

Social Investment Fund Ministers' Expectations of the Fund

September 2025

Purpose

The Social Investment Fund (the Fund) is intended to achieve better social outcomes for New Zealanders and improved value for Government on its investment in social services.

Approach

The Fund will deliver an integrated commissioning model. As a key piece of shared architecture for the social system, it will provide Ministers and government agencies with an alternative way of investing in better social outcomes.

Investments made from the Fund will be targeted towards cohorts of New Zealanders with complex needs, who are at risk of experiencing poor long-term outcomes.

Goals

The Fund is expected to have measurable positive impact on a range of key social outcomes, including:

- Improved health
- Greater safety
- More stable and secure housing
- Greater knowledge and skills
- Growing income and wealth
- Greater support for people into work.

These goals will be achieved primarily through direct investments by the Fund and the consolidation and redesign of existing funding arrangements. However, it is also expected that the Fund will assist in achieving these outcomes through influencing how social services are procured and delivered across the wider social sector – that is by demonstrating social investment principles and best practice and encouraging these to be adopted by other government agencies, as appropriate.

Investment principles

The following principles will guide investment decision-making by the Fund:

- **Partnership, collaboration and co-investment** – the Fund will encourage partnerships and collaborations between government agencies, Iwi, Māori and community organisations, philanthropists and other stakeholders, including by co-investing in better social outcomes, where there is opportunity to do so.
- **Data-driven decision-making and learning** – evidence and data will be used to understand the needs of individuals, families, whānau and communities, identify what works (and what is needed to make it work), to target resources most effectively and improve the effectiveness and efficiency of interventions and investments over time.
- **Long-term investment and preventative investment focus** – investments will be focussed on prevention and early interventions to improve long-term outcomes for individuals, families, whānau and communities and reduce future social costs.

Governance arrangements

A Social Investment Fund Ministers Group (SIF Ministers) appointed by Cabinet will provide collective oversight of and direction for the Fund. It will:

- set investment priorities for the Fund
- provide oversight of processes to bring money into the Fund
- monitor the performance of the Fund
- guide the transition of the Fund from its incubation within the Social Investment Agency (SIA) to its more mature state (independent of SIA – see further, below).

Fund priorities

Priority outcomes for the Fund, and cohorts of people to prioritise for support to achieve these outcomes, will provide focus areas for Fund investments.

Priority outcomes will also provide a basis for accountability to SIF Ministers over Fund performance, and are intended to enable regular reporting of results, including:

- calculations of the return on investment that the Fund provides
- implementation of outcomes-based contracts focused on results (rather than outputs)
- tracking and reporting of the impact of investments over time (and an assessment of opportunities to ‘course correct’ to improve return, as appropriate).

Outcome agreements with providers may include a broader range of outcomes than those determined by SIF Ministers, reflecting providers’ aspirations for whānau, community and/or iwi alongside the Government’s priority outcomes. Where included in agreements made with the Fund, these outcomes will also be reported to SIF Ministers.

SIF Ministers will set priority outcomes every three years. This will be done on the basis of broader Government priorities, advice and evidence provided by SIA, and learning from the Fund.

Resourcing

In the first year of the Fund's operation, funding available for investment has been agreed to be allocated through Budget 2025, the transfer of existing funding from appropriations in other Votes, through the consolidation of multiple government contracts held by individual providers and through agency-led reviews of funding.

In future years SIF Ministers may consider these and additional opportunities to bring money into the Fund, as appropriate. Over time, the size of the Fund is expected to grow.

Performance

The Fund will report its performance with reference to:

- **Outcomes:**
 - the impact of individual investments made by the Fund
 - the impact of the Fund across its portfolio of investments
 - an evaluation of effectiveness and efficiency of the integrated commissioning function
- **Prouity:**
 - Financials – to ensure public funds are spent responsibly and according to legal requirements
 - Commissioning approach – to ensure fairness, integrity, and accountability in the allocation of resources and selection of social service providers by the Fund
 - Management approach – to ensure that decision-making is fair (without bias), transparent and resources are used responsibly.

Performance reporting arrangements for investments made by the Fund will be set out in the Fund's Investment Plan (as below).

While the Fund is being incubated within SIA (see below), performance reporting will be managed by SIA, reporting to SIF Ministers. Following any transition to a different form, the Fund will manage its own reporting, as above, reporting directly to SIF Ministers with the SIA assuming a monitoring role focussed on the Fund's implementation of social investment principles (consistent with SIA's central agency role).

Transition to independent form

Cabinet has agreed that SIA will initially incubate the Fund in its establishment phase.

The decision for SIA to incubate the Fund is to help ensure the social investment system is built in an integrated way. It is also to help enable capabilities needed to deliver the new commissioning function expected of the Fund to be properly established.

The legal and organisational form of the Fund will take has yet to be determined. However, it is expected that, among other things, it will be able to attract co-investment from private and philanthropic organisations, evolve to enable invest-to-save methodologies, and enable the SIA to advise Ministers on the Fund's effectiveness.

