



KiwiSaver
Evaluation



KiwiSaver
Joint
Evaluation
Strategy

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Summary

Introduction

The purpose of the KiwiSaver Joint Evaluation Strategy is to:

- gain approval by Ministers for the high level evaluation design, research programme and budget and a formal mandate for the evaluation for a period of seven years between 2006/07 and 2012/13
- provide a framework to guide evaluation activities over the lifetime of the evaluation and provide a common point of reference for the agencies involved
- inform stakeholders about the proposed evaluation.

Inland Revenue, MED, Housing New Zealand, MSD, the Retirement Commission, Treasury, and Statistics New Zealand have provided input and/or have been consulted during the development of his strategy.

Focus, Purpose and Scope

The focus of the evaluation is KiwiSaver not the broader 'savings' policy. The evaluation will seek to establish whether and how KiwiSaver is addressing and meeting its policy objectives.

The evaluation's purpose, which will evolve over time, is twofold:

- to assist early-on the implementation and delivery of KiwiSaver by providing timely feedback on how delivery is progressing in relation to the design features of KiwiSaver and the initial response to and take-up of the scheme (formative)
- to report on the impact of KiwiSaver to inform the assessment of the scheme's achievements, and to provide information and insight for future policy development and longer-term implementation (summative).

The scope is defined by the statement of general policy and purpose in the KiwiSaver Act 2006¹ as well as methodological and practical considerations, such as a realistic timescale. It will be difficult to determine the extent to which KiwiSaver contributes directly to a range of indirect outcomes and to extend evaluation activities beyond the foreseeable future (to look at longer-term economic or financial outcomes). However, the KiwiSaver evaluation will:

¹ Ref: KiwiSaver Act 2006, Part 1 Preliminary Provisions, Section 3, para1, p11. 'The purpose of this Act is to encourage a long-term savings habit and asset accumulation by individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement. The Act aims to increase individuals' well-being and financial independence, particularly in retirement, and to provide retirement benefits.'

- assess all process aspects of the implementation of KiwiSaver.
- seek to measure whether there is a change in savings behaviour as a result of KiwiSaver.

Four potential critical constraints for the KiwiSaver evaluation are:

- the multi-dimensional and complex context in which KiwiSaver is being implemented
- data availability, timeliness and consistency
- the timeliness of evaluation reporting
- determining the extent to which impacts can be attributed to KiwiSaver.

Evaluation Objectives

The high-level evaluation objectives are:

- **Objective A:** to assess the early implementation and delivery of KiwiSaver as a whole and the various components, to inform the early and on-going development and service delivery of KiwiSaver
- **Objective B:** to assess which of the key features of KiwiSaver are generating the expected outcomes
- **Objective C:** to assess the response to KiwiSaver in order to understand the scale and pattern of take-up
- **Objective D:** to assess the impact KiwiSaver is having on the saving habits and asset accumulation of individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement
- **Objective E:** to assess the impact of KiwiSaver on competitive superannuation markets and the financial sector.

Timeline

This evaluation will start in 2007/08 and continue until 2012/13. The six-year evaluation period takes into account the implementation of KiwiSaver and the rollout of the home ownership assistance and the expectation that longer-term trends and broader impacts may not emerge immediately but towards the end of this evaluation period.

Evaluation Approach

The overall evaluation approach is to seek, where possible, to embed evaluation information collection and extraction in the design of KiwiSaver. The rationale for this is to minimise research costs, minimise the imposition of survey work on providers, employers and individuals and to establish data collection for the longer term.

The approach is based on enhancing IRD's administrative data for information on participation, using provider reports to the Government Actuary for information about the schemes, and exploring options to provide longitudinal data that will show change over time. The evaluation is dependent on decisions taken by other agencies regarding the nature and content of administrative data and identifying viable options for supply of longitudinal data.

The research tasks can be divided into six key phases of evaluation:

- benchmarking
- monitoring
- communications evaluation
- implementation studies
- immediate outcomes studies
- mid-term outcomes studies.

The detailed approach and focus of each research task will need to be designed as KiwiSaver unfolds and priorities and areas of interest emerge.

Communications and Reporting

The nature of KwiSaver, the range of organisations involved and the potential range of impact means that there are a large number of people and organisations with an interest in KiwiSaver.

