-and-child-maltreatment-an-ethical-review.pdf
[75] Blank, Cram, Dare,De Haan, Smith and Vaithianathan: 00-ethical-issues-for-maori-in-predictive-risk-modelling.pdf

A peer review by Blackstock[76] drew on indigenous child welfare experiences in Canada and argued that PRM must be judged against tikanga-informed ethical tests of tika, manaakitanga, whakapapa and mana. Her central concern was predictive modelling can misread Indigenous children and families if it treats risk as an individual or family attribute while underplaying colonisation, poverty, service inequity and wider structural harm.

The report emphasised that any model must be transparent, accountable, equity-focused and connected to culturally safe, well-resourced services rather than used to extend surveillance. A second review by Pitama[77] emphasised the need to be clear about the purpose of PRM, its early and tentative status, and the wider historical and social context for Māori in Aotearoa.

These reports reinforced the view that PRM should not proceed as a purely technical instrument: it would require Māori leadership, explicit attention to structural causes, clear safeguards, and a commitment that any identification of risk leads to practical, culturally grounded support, rather than further labelling or surveillance.

In 2010 the Minister for Social Development Anne Tolley, who initially strongly promoted PRM as a tool for earlier, more targeted intervention, faced sustained criticism over perceived risks of bias, privacy, and stigmatisation—particularly for Māori. In response, she emphasised the model as decision support rather than determinative and ultimately stepped back from deploying individual-level risk scores, shifting toward more cautious, population-level use[78][79].

Governance. When investment decisions are organised around measurable impact, value-for-money and outcomes-based contracting, the assessment framework can reshape the policy objective. Interventions with clear attribution, short-to-medium-term fiscal benefits and countable outcomes may be favoured over relational, preventative, community-led or structural work whose effects are slower, broader or harder to prove. The system may become more disciplined and accountable, but also narrower, more technocratic and less responsive to local knowledge, lived experience and community priorities.

These risks do not require Social Investment to abandon evidence, data, measurement or economic appraisal. They require those tools to be embedded in a wellbeing and equity framework as proposed by Hughes[80]. Success should be defined through improved lives, stronger households and whānau, reduced structural barriers, greater capability and long-term community wellbeing—not only reduced future fiscal liability. This would retain the discipline of investment logic while reducing the risk of narrowing social policy to what can be measured, modelled or monetised.

Te Ao Māori. It remains unclear whether Social Investment can fully incorporate a Te Ao Māori worldview, or whether it mainly attaches Māori language and Māori delivery partners to a framework whose underlying logic remains Western, individualised and actuarial. [81]

[76] ethical-issues-for-maori-blackstock-review.pdf
[77] ethical-issues-for-maori-pitama-comments.pdf
[78] Children 'not lab-rats' - Anne Tolley intervenes in child abuse experiment | Stuff
[79] NZ-developed AI can predict kids' hospital risk - NZ Herald
[80] View of Social Investment (in Wellbeing?)
[81] This is a preliminary - author is not qualified to make a fuller assessment of this important issue.

The current model rests on administrative data, cohort segmentation, measurable outcomes, future liability and return on investment. As pointed out in the MSD PRM reviews, these concepts might sit uneasily alongside kaupapa Māori and Whānau Ora approaches, which begin from whānau, whakapapa, mana, rangatiratanga, relationships, place, collective obligation and self-determined aspirations.

The issue is not whether iwi or Māori providers can deliver services within a Social Investment framework; it is whether Māori can shape the problem definition, unit of analysis, evidence base, outcomes and data governance. Literature on Māori data sovereignty and the IDI raises concerns about deficit framing, consent, social licence, barriers to Māori access and the need for co-governance of Māori data. Public sector reviews of Whānau Ora also suggest that government has struggled to make whānau-centred approaches part of mainstream system design.

Radical Uncertainty and Wicked Problems. Elizabeth Eppel & Girol Karacaoglu[82] argue that New Zealand's "Social Investment approach" is built on a flawed idea: that you can treat social spending like a private business investment and that gathering more data on individuals will reveal what works.

The approach, they argue, ignores two facts it cannot escape — complexity and radical uncertainty. Radical uncertainty means we often simply cannot know what the future holds. Complexity means people and systems adapt to whatever we do, so society behaves less like a machine you can take apart and fix and more like a living thing that changes and surprises you every time you act on it.

This makes these "wicked" problems[83]. The hardest part is not a shortage of information but genuine disagreement among people about what the problem even is and how to solve it — something no amount of extra data can fix.

Data only describes the past, capturing people who have already moved on. It can suggest where to invest but not how to tackle the real causes, and it wrongly assumes we know what causes what. Proof that a programme worked for one group at one time doesn't guarantee it will work for another group later. **Figure 6**[84] illustrates some of the key dimensions of wicked problems.

The authors also caution that rigid, top-down targets stifle the flexibility these problems demand, that accountability systems built this way are weak, and that the vital work of understanding communities goes unfunded and unrecognised.

[82] Elizabeth Eppel & Girol Karacaoglu (2016) Social Investment in a Complex and Radically Uncertain World in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment
[83] Wicked Problems in Public Policy: Understanding and Responding to Complex Challenges | Springer Nature Link
[84] B. W. Head (2022), Wicked Problems in Public Policy, https://doi.org/10.1007/978-3-030-94580-0_2

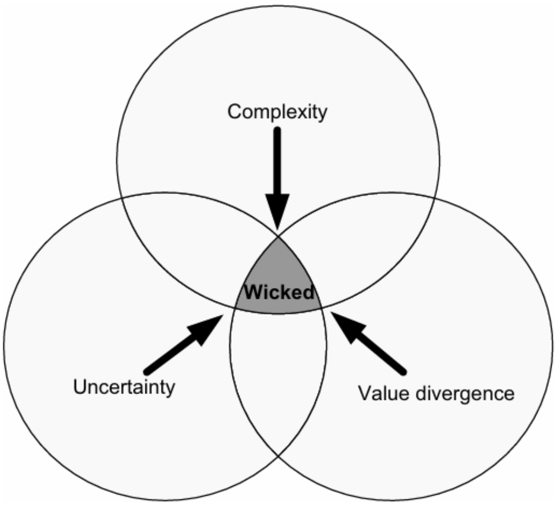

Figure 6. *Complexity uncertainty and value divergence dimensions*

Old Wine in a New Bottle? Several observers have cautioned that social Investment risks becoming old wine in new bottles: a rebranding of long-standing concerns about welfare dependency, employment participation and fiscal restraint, now expressed through the language of data, evidence and investment.

Chapple[85] argues that Social Investment is less a genuine investment model than a long-term fiscal redistribution model that estimates future benefit liability and directs spending toward reducing that liability.

He contrasts this with a welfare-economics or social cost-benefit approach, which weighs efficiency, equity and wellbeing gains from employment. Chapple's critique is that the investment approach gives little weight to beneficiaries' income, consumption or broader social costs and relies on an untested assumption that fiscal savings will translate into improved wellbeing.

He identifies three core issues: treating fiscal liability as the best measure of welfare dependence; assuming reduced liability means employment gains; and using a single fiscal metric to govern a complex social system.

In summary, Chapple sees Social Investment as a narrow model with perverse incentives. He argues for a real cost-benefit framework that takes non-fiscal outcomes and the (repealed)1964 Social Security Act[86] goals of living standards and employment seriously[87].