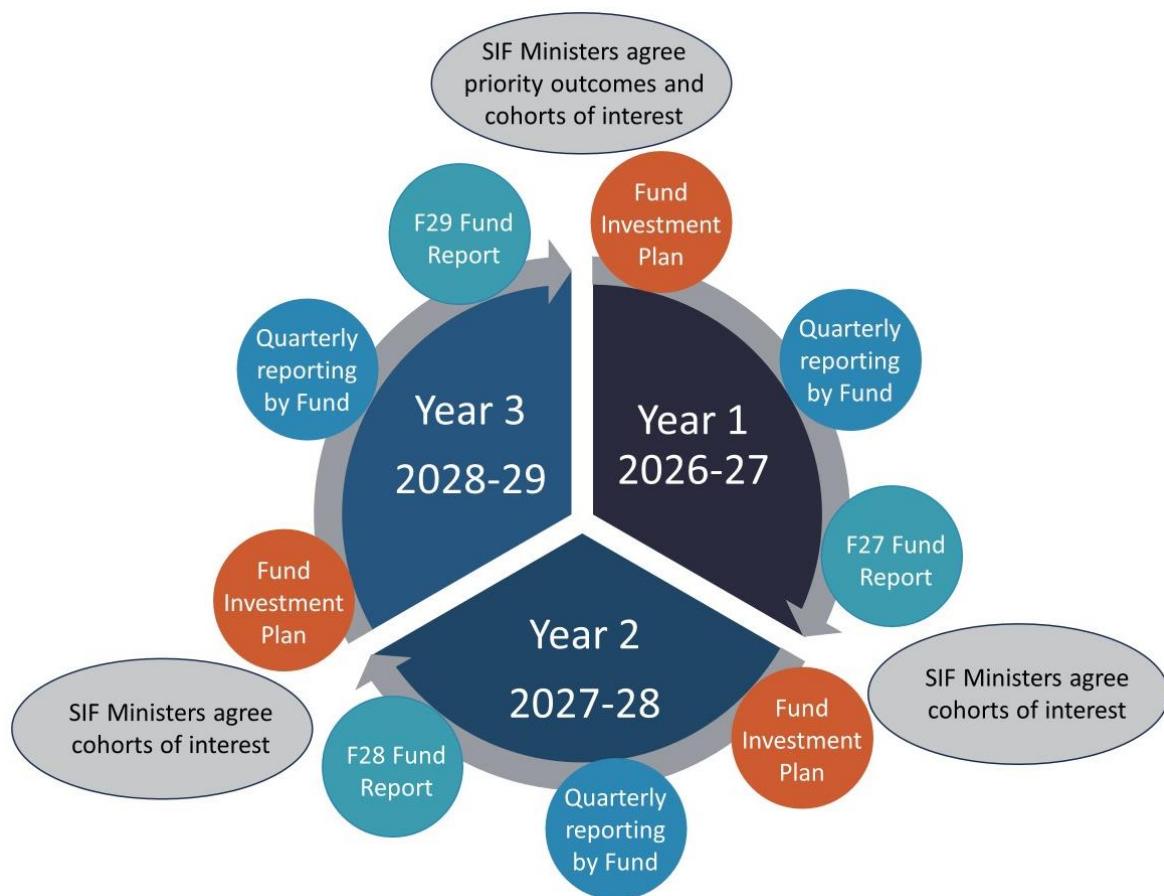
Social Investment Fund Investment Plan

A plan to give effect to SIF Ministers intentions for the Fund will be developed by Fund administrators for approval by SIF Ministers.

Reporting

The figure below summarises the expected rhythm of the three-year investment cycle, including reporting from the Fund to SIF Ministers. Key dates will be subject to Government planning cycles and election dates.

Social Investment Fund planning and reporting cycle



Year 1 (2026-27) investment priorities

On 26 June 2025, SIF Ministers agreed to prioritise the outcomes indicated in the table below. This was based on their alignment to existing Government priority areas and the ability to track results.

Outcome Areas	Fund priority outcomes	Alignment with Government priorities
Improved Health	Reduced serious health events Reduced potentially avoidable hospitalisations	Government Targets Government Targets The Child and Youth Strategy 2024-2027
Greater Safety	Reduced need for children to be placed in state care Reduced violent crime Reduced youth crime Reduced family violence and sexual violence	The Child and Youth Strategy 2024-2027 Government Targets Government Targets TE AOREREKURA ACTION PLAN
Ensuring stable and secure housing	Improved housing stability	Government Targets
Improving knowledge and skills	Improved attendance in education Improved qualifications	Government Targets Government Targets The Child and Youth Strategy 2024-2027
Growing income	Higher incomes	The Child and Youth Strategy 2024-2027
Supporting people into work	Increased employment Reduced need to access benefits	Employment Action Plan Government Targets Employment Action Plan

SIF Ministers also agreed to prioritise the following cohorts of interest for investment:

- Children whose parent(s) are currently or have recently been in prison
- Children of parent(s) who experienced the care system
- Children who are stood down or suspended when they were 12 or younger.