Internal consultation within IRD, MED and Housing New Zealand will ensure that the views of the policy and delivery teams are represented in the research design and the reporting of evaluation findings, and that findings are reported to appropriate managers.

Externally, evaluation findings will be of particular interest to the Retirement Commissioner's three-yearly review of retirement income policy. Regular reporting to other interested government agencies of progress and findings will be primarily via RISC (Retirement Income Steering Committee), managed by MSD and the Treasury.

Reporting to Ministers will include regular joint evaluation reports, responses to ad hoc inquiries and reports generated by specific evaluation projects. Joint six-monthly and 12-monthly evaluation progress reports will be prepared in consultation with respective operational teams from IRD and Housing New Zealand and MED. The reports will be written in a form suitable for an external audience.

Other reports will include summary and full reports of the research activity undertaken for the evaluation, literature reviews, general management reporting (for example progress reports), Ministerial reporting, Official Information Act Requests, Parliamentary Questions, as well as specific data requests from stakeholders.

Finally, there exists considerable international interest from policy executives and research professionals in the evaluation findings of KiwiSaver.

Governance & Joint Working

The evaluation strategy and research will be coordinated by IRD but implemented by IRD, MED and Housing New Zealand. The Evaluation Steering Group will provide strategic management and guidance to the evaluation and agency agreement on key decisions and documents. Reporting to Ministers and the budgeting process will follow the normal routes of each agency involved in the development and implementation of the evaluation.

Quality Assurance and Risks

The quality of the evaluation process and output will be reviewed at planning, delivery and reporting stages via the Evaluation Steering Group, external and internal peer review, internal management processes and collaborative working by lead.

The risks associated with the joint evaluation of KiwiSaver relate to context, evaluation, data, governance and project management and communications. The evaluation teams will use the Risk Management frameworks operating with the respective agencies to manage and mitigate any risks with the evaluation programme.

1 Introduction

1.1 This paper is the Joint Evaluation Strategy for KiwiSaver. The joint approach to the evaluation reflects the joint implementation of KiwiSaver by IRD, MED and Housing New Zealand Corporation. The evaluation strategy provides a framework for the evaluation of KiwiSaver as a whole, and a guide for the collaborative approach to evaluation research and reporting by the agencies involved. Coordinating evaluation activities avoids duplication of effort and resources and will facilitate reporting to Government.

1.2 The purpose of the strategy is to:

- gain approval by Ministers for the high level evaluation design, research programme and budget and a formal mandate for the evaluation for a period of seven years between 2006/07 and 2012/13
- provide a framework to guide evaluation activities over the lifetime of the evaluation and provide a common point of reference for the agencies involved
- inform stakeholders about the proposed evaluation.

1.3 The strategy seeks to establish the parameters for the evaluation which must be sufficiently flexibility to adapt over time in response to emerging and different priorities and questions.

1.4 The strategy includes the following sections which have been signed off by the Evaluation Steering Group and individually by each agency involved, and peer reviewed by an external independent evaluator:²

- rationale for the evaluation, detailing evaluation focus, purpose and scope
- high level evaluation objectives
- the overall evaluation approach and research activity
- the governance structures and agency roles and responsibilities

² Peer review was conducted by Dr Judith Aitken.

- reporting

- evaluation budget for a period of six years between 2007/08 and 2012/13.

Background

- 1.5 In the 2005 Budget, Government introduced a number of initiatives, under the banner of Securing Your Future, aimed at improving the financial position of New Zealanders in retirement, thus allowing individuals to maintain a better quality of life. The suite of initiatives was prompted by a perceived need to increase the level of saving in New Zealand and reduce debt dependency. Initiatives included a financial education package, expansion of the Mortgage Insurance Scheme (now known as the Welcome Home Loan) and KiwiSaver, which incorporates a home ownership assistance scheme.³ In addition, changes to the Tax system were also introduced. The exception from SSCWT (Specified Superannuation Contributions Withholding Tax) granted to employers' that are contributing to KiwiSaver is a significant feature of these tax changes.
- 1.6 The evaluation draws on agreed statements about the aims and objectives of KiwiSaver. The key statement of the high level intent of KiwiSaver is the statement of purpose in the KiwiSaver Act 2006⁴:
- The purpose of this Act is to encourage a long-term savings habit and asset accumulation by individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement. The Act aims to increase individuals' well-being and financial independence, particularly in retirement, and to provide retirement benefits.
- 1.7 Another statement which seeks to define the purpose of KiwiSaver is the Outcome Statement for KiwiSaver developed by IRD. The draft statement is:
- People have well informed savings habits and accumulate assets to improve financial wellbeing particularly in retirement.
- 1.8 In addition to high level and interagency statements, each agency will develop organisational strategies and implementation plans for their elements of KiwiSaver on which the evaluation will draw.