The late Sir Michael Cullen[88] provided a social democratic analysis of Social Investment, concluding it is not the revolution it claims to be, but a small idea dressed up as a big one: the notion that using massive data to more tightly target spending will improve outcomes and cut future fiscal liabilities. He states the idea has many worthy principles undermined by some flaws: many social outcomes unfold over years or decades and resist short-cycle measurement, "failure" is rarely defined, and the data is fragile, with Treasury's own analysis

[85] View of Forward liability and welfare reform in New Zealand
[86] Social Security Act 1964 | New Zealand Legislation
[87] The 1964 Act was replaced by a new Social Security Act in 2018 which has broadly similar goals (Social Security Act 2018 | New Zealand Legislation)
[88] Michael Cullen (2016) Social Investment: A Social Democratic Critique in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment

showing false negatives outnumber false positives, so the model risks misdirecting resources while stigmatising particular groups.

He also questions its language — "investment" that he concludes largely means spending, and "customer" terminology that miscasts citizens as willing market participants — noting it can become code for fiscal tightening.

Against this he sets Treasury's Living Standards Framework and its "Four Capitals" as a broader, more transformative basis for a "well-being state" that should be embraced. His conclusions are to treat the investment approach as just a useful way of organising thinking about spending, tempered by the frailty of its data, kept distinct from cost-cutting, and never a licence to discard old skills and a richer vision of the good society.

7.3 The Benefits and Risks in Summary

Social Investment is strongest when treated as a disciplined method for organising prevention, evidence, targeting and learning, not as a complete theory of social wellbeing.

Its opportunity lies in shifting the system from reactive crisis spending toward earlier, better coordinated and more adaptive support, using data and evaluation to understand what works, for whom and under what conditions.

Its risks arise when those same tools are governed by a narrow fiscal-liability logic: the policy problem can become welfare dependency, value can collapse into monetised return, people can be classified primarily by risk, and complex social conditions can be reduced to measurable indicators.

The practical implication is that Social Investment can add real value only if its technical machinery sits within a wider purpose: wellbeing, equity, Te Ao Māori, local knowledge, democratic legitimacy and long-term community capability.

For practitioners, this shifts the focus from abstract debate to a set of practical design questions: how outcomes are defined and prioritised, how data is used alongside lived and community knowledge, how accountability is maintained without constraining innovation, and how local context—including Māori perspectives—shapes both problem definition and solutions.

8. The Opportunities with Social Investment

8.1 Hughes: Social Investment and Wellbeing

Tim Hughes[89] concluded that New Zealand's policy system in 2016 contained two related but different frameworks: Social Investment and Wellbeing[90]. Social Investment brings linked administrative data, life-course analysis and targeting capability. Its strength is the ability to identify who is at risk of poor outcomes, when to intervene and which services appear to work.

The wellbeing approach, reflected in Treasury's Living Standards Framework[91], starts from a broader account of what matters across people's lives, including health, income, housing, social connection, equity, sustainability and intergenerational wellbeing. Hughes contrasted

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[89] View of Social Investment (in Wellbeing?)
[90] Despite the persistence of the LSF, the 2023 coalition government has deprioritised the wellbeing dimension mentioned by Hughes
[91] Our Living Standards Framework | The Treasury New Zealand

how each approach uses data in different ways and for different, but not necessarily incompatible purposes (**Table 2**).

	Social Investment	Wellbeing Approach
Primary data source	Linked administrative data	Surveys and environmental monitoring series
Primary data type	Person-level panel (longitudinal)	Repeated cross section
Scope of data	Social	Social, environmental and economic
Primary analytical methods	Microsimulation	Indicators monitoring
Timeframe	Forward-facing (modelled projections)	Backwards-facing (trends to date, with a lag)
Dimensionality	Dimensions integrated into a single figure (liability or similar)	Dimensions mostly dealt with one at a time[3]
Units of analysis	Individual person or cohort	Individual person Population group Geographical location Nation
Type of policy response	Social services	Any

***Table 2**. Social Investment and Wellbeing Data Approaches*

The value of Hughes' work is that he separates the analytical tools of Social Investment from the fiscal-liability frame in which they first developed. This accepts the positive case made by Gluckman[92] that data linkage, targeting and feedback loops can improve policy when used carefully. It also accepts the critique made by Baker and Cooper[93] if those tools are governed mainly by future cost reduction, they can narrow policy goals, individualise disadvantage and underweight structural causes. For Hughes, the risk is not the analytics themselves, but the purpose they serve.

This framing is increasingly reflected in current practice, where the question is less whether to use data and targeting, and more how to govern and apply them in ways that support broader wellbeing outcomes.

His solution is to place Social Investment inside a wellbeing framework. Wellbeing should define the ends: the outcomes that matter, the distribution of those outcomes, and the values that guide trade-offs. Social Investment should provide some of the means: better prioritisation, earlier intervention, stronger evidence about what works, and clearer feedback on whether public spending improves lives. In that form, Social Investment becomes less about reducing future fiscal liability and more about using evidence to support a wider set of wellbeing goals.

This is a useful bridge for a Waikato approach. It allows the region to embrace the discipline of Social Investment—evidence, targeting, evaluation and long-term thinking—without accepting a narrow account of value. It also gives practical content to wellbeing by connecting broad goals to decisions about where to invest, which households or communities need support, and how outcomes should be assessed over time.

[92] Using evidence to inform social policy: the role of citizen-based analytics - June 2017 - Office of the Prime Minister's Chief Science Advisor
[93] https://researchspace.auckland.ac.nz/server/api/core/bitstreams/2f496cd4-e1d7-4730-8228-db90ff87593d/content

This perspective also reinforces the Living Standards Framework's emphasis on the interdependence of capitals. In practice, natural and social capital—such as food systems, freshwater and soil health—are not separate from social outcomes, but actively shape them, influencing employment, whānau cohesion and rangatahi engagement, as demonstrated through initiatives like Kura Taiao o Nehenehenui[94] and the integrated programmes of Te Rūnanga o Kirikiriroa[95].

8.2 Eppel & Karacaoglu: Experimentation, Learning and Local Ownership.

The authors proposed[96] redesigning Social Investment around the realities of complexity and uncertainty, opening real opportunities. The core shift is away from central prediction and control toward experimentation, learning and local ownership.

Because we can't know in advance exactly what will work, the biggest gains come from designing programmes that *"make allowance for uncertainty, contingency, co-evolution of problems and solutions, and planning for the emergence of novelty."* In practice this means favouring small-scale experiments with constant reassessment (including stopping things that aren't working), diversifying solutions, accepting local approaches rather than externally imposed ones, and building resilience and reversibility into decisions. The payoff is an approach that can adapt and improve as circumstances change, rather than locking in yesterday's answers. This approach is strongly consistent with the social impact lab model of Hassan (2014)[97].

A key opportunity lies in rethinking accountability across levels. Instead of dictating precise actions from the top — which "stifle[s] adaptability, innovation and responsiveness" — government holds the policy level accountable for shifting the big-picture outcome, while frontline providers are accountable for how well they use resources to contribute to it, not for following a prescribed recipe. This frees the people closest to the problem to innovate. The authors describe the ideal role of policymakers as "system stewards" rather than "social engineers" (or gardeners rather than machine-builders): their job is to "create the conditions in which interacting agents strive towards socially desirable outcomes, as defined by the communities concerned," building in feedback and continuous learning from the very start.