³ Ref: <http://www.treasury.govt.nz/release/securingyourfuture/polmem-6apr05-w.pdf>

⁴ Ref: KiwiSaver Act 2006, Pg 11.

2 Evaluation Focus, Purpose, Scope

Focus

The focus of the evaluation is KiwiSaver not broader 'savings' policy.

- 2.1 The focus of this evaluation is KiwiSaver. The evaluation will seek to establish whether and how KiwiSaver is addressing and meeting its policy objectives. As such, it is not an evaluation of the Government's 'savings' objectives in their entirety. Nonetheless, the evaluation will need to be cognisant of other Government interventions that may have an impact on KiwiSaver or seek to address the same or similar Government objectives. This includes noting the impact on KiwiSaver of changes to the tax system brought about by Toll⁵ and SSCWT⁶ and the financial education programme which is being implemented alongside KiwiSaver by the Retirement Commissioner.

Purpose

The purpose of the evaluation will evolve and is both formative and summative.⁷

- 2.2 The evaluation's purpose is twofold:
- to assist early-on the implementation and delivery of KiwiSaver by providing timely feedback on how the delivery is progressing in relation to the design features of KiwiSaver and the initial response to and take-up of the scheme (formative)
 - to report on the impact of KiwiSaver to inform the assessment of the scheme's achievements, and to provide information and insight for future policy development and longer-term implementation (summative).
- 2.3 The evaluation of KiwiSaver will span a six-year period, 2007/08–2012/13, and cover the key components of KiwiSaver, implemented by IRD, MED and Housing New Zealand, as well as the scheme as a whole. Consequently, the focus of the evaluation will evolve over time.

⁵ Toll: Taxation of Investment Income

⁶ SSCWT: Specified Superannuation Contributions Withholding Tax

⁷ 'Formative evaluation is evaluation undertaken to provide information that will be used to improve a programme; summative evaluation is evaluation used to form a summary judgement about how a programme operated.' Purdon, S., C. Lessof, K. Woodfield and C. Bryson, National Centre for Social Research, 2001, *Research Methods for Policy Evaluation*, for DWP, HMSO, London.

- 2.4 Initially, there will be interest in whether the design of the programme is effective, whether delivery is working well, and whether the initial response and take-up reflect expectations. Early and timely feedback will be important to identify any immediate actions needed to smooth out any glitches and adjust aspects of the design that aren't working as intended.
- 2.5 As KiwiSaver becomes established, the emphasis will shift to what KiwiSaver has achieved and what impact the scheme is having. This will provide the information to assess whether KiwiSaver is meeting its stated strategic objectives and policy intentions. The feedback may assist policy makers to assess KiwiSaver in the future and adjust the scheme to respond to changes in the environment in which it is operating, for example, the Retirement Commission's 2010 review of retirement income policy.

Scope

The scope of the evaluation is directed by the Act and focuses on what is measurable in the short- and medium-term.

- 2.6 Four **critical constraints** for the KiwiSaver evaluation have been identified:
- **KiwiSaver context:** The context in which KiwiSaver is being introduced is multi-dimensional with many complex factors that are outside the control and influence of KiwiSaver but that will likely have significant impact on the scheme e.g. financial markets, employment trends, housing market cycles, cultural changes, etc.
 - **data availability, timeliness and consistency:** Most of the data used for the evaluation will be sourced from different agencies. The information they hold may not always be available within evaluation timeframes. Moreover, it may not be complete or readily comparable between agencies. It may also be subject to changes (e.g. in definitions) over time and outside the control of the evaluators. For example, the end of the tax year is March however end-of-year reconciliation can take as long as six months to finalise
 - **timeliness of reporting:** Some useful evaluation findings will be readily available (e.g. the short term take-up rates). However, others will take longer to emerge (e.g. sustained patterns of saving). In some instances the long-term benefits of KiwiSaver (such as retirement benefits) are well beyond the scope of the evaluation because of the time it will take for such benefits to be realised
 - **attribution and measuring success:** The evaluation will have access to a wealth of data from the various research activities and sources. This information will be employed to infer causal links between KiwiSaver and changes in savings behaviour, the flow and stock of savings.⁸ The

⁸ Toder, E. & S. Khittrakun, Draft Final Report - KiwiSaver Evaluation Literature Review, 2006, Tax Policy Centre, Urban Institute, for Inland Revenue, Wellington

interpretation of the data will require caution, reflecting the complex environment in which KiwiSaver is being implemented, and the long term nature of its objectives.