Case studies cited by the authors succeeded by being "tight on outcomes, loose on means" — clear about the goal but flexible about the method. They relied on principles like subsidiarity (decisions made in communities), empowerment, collaboration and partnership (especially with Māori), and being deliberately "loose enough to catch most possibilities" and "build on what is already there." [98]

A recurring lesson is that no single agency had all the knowledge or resources, so progress depended on shared partial knowledge becoming the trigger for learning across government, providers and communities, underpinned by determined monitoring of results.

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[94] Te Kura Taiao o Te Nehenehenui | Lots of Little Fires
[95] Te Rūnanga o Kirikiriroa Hamilton - We are here to manaaki whānau
[96] Elizabeth Eppel & Girol Karacaoglu (2016) Social Investment in a Complex and Radically Uncertain World in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment
[97] The Social Labs Revolution: A New Approach to Solving our Most Complex Challenges by Zaid Hassan | The Social Labs Revolution: A New Approach to Solving our Most Complex Challenges
[98] This is consistent with the analysis of devolution by Wilson and Fry (2023) Let it go: Devolving power and resources to improve lives - NZIER working paper 2023/02

Government's most useful move was often to "get out of the way and let the people on the ground take a lead," while head office contributed by "learning from listening" and supporting the frontline with analysis. The opportunity, in short, is that engaging genuinely with communities — currently "unfunded and unrecognised" — can achieve "something government agencies could not do alone": locally designed, locally owned solutions that then spread across communities.

8.3 Michael Cullen: The Partnership State

Cullen[99] offered what he thought was a better way to look at Social Investment- the "partnership state". Rather than treating the state as either the sole designer and funder of services, or as a purchaser contracting outputs from providers, it positions government as one partner in a wider system of public value creation. In this model, central government still has crucial responsibilities: setting national expectations, ensuring equity, protecting rights, funding at scale, and maintaining accountability for public money.

But it does not assume that good outcomes can be designed from the centre and delivered through linear contracts. Instead, the partnership state works with iwi, local government, community organisations, philanthropy, providers and people with lived experience to define problems, share evidence, align investment and adapt practice over time.

For Social Investment, this is important because the model's greatest risks—technocracy, over-centralisation, narrow fiscal metrics and weak social licence—are reduced when communities help shape the outcomes, evidence and governance arrangements.

A partnership state would therefore keep the discipline of evidence and investment, but locate it within shared decision-making, place-based accountability and stronger democratic legitimacy.

8.4 Graham Scott- Collective Impact.

Graham Scott (the current Chair of the SIA Advisory Board[100]) saw Social Investment as a hopeful reframing of the state's relationship with citizens — a move away from managing welfare dependency and fiscal liability toward genuinely improving people's lives and reducing entrenched disadvantage[101].

Scott framed investment as spending now to build better lives and lower future costs and was optimistic about the new data and analytical tools helping ministers steer resources toward better long-term outcomes. His strongest enthusiasm was for collective impact[102] as the answer to coordination problems that siloed ministries can't solve alone: where the most disadvantaged people have complex, interlinked needs spanning organisational boundaries, a collective impact vehicle can take responsibility for a tailored, integrated package of support — responding flexibly, building trust and continuity over time, and drawing on a mixed public, community and private provider base.

Crucially, Scott framed this as a partnership between the state, providers and service recipients in finding practical pathways to better outcomes, with commissioning — merging

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[99] Michael Cullen (2016) Social Investment: A Social Democratic Critique in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment

[100] Social Investment Board | Social Investment Agency

[101] Graham Scott (2016) Governance, Public Policy and Public Management in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment

[102] https://ssir.org/articles/entry/collective_impact

policy analysis and service design rather than just purchasing set services — as the mechanism that makes it work. He welcomed a stronger Social Investment Agency and commissioning capability.

While candid that capability still needs building and that conventional coordination has limits, his overall verdict a decade ago was positive — Social Investment, powered by a coming "tsunami" of data alongside better commissioning and collective impact delivery, offers huge opportunities to improve outcomes for the most vulnerable.

8.5 The Opportunities in Summary

Sections 8.1-8.4 show that the strongest opportunity in Social Investment is not simply better targeting or future cost reduction, but a more capable, adaptive and partnership-based social system.

Hughes showed how Social Investment can be placed inside a broader wellbeing framework, so that data, targeting and evaluation become tools for improving lives rather than ends in themselves. Eppel and Karacaoglu add that complex social problems cannot be solved through central prediction and control alone; they require experimentation, learning, local ownership and accountability that is tight on outcomes but flexible about methods.

Cullen’s partnership state then gives this a governance frame: government remains responsible for equity, rights, funding and accountability, but works with iwi, communities, providers, philanthropy and people with lived experience to define problems, share evidence and adapt services over time.

Scott’s contribution is to make this opportunity operational. His emphasis on commissioning, collective impact and integrated packages of support suggests how Social Investment could overcome the fragmentation of the current system and respond better to people with complex, interlinked needs.

In practice, current Social Investment implementation is less defined by theory and more by a set of emerging operational questions. These include how outcomes are selected and measured, how administrative and local data are combined, how accountability is maintained without constraining innovation, and how Māori and community perspectives shape decision-making. These are still evolving and will likely be refined through experience rather than design alone.

For the Waikato, the positive opportunity might best be to use Social Investment as a disciplined organising method—clear about outcomes, serious about evidence, open to learning, and grounded in partnership—while avoiding a narrow model driven only by fiscal liability or centralised control.

9. Part 1: An Interim Summary

This paper provides an overview of Social Investment—what it is, how it has developed, and the key strengths, risks and limitations associated with it. Its purpose is not to revisit past debates or to prescribe a detailed regional model, but to establish a clear and practical understanding of the approach as it is now being applied in New Zealand, as a foundation for informed local decision-making.

Social Investment is best understood as a set of tools and disciplines rather than a complete social policy framework. Its value lies in supporting earlier intervention, clearer prioritisation, better use of evidence, and more deliberate learning about what works. These strengths are increasingly reflected in current practice. At the same time, the tools themselves do not determine what matters. Decisions about outcomes, priorities and trade-offs remain inherently value-based and are shaped through political, social and community processes.

The development of Social Investment reflects a longer trajectory of thinking about welfare, public management and state performance. While earlier critiques focused on risks such as fiscal bias, over-reliance on data, and the narrowing of social outcomes, responses to these issues have continued to evolve. The relevant question now is less whether these risks exist in principle, and more how they are managed through implementation in different contexts.

Several design realities follow. Social outcomes are shaped by wider economic and social forces beyond the reach of any single policy approach. The system is complex and adaptive, limiting the effectiveness of tightly engineered, centralised solutions. Fiscal indicators can provide useful signals but are incomplete proxies for wellbeing. Effective Social Investment therefore depends on combining analytical tools with judgement, local knowledge, and continuous learning over time.

Taken together, this suggests that the main task is not further definition of Social Investment, but careful application—particularly in areas such as outcome selection, use of data, accountability settings, and the balance between national consistency and local flexibility.

The next step is to build on this foundation by exploring how Social Investment can be interpreted and applied in the Waikato context- which will be the focus of Part 2. This involves translating established principles into locally grounded decisions about priorities, partnerships and implementation, recognising that enduring impact will depend on how well national capability is combined with regional insight, leadership and learning over time.

Attachment 1. A Recent History of the Social Investment Agency

The Social Investment Unit was established in 2016 and became the Social Investment Agency in 2017. Under English, the approach was led by large government agencies, including MSD, ACC and Oranga Tamariki, and used an actuarial model to identify cohorts at risk of long-term benefit receipt and reduce risk.[103]

Alongside these measures, "social bond" programmes were trialled as a mechanism for funding Social Investment. These programmes provided for private and not-for-profit organisations to invest and partner to deliver Government-approved programmes with agreed outcomes, with repayment and the return for investors depending on the level of results achieved.[104]

The 2020 Labour-led Government then changed the remit and role of the Social Investment Agency and changed its name to the Social Wellbeing Agency.

The 2023 National-ACT-NZ First Coalition returned to a more explicit Social Investment model. "Social Investment 2.0" uses data to identify groups likely to impose high lifetime costs on government, then directs policies and services toward reducing those costs, particularly through earlier intervention and improved employment outcomes. Its key elements are:

- *Data-driven social services delivery:* Data, evidence and analytics are used to identify the needs, influencing factors and outcomes of different groups, individuals or families, which the Government can use to inform investment priorities.
- *A focus on outcomes:* Social investment involves contracting with providers to deliver outcomes (what is achieved) rather than outputs (what is done). This gives social service providers flexibility to adapt their services to the needs of individuals and to develop new and innovative solutions.
- *Feedback loops drive future investment:* As the Social Investment approach is implemented, data from different services and providers creates a feedback loop to inform future investments, whereby the Government will allocate funding towards the most effective services in achieving the desired outcomes. Creating such a feedback loop will allow the long-term scaling and refining of existing services, encourage risk-taking in commissioning new innovative services, and lead to more accurate and comprehensive data relating to social services delivery.[105]

The key architecture of Social Investment 2.0 comprises:

- ***Social Investment Ministers:*** A group of Ministers led by Social Investment Minister Nicola Willis to govern and coordinate the cross-agency Social Investment work programme.

- ***Social Investment Board:*** A Ministerial Advisory Committee appointed to provide independent advice and assurance to the Minister for Social Investment, and guidance to the Social Investment Agency, on the implementation of Social Investment. They are expected to draw from their collective experience and connections with vulnerable communities to provide a practical perspective on the priorities, design, implementation, risks, and progress of Social Investment.[106] The membership of the Board is intended to

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[103] Social investment – a stitch in time, saves nine! - Russell McVeagh
[104] Ibid
[105] Ibid
[106] Social investment – a stitch in time, saves nine! - Russell McVeagh

contribute to a bipartisan commitment to Social Investment, chaired by former Treasury Secretary Dr Graham Scott.

- ***Social Investment Agency*:** A central agency with a mandate to support the Government with delivering social services using a data-driven, outcomes-focused Social Investment approach. The functions of the Social Investment Agency include setting the standards for the Social Investment approach, advising on and facilitating the creation of the Social Investment data and evidence infrastructure (which will make use of Stats NZ's Integrated Data Infrastructure), working with other agencies to apply the Social Investment approach, and leading an ongoing review of social sector spending to measure outcomes.
- ***Social Investment Fund:*** A fund which will commission social services for outcomes and support the devolution of social services to community, NGO and iwi providers. The Government expects it to operate similarly to a traditional investment fund, with *"a portfolio of investments ranging from innovative, more experimental...to more conservative investments".* The Social Investment Fund is expected to begin investing in 2025 with an "initially modest envelope", however the Government expects that it will eventually partner with other funders to scale up investment in social services.

The SIA is currently an organisation of approximately 52 FTEs and an annual operating budget of $12-14m[107]. According to government information, Vote Social Investment has a total of $275 million allocated to it (over 4 years), which includes a $190 million Social Investment Fund[108][109].

The Social Investment Fund provides four potential pathways for organisations to access support, depending on whether they are seeking new investment, greater flexibility with existing funding, community-led approaches, or partnerships with other funders[110].

- **Pathway One: New Investment –** Funding for new initiatives that address priority populations and outcomes, with a strong focus on evidence, theory of change, data sharing, evaluation and demonstrating what works.
- **Pathway Two: Contract Consolidation –** Bringing together multiple existing government contracts into a simpler, outcomes-based agreement, reducing administrative burden and allowing organisations greater flexibility to focus on achieving results for the people and communities they support.
- **Pathway Three: Community-led Commissioning –** A model that shifts decision-making closer to communities, enabling local leaders, iwi, community organisations and other partners to design and commission services that respond to local needs.
- **Pathway Four: Co-investment and Innovation –** Creating opportunities for government, philanthropy and other funders to combine resources, align investment and support innovative approaches that can achieve greater collective impact.

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[107] SIA-Annual-Report-2024-2025-v2.pdf
[108] Also over 4 years
[109] Social Investment Fund to help vulnerable Kiwis | Beehive.govt.nz
[110] Social Investment Fund | Social Investment Agency

Social Investment Agency Funding to Date

Pathway 1: (a) New Investment Initiatives Progressed to Contract Negotiations

Funding of up to $50 million is anticipated to go towards programmes reaching more than 1200 children, ranging from newborns through to eighteen-year-olds (**Table 3**).

Barnardos New Zealand Incorporated — Māngere	Proposal to expand Te Korowai Mokopuna, a trauma-informed early intervention service focused on the first 2,000 days. It will support up to 200 children per year, strengthen tamariki social skills and reduce challenging behaviours through emotionally supportive caregiving.
Kaikaranga Holding Ltd — Auckland	Proposal to provide navigation, wraparound coordination and system-level learning for up to 150 disabled tamariki per year who have been suspended or stood down from school. It focuses mainly on disabled and neurodiverse learners and, where appropriate, affected sibling groups.
Ngāti Awa Social and Health Services Trust — Eastern Bay of Plenty	Proposal to establish a Family Harm Community Front Door system for target cohorts, supporting up to 450 children per year. It will build community awareness of family harm, develop a trained workforce, strengthen specialist support and increase support for affected whānau.
Tākiri Mai te Ata Trust — Lower Hutt and Upper Hutt	Proposal to provide clinical counselling and trauma therapy, Māori healing practices, Pacific cultural therapy, wellbeing wānanga and cultural therapies for up to 200 children and young people per year who are in care, have parents in prison, or have been stood down from school.
Te Hou Ora Whānau Services Limited — Dunedin	Proposal to deliver individual mentoring for up to 120 children per year in Dunedin City, alongside carefully designed group sessions to build belonging, identity and peer connection. These protective factors are intended to reduce risk of school disengagement and later involvement with justice or care systems.

***Table 3**. Pathway 1: (a) New Investment Initiatives*

(b) Demonstration Initiatives - selected to provide tangible examples of the Social Investment approach. They will enable commissioners to test new outcomes-based agreements, data sharing approaches and protocols, and impact analysis and reporting, before scaling these approaches (**Table 4**).

Family Start — location not stated on the selected initiatives page	A demonstration initiative focused on intensive home-visiting and early support for families and whānau with young children. It is intended to test how an existing early-years service can work with the Social Investment Fund's outcomes, evaluation and data approach.
He Poutama Rangatahi — location not stated on the selected initiatives page	A demonstration initiative supporting rangatahi who are at risk of poor education, training or employment outcomes. It uses locally tailored support to build skills, confidence and pathways into work, training or further learning.
Driver Licensing Support — location not stated on the selected initiatives page	A demonstration initiative aimed at improving access to driver licensing support. It addresses a practical barrier to employment, education, training and community participation, particularly for people whose opportunities are limited by not holding a licence.