2.7 The **scope** is defined by the statement of general policy and purpose in the Act as well as methodological and practical considerations, such as a realistic timescale. It will be difficult to determine the extent to which KiwiSaver contributes directly to a range of indirect outcomes (for example cultural, attitudinal and social outcomes) and to extend evaluation activities beyond the foreseeable future (to look at longer-term economic or financial outcomes). However, the KiwiSaver evaluation will

- assess all process aspects of the implementation of KiwiSaver
- seek to measure whether there is a change in savings behaviour as a result of KiwiSaver.

2.8 Given these constraints, Table 1 sets out what is in- and out-of-scope for this project.

Table 1: Topics in and out of scope for the KiwiSaver evaluation

In-scope and the impact is measurable
<ul style="list-style-type: none"> • KiwiSaver-its design and implementation • Participation in KiwiSaver - scale and nature of participation and factors influencing participation • The contribution of KiwiSaver to asset accumulation (within the limitations of establishing the impact of macroeconomic changes over the evaluation time period and the ability to establish a benchmark for KiwiSaver and identify counterfactual⁹ groups) • The impact of KiwiSaver on the financial sector • The impact of KiwiSaver on employers, including SSCWT regulations for employers
In-scope and important to monitor but where the impact is difficult to measure
<ul style="list-style-type: none"> • Impact on indicators where counterfactual groups or a benchmark cannot be established. • Where KiwiSaver impacts cannot be distinguished or separated from other confounding effects. Examples may include other government interventions, economic climate, other pressures and influences on consumers, employment rates.

⁹ Counterfactual: 'Also called the *base case*. It is defined as the number of positive outcomes that would have been observed amongst the eligible population if the programme was not in place. In most evaluations the counterfactual will be measured (with varying degrees of accuracy) using a control group who are not in receipt of the programme.' Purdon, S., C. Lessof, K. Woodfield and C. Bryson, National Centre for Social Research, 2001, *Research Methods for Policy Evaluation*, for DWP, HMSO, London.

Out-of-Scope

- Impacts linked but not specifically addressed by the KiwiSaver policy objectives, e.g. people's attitudes towards savings, the level of financial knowledge.
- Interventions developed and implemented by other departments (such as Retirement Commission's Financial Education campaign).
- Outcomes and impacts that take a number of years or decades to manifest (beyond 2013).

2.9 A long assessment of whether KiwiSaver is contributing to well-being in retirement is outside the scope of this evaluation. However, its likely contribution may be derived from any emerging patterns of sustained savings behaviour.

2.10 A critical task for the evaluation will be to understand and measure the changes that take place and seek to determine whether such changes can be attributed to KiwiSaver, recognising the complexity of the KiwiSaver environment as mentioned earlier. The evaluation will also explore unexpected effects or negative outcomes that emerge.

3 Evaluation Objectives

3.1 The evaluation will incorporate:

- on-going monitoring
- a process evaluation (Objectives A and B below)
- an impact evaluation which will cover immediate results (Objective C below) and medium-term outcomes (Objectives D and E below).

3.2 The high-level evaluation objectives are:

- **Objective A:** To assess the early implementation and delivery of KiwiSaver as a whole and the various components, to inform the early and on-going development and service delivery of KiwiSaver
- **Objective B:** To assess which of the key features of KiwiSaver are generating the expected outcomes
- **Objective C:** To assess the response to KiwiSaver in order to understand the scale and pattern of take-up
- **Objective D:** To assess the impact KiwiSaver is having on the saving habits and asset accumulation of individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement
- **Objective E:** To assess the impact of KiwiSaver on competitive superannuation markets and the financial sector.

3.3 These objectives are explained in greater detail in Appendix A: Evaluation