***Table 4.** Demonstration Initiatives*

Pathway 2 Contract Consolidation

Pathway Two is focused on consolidating existing government contracts held by social sector or community organisations into a single outcomes-based agreement administered through the Social Investment Fund. Its purpose is to reduce administrative and compliance burden, simplify reporting, give providers greater flexibility in how they deliver services, and support shared learning about what works for the people and communities they serve. It uses existing funding in the first instance, rather than necessarily creating new funding.

Expressions of Interest closed on 13 October 2025, with consolidated contracts expected to be in place in July 2026. The SIA material indicates that application outcomes are expected in mid-2026 / July 2026, so there do not appear to be published results or selected initiatives for Pathway 2 yet.

Pathway 3: Community-Led Commissioning

Pathway Three is the Social Investment Fund's community-led commissioning pathway. It is intended to shift decision-making about social service investment closer to local communities by inviting established local groups to work with government on the design of a commissioning arrangement for a defined geographical area, generally for communities of around 10,000 to 100,000 people. The model would involve local leaders using local knowledge, relationships, data and evidence, and combined budgets from multiple government agencies to plan, fund, monitor and evaluate social services in a more coordinated and outcomes-focused way.

An open Expression of Interest process attracted 49 applications representing almost 300 local leaders and organisations, from which six were shortlisted and three ultimately selected. These groups will now enter a 6–12 month discovery and design phase, working with government agencies to develop locally tailored commissioning models that integrate funding, data, and community insight. The intent is to test whether more coordinated, place-based decision-making can deliver improved outcomes by aligning services around local priorities rather than fragmented agency-led contracts.

The outcome of the process is the selection of three regions to progress into this next phase, with potential implementation from late 2027 subject to Ministerial approval. Successful groups demonstrated strong community mandate, credible governance, cross-sector leadership, and the ability to align local resources and partners around shared outcomes.

Successful groups:

- Toi Rāwhiti / Ōpōtiki
- Porirua Local Group
- West Coast Partnership[111]

While it is understood that several Waikato-based collectives and organisations submitted proposals, none were successful in this round.

Pathway 4 Co-Investment and Innovation

Pathway Four is the Social Investment Fund's co-investment pathway. It is intended to enable partnerships with philanthropic organisations, iwi, local collectives and other funders so that government and non-government funding can be better aligned around initiatives that amplify collective impact and support innovation.

The pathway is still under development: SIA states that it is undertaking exploratory policy, legal and design work, engaging with potential partners, and expects an Expressions of Interest

[111] Pathway Three: Community-led Commissioning | Social Investment Agency

process to open in 2026. The published material does not appear to identify any selected initiatives, locations or results for Pathway Four yet.

Other Social Investment Agency Products/References

On its website, the SIA provides interactive dashboard for regional data (**Figure 7**)[112] community insights (developed initially after the 2023 storms)[113] and older people.[114] A publication on social investment in Southern Auckland in partnership with the TSI is also available on the website[115].

More recently, the SIA has developed and published impact measurement standards (IMS), to help government agencies make better decisions about public investment in social outcomes. The IMS set expectations for a consistent and robust approach to assessing the outcomes and impact of government social spending[116].

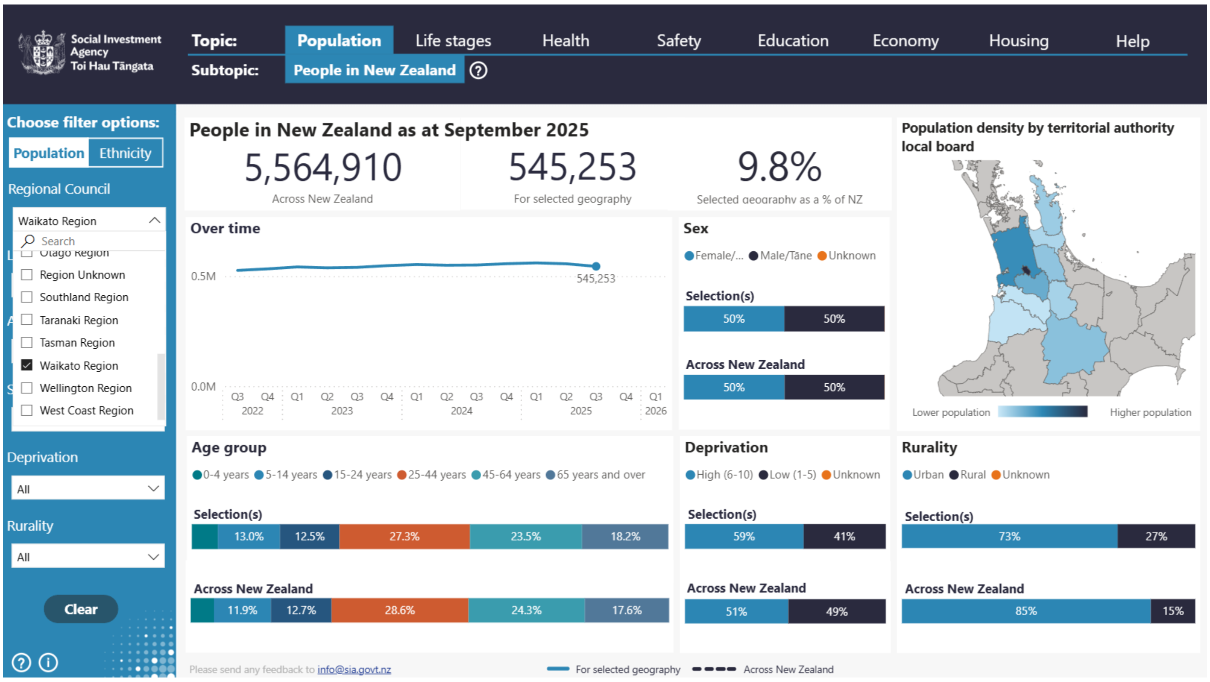

Figure 7. *SIA Regional Data Explorer Dashboard: Waikato*

[112] Regional Data Explorer | Social Investment Agency
[113] Community Insights Explorer | Social Investment Agency
[114] Older People's Data Explorer | Social Investment Agency
[115] Actionable insights | Social Investment Agency
[116] Impact Measurement Standards | Social Investment Agency

Attachment 2. A Long-Term Chronology of Social Investment

Act, Event or Initiative	Purpose	Relevance to Social Investment
Act for the Relief of the Poor 1601 (England)	• To ensure there was some relief for the most destitute in society. • The dominant ideology was that individuals should be self-reliant and that families should care for their own.	• Relieving poverty was a local matter and different treatments were prescribed for different classes of pauper. • Limited state involvement. • Individuals were primarily responsible for supporting themselves and their family.
Destitute Persons Act 1846	• Allowed a "respectable householder" to seek support from their immediate family/relatives. • Restricted to those suffering extraordinary circumstances. • Limited state involvement.	• Destitute people. • Illegitimate children. • Deserted wives and children. • Remained on the books until 1968.
Old-Age Pension Act 1898	• Provided modest public support for older people, while retaining strong means, assets and character tests. • Health and education were mainly local, private and charitable activities, with some central government oversight and funding. • Housing was largely provided by the private market, often of low quality. • Slums soon sprung up in the major settlements.	• Subject to a means, assets and character test.
Widows' Pensions Act 1911	• The support of widows with children if their spouse died.	• Widows with children. • Means tested.
The Miner's Phthisis Act 1915	• Support workers in industries such as mining whose lung damage prevented further work.	• Managed as a pension scheme.
War Pensions Act 1915	• A pension scheme for war widows and soldiers disabled on service in the New Zealand Expeditionary Forces.	• Disabled veterans of War and widows as a result of war.
The Unemployment Act 1930	In response to the Great Depression 1929/30: • Made arrangements for the employment of the unemployed. • Promoted the growth of primary and secondary industries in New Zealand. • Administered a new contributory scheme of sustenance payments to those who were out of work.	• A contributory scheme of sustenance payments to those who were out of work. • 21 shillings per week, with an additional seventeen shillings and sixpence a week payable in respect of the wife of married unemployed men, and further four shillings for each child.
Social Security Act 1938	• Intended to end poverty in New Zealand.	• Increased the rate of social assistance.

Act, Event or Initiative	Purpose	Relevance to Social Investment
	• Full employment was the main strategy the government followed to ensure prosperity. • Based on the principle that every citizen had a right to a reasonable standard of living. • A community responsibility to ensure that its members were safeguarded against the economic ills from which they could not protect themselves.	• introduced a new social security tax of 7.5% to finance benefits. • Government provision of housing. • Significant role of government was economic stabilisation- fully protected economy (Keynesian economics).
Social Security Act 1964	**Purpose** (a) to enable the provision of financial and other support as appropriate – (i) to help people to support themselves and their dependents while not in paid employment; and (ii) to help people to find or retain paid employment.	• Every person exercising or performing a function, duty or power under this Act must have regard to the following general principles: (a) work in paid employment offers the best opportunity for people to achieve social and economic well-being; (b) the priority for people of working age should be to find and retain work.
Royal Commission on Social Security 1972	The state should *"ensure ... that everyone is able to enjoy a standard of living much like that of the rest of the community and thus is able to feel a sense of participation and belonging to the community"*	• A domestic purpose (sole parents) benefit established in 1974. Supplementation benefits followed. • A universal pension at age 60 at more than twice the previous level was introduced in 1976. • Tertiary student grants and subsidies were expanded. • Benefits for special circumstances and special needs were added over time.
Economic and Welfare Reform, 1984-1993	**1984-1989:** rapid market-oriented economic reform, including deregulation, removal of subsidies and tariffs, tax reform, corporatisation and privatisation. The role of the state shifted away from direct economic management toward rule-setting, efficiency and accountability (Neo-liberalism) **1989-1993:** recession and fiscal pressure deepened the reform programme, including benefit cuts, tighter targeting and the Employment Contracts Act 1991. The system shifted further toward individual responsibility, labour-market flexibility and reduced universal support.	
State Sector Reform • **State Sector Act 1988** • **Public Finance Act 1989**	*"The distinction between outputs of goods and services an agency produces and the outcomes the government seeks to achieve is central to the reforms ... Under the new system, the performance of bureaucrats can be judged on whether they produce the outputs of services agreed to, and whether they do so efficiently. Politicians can be judged on whether they buy the right services to achieve social goals like wealth, justice and the relief of suffering. The distinction also highlights that politicians need not buy the services they require from the bureaucracy, and that the government need not be the only customer of the bureaucracy."* (Gorringe and Scott)	

Act, Event or Initiative	Purpose	Relevance to Social Investment
Department of Social Welfare, *From Welfare to Wellbeing*, 1993-1999	• Concerns that economic growth would be insufficient to address the observed growth in welfare dependency.	• Social welfare reaches a peak of 16.8% in 1993.
"Beyond Dependency" Conference, 1997	• Welfare dependency should be addressed by a series of interventions seen as "investments against future costs."	• Policy initiatives seen as investments against future costs. • Welfare dependency conceptualised as a future contingent liability on the government. • First clear indication of a future investment model/liability management approach.
May 1997: Government Strengthening Families Project	• Designed to better co-ordinate the delivery of support and to give people the opportunity to move to greater independence. • Lower the barriers between agencies/silos so that the left hand knows what the right hand is doing.	• Aimed to improve outcomes for vulnerable children and families by getting multiple agencies to work together in a coordinated, locally organised way, rather than operating in silos.
Treasury Briefing to Incoming Labour Government, 1999	*"Governments need to focus on the dynamics of persistent disadvantage, rather than temporary difficulty. The most serious disadvantage is often multi-dimensional and often persists through time and across generations. The causes of poor outcomes are complex and poorly understood, making them difficult to resolve. There is a need to ensure a focus on effectiveness and to test interventions robustly, modifying them in the light of experience."*	
Speech by Steve Maharey , Minister of Social Services and Employment (September 2000)[117]	*"Ours is a social investment model. It involves community, strong institutions and a dynamic market economy. It is about extending economic opportunity. And it is built on security, not fear."*	
Treasury Briefing to Incoming Labour Government, 2002	*"Interventions designed to improve outcomes and to enhance wellbeing can be considered as social investments that involve current expenditure to produce a future benefit. Viewing interventions, from legislation to targeted assistance, as investments allows the costs to be arrayed against the benefits over time and permits choices to be made among them. It also allows a portfolio of interventions to be selected."*	
Whānau Ora, 2009-2010	• A government–supported, whānau-centred approach to social services, especially in health and social wellbeing. Instead of focusing on individuals in isolation, it aims to support the whole whānau as a unit, helping families set their own goals and wrap services around them in a coordinated way.	• Applies to any whanau in New Zealand who chooses to engage with it, regardless of ethnicity. However, in practice it is: • Designed primarily with Māori worldviews and whanau structures in mind • Most heavily used by Māori families, because it is built around kaupapa Māori

[117] Social Welfare in New Zealand | Beehive.govt.nz

Act, Event or Initiative	Purpose	Relevance to Social Investment
	• **2009-2010:** The Taskforce on Whānau-Centred Initiatives, chaired by Sir Mason Durie, developed the Whānau Ora framework after hui and submissions, emphasising Māori leadership, whānau capability and integrated services. • **2010** – Whānau Ora was officially launched and funded in Budget 2010 • **2011–2014** – It was progressively implemented and expanded, including new commissioning structures	• Also available to Pacific families and other communities, particularly where providers deliver culturally tailored services
Welfare Working Group, 2010	• Chaired by Paula Rebstock (Chair of ACC Board at the time). • Examine whether an actuarial approach undertaken by the ACC to measure and manage its long-term liabilities could have wider application. • Founded on a greater work focus for more people, reciprocal obligations, a long-term investment view. • An Alternative Welfare Working Group, organised by groups including Child Poverty Action Group and Welfare Justice, argued that policy should focus on reducing poverty and creating quality jobs rather than penalising beneficiaries[118].	• Investing early to reduce the risk of poor long-term outcomes for many people, commitment to targets, better outcomes for Māori, better outcomes for children, a cross-Government approach and more effective delivery. • Introduction of Jobseeker Support. • Establishment of Employment and Support New Zealand.
Taylor Fry Actuarial Reports, 2011[119]	• Assessed the feasibility of adopting a long-term investment approach to achieving better employment, social and financial outcomes and to set out how aggregate future liability would be calculated. • A strong focus on individual employment outcomes as the way to positively offset reduced fiscal liabilities.	• Potential application to entire social welfare system. • Developed a model measuring future fiscal liability of people being on a benefit via actuarial methods. • "Forward liability" defined as the discounted expected future value of government benefit payments.
Social Sector Trials, 2011-2016	• Tested a locally led, cross-agency approach to improving outcomes for young people, shifting coordination and some decision-making closer to communities. • Model was led by MSD, working with Justice, Health, Education and Police, and tested whether decision-making authority, coordination and accountability could be shifted	• Focused on 12–18-year-olds and aimed to reduce truancy, youth offending, alcohol and drug misuse, and increase participation in education, training or employment. • Started in March 2011 in Levin, Gore, Tokoroa, Kawerau, Taumaranui and Te Kuiti, with ten further locations added in 2013.

[118] Welfare Justice for All — Child Poverty Action Group
[119] Actuarial reports of the Benefit System for Working-Age Adults - Ministry of Social Development

Act, Event or Initiative	Purpose	Relevance to Social Investment
	from central agencies to local leadership arrangements. In some places this was through a lead NGO; in others through a committed public servant acting locally.	
Integrated Data Infrastructure (IDI), 2011-2013	• Stats NZ's secure linked-data environment, developed in the early 2010s, combining de-identified information from tax, health, education, welfare, justice, housing, migration and other datasets. • A core enabling tool for the social investment approach by allowing long-term, person-level analysis of outcomes.	• Relies on administrative data and only records what public systems see, not the full reality of people's lives. • Can over-emphasise deficits, service contact and measurable risk factors, while under-recording strengths, relationships, culture, whānau capability, informal support and community context. • Māori data sovereignty raises concerns about consent, social licence, deficit framing, access, governance and who has the authority to define the questions asked of Māori data.
Better Public Services Programme and Targets, 2012	A programme where all government ministers and departments were directed to prioritise the following goals/priorities: • Reducing Long-term welfare dependence • Boosting skills & employment • Reducing crime • Improving interaction with government for the public & business; and • Supporting vulnerable children.	All of government, with the following aims: • **Focus on results:** Shifted the public service toward a small set of measurable outcomes that matter to citizens. • **Breaking silos:** Aimed to get agencies working together on shared outcomes rather than operating independently. • **Accountability and performance:** Ministers and chief executives held responsible for delivering against targets. • **Value for money:** Strong emphasis on efficiency, innovation, and better use of public resources.
Cabinet Paper on Child Poverty 2013	*"while the proportion of New Zealand children living in households with low income was close to the OECD average, 'there appear to be significant issues with a large group of children spending the majority of their childhood reliant on benefits and low incomes. As a consequence, despite New Zealand having benefit levels close to the OECD average, we have high rates of material hardship"*	
Productivity Commission, *More Effective Social Services*, 2015	• A review of how New Zealand funds, commissions, and delivers social services such as welfare supports, health-related services, disability support, and employment services.	• **The system is fragmented and siloed** Social services are funded and delivered through many separate agencies and contracts, leading to duplication, gaps in services, and poor coordination around individuals with complex needs. • **Commissioning and contracting is too input-focused** Government primarily funds providers for activities and

Act, Event or Initiative	Purpose	Relevance to Social Investment
		outputs (e.g., "number of clients served") rather than for measurable long-term outcomes, limiting incentives for effectiveness or innovation. • **Poor use of data and weak feedback loops** Agencies have limited ability to track long-term outcomes for individuals across systems, and performance learning was weak. This constrains evidence-based decision-making and system improvement. • **Services are not sufficiently client-centred** People with multiple or complex needs often had to navigate multiple disconnected services, rather than receiving integrated, tailored support. • **Prevention and early intervention are underdeveloped** The system tends to respond to crises (e.g. unemployment, family harm, offending) rather than investing early to prevent them, even when prevention would likely be more cost-effective. • **Institutional settings discourage innovation** Short-term funding cycles, risk aversion, and rigid contracting structures limited provider flexibility and experimentation.
First New Zealand Social Bond Announced, 2015; Operational, 2017	• Budget 2015 announced New Zealand's first social bond, focused on employment outcomes for people with diagnosed mental health conditions. • Underlying belief that paid work could support recovery, reduce long-term benefit dependency, and generate both social and fiscal benefits.	• A way for private and not-for-profit investors to fund services up front, with the Crown repaying investors, plus a capped return, providing agreed outcomes were achieved. • The bond became operational in 2017, delivered by APM Workcare, and aimed to support up to 1,700 people into paid work.
Expert Advisory Panel, *Investing in New Zealand's Children and Their Families*, 2015	• Established in 2015 to review Child, Youth and Family and the wider child protection and youth justice system. • The report, *Investing in New Zealand's Children and Their Families*, argued that the existing system was fragmented, reactive and insufficiently focused on children's long-term wellbeing.	• The Panel recommended a more child-centred, outcomes-focused and investment-based system, with stronger use of data, evidence and actuarial analysis to understand lifetime risks and costs.

Act, Event or Initiative	Purpose	Relevance to Social Investment
	• It also exposed key risks that remain relevant: data-driven targeting of vulnerable children can support earlier help, but may also create concerns about stigma, surveillance, Māori over-representation, and whether fiscal liability becomes too dominant a measure of children's wellbeing.	• It proposed shifting from crisis response to earlier intervention, especially for children and families at greatest risk of poor long-term outcomes. • The report strongly influenced the creation of the Ministry for Vulnerable Children, Oranga Tamariki, later renamed Oranga Tamariki—Ministry for Children.
Creation of Oranga Tamariki—Ministry for Children, 2017	• Established a new stand-alone children's agency from 1 April 2017, replacing Child, Youth and Family and creating a single point of accountability for vulnerable children and young people. • Gave the new agency a broader mandate across prevention, intensive intervention, care support, transition support and youth justice.	• Extended Social Investment beyond working-age welfare dependency into child protection, care and youth justice, especially through the idea that earlier, better-targeted support could improve life-course outcomes.
Social Wellbeing Agency, 2020-2024	• The Social Investment Agency was renamed the Social Wellbeing Agency, with a broader focus on wellbeing analysis and reduced emphasis on data as the primary driver of investment priorities.	• Important transition point between the fiscal-liability model and the wellbeing frame, linked to the wider Living Standards Framework and Wellbeing Budget agenda.
Social Investment Agency re-established, 2024	• From 1 July 2024 the Social Wellbeing Agency became the Social Investment Agency, a stand-alone central agency with functions to set standards, support data and evidence infrastructure, apply the approach across agencies, and review social-sector spending.	• Marks the return of Social Investment as an explicit organising framework for social services, including the Social Investment Board, Social Investment Ministers and a Social Investment Fund beginning investment from 2025.

Attachment 3. The Historical and Political Context for Social Investment

This attachment provides historical and ideological context for Social Investment. It is included for completeness and to support readers interested in the evolution of the concept but is not essential to the main argument of this paper.

Destremau and Wilson[120] position Social Investment into the wider frame of social welfare policy in New Zealand (and as part of our colonial history), tracing its roots back to 17th century English law on the destitute and New Zealand's Destitute Persons Act 1846, which adopted the English tradition of providing support for those who could not otherwise help themselves. This pre-welfare state existed until the 1930s in New Zealand. There is little if any literature which places Social Investment into a pre-European Māori context.

A detailed timeline of the historical precedents for Social Investment is shown in **Attachment 2.** This chronology looks at Social Investment mainly through the lens of political economy and welfare economics. Distinct temporal phases of development are clear, and these have subtly helped to shape the way Social Investment is perceived in New Zealand. A common theme across the timeframe is the concern with independence, welfare dependency and employment:

- **1840s-1930s. Pre/early welfare state.** Public assistance was limited, residual and strongly conditional. The main expectation was that individuals and families would support themselves, with state or charitable support reserved for those regarded as destitute, deserving or unable to work. Early pensions and allowances, including old-age and widows' pensions, were modest and subject to means, residency and character tests. By the Great Depression, registered unemployment reached about 12-14% of the labour force, but women, Māori and many young people were undercounted; broader estimates suggest total unemployment may have exceeded 20% and possibly approached 30% at the peak.
- **1930s-1970s. Keynesian/developed welfare state.** The state accepted a much larger role in protecting citizens from social and economic risks. The Social Security Act 1938 combined income support with health and welfare provision and rested on the principle that every citizen had a right to a reasonable standard of living, with the community responsible for safeguarding people against circumstances they could not control. Full employment, state housing, universal or near-universal services, import controls and economic stabilisation became central. The model remained strongly work-oriented, but with a broader commitment to social citizenship, participation and belonging. By the late 1970s and early 1980s, external shocks, inflation, rising debt, protectionism and increasing unemployment placed the settlement under growing pressure.
- **1984-1999. Market liberalisation and targeted welfare.** The reforms of the 1980s and early 1990s shifted New Zealand toward a market-led, inflation targeting and fiscally disciplined model. Deregulation, corporatisation, privatisation, subsidy removal, tariff reduction, tax reform, the State Sector Act 1988, the Public Finance Act 1989, the Employment Contracts Act 1991 and the 1991 benefit cuts reshaped both the economy and the welfare state. These reforms improved aspects of macroeconomic management but produced significant social costs, including high unemployment, increased inequality and sharper Māori labour-market disadvantage. Unemployment peaked above 11% in 1991-92. By the late 1990s, policy language increasingly framed welfare

[120] Killian Destremau and Peter Wilson (2016) Defining Social Investment Kiwi Style in Boston and Gill (Eds) (2016) Social Investment a New Zealand Policy Experiment

dependency as a long-term liability and began to describe interventions as investments against future costs.

- **1999-2010. Third Way social democracy and early outcomes thinking.** The Clark-led Labour governments retained the broad macroeconomic and public-management architecture inherited from the 1980s and 1990s, but softened its social effects through Working for Families, employment relations reform, renewed public investment, anti-poverty measures and a stronger focus on reducing persistent disadvantage. Unemployment fell from around 7-8% in 1999 to below 4% before the Global Financial Crisis, then rose again to about 6% by 2010.

  Policy thinking started under the Clark government but strongly championed by the Key-English administrations increasingly emphasised life-course outcomes, effectiveness, joined-up services and the dynamics of persistent disadvantage. This period helped create the conditions for Social Investment by combining Third Way ideas, evidence-based policy, public-sector performance management and a growing interest in long-term outcomes. The arrival of big data capability further enabled this shift.

- **2010-present. Social Investment, wellbeing and fiscal control.** The Welfare Working Group brought ACC-style actuarial and forward-liability thinking into welfare reform, emphasising reciprocal obligations, employment, prevention and a long-term investment view. Whānau Ora was launched in 2010 as a distinct whānau-centred, kaupapa Māori approach. The development of Stats NZ's Integrated Data Infrastructure in the early 2010s enabled linked administrative data to be used for life-course and cohort analysis.

  From 2015, Social Investment became an explicit organising framework, supported by the Social Investment Unit, the Social Investment Agency, social bonds, actuarial modelling, the Expert Advisory Panel on children, and a stronger emphasis on outcomes-based commissioning.

  From 2020, the Social Wellbeing Agency shifted the frame toward wellbeing, lived experience and the wider impacts of social services. In 2024, the Social Investment Agency was re-established, returning the model to a more explicit focus on data, evidence, investment discipline, outcomes, commissioning and future fiscal value (**Attachment 1**).

Destremau and Wilson[121] lay out how Social Investment sits within a wider socio-political spectrum, related mainly to concepts of personal and community responsibility as well as social rights and duties. These were applied to a typology of Keynesian, Neoliberal and Social Investment perspective/ideologies. These are described in the tables below.

[121] wp2016-5_defining_social_investment.pdf

	Keynesian Perspective	Neoliberal Perspective	Social Investment Perspective
Responsibility mix principally involves	Market, state, family.	Market, family, community.	Market, family, state, community.
Market	**Can** provide wellbeing for all, with a few exceptions.	**Should** provide wellbeing for all.	**May not** provide sufficiently for all.
Family	**Children** are the responsibility of the family.	**Families** need to take responsibility and make choices for themselves.	**Families** have primary responsibility for children, but the state has responsibility too.
State	Should **spend** to provide protection against social risks.	**Spending** should be limited, because the state can create the risk of dependency.	**Spending as investments**, such as in human capital to support labour market participation in the future as well as the present or to confront new social risks and poverty.
Community	**Represents** citizens and advocates. **Provides** services in the shadow of the welfare state.	May **serve** as a cushion to spending cutbacks and market failure.	**Potential partner** in the provision of services, and source of local as well as expert knowledge.

Table 5. *Responsibility Mix (after Morel, Palier and Palme, 2012)* [122]

	Keynesian Perspective	Neoliberal Perspective	Social Investment Perspective
Social Goals	**Provide** social protection.	**Avoid** policy instruments that foster dependency; promote autonomy.	**Invest** in prevention and human and social capital, to ensure growth and prosperity.
Vision of Equality	**Equality of condition** and equal opportunities.	**Inequality is inherent** in markets and is necessary to motivate economic actors.	**Equality of opportunity**
Risks to be covered by social and labour market policies	Unemployment, disability and sickness, extra costs of children, loss of income due to retirement or absence of a male breadwinner.	Disability, sickness, threat of crime and social disorder, ageing.	Family breakdown, low wage work or unstable work, challenge of balancing earning with social care, demography.

Table 6. *Social Rights and Duties (after Morel, Palier and Palme, 2012)*[123]

	Keynesian Perspective	Neoliberal Perspective	Social Investment Perspective
Time horizon in governance	**Present**, to avoid (repeating) the past.	**Present**, so as not to hobble the future.	**Future**, which requires action in the present.
Preferred forms of governance	Weberian **hierarchical**/ bureaucratic.	**Corporate** models plus privatisation.	**Networking** and partnerships.
Ideal form of intergovernmental relations	**State-building** via conditionality.	**Unilateralism** and downloading.	Asymmetrical **collaboration** via results-based coordination.
Focus for evaluation of success	**Inputs** (spending).	**Bottom line** (costs).	**Outcomes** (cost benefit).

Table 7*. Governance and Social Citizenship (after Morel, Palier and Palme, 2012)*[124]

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https://www.researchgate.net/publication/258646263_Towards_a_Social_Investment_Welfare_State_Ideas_Policies_and_Challenges
123 Ibid
124 Ibid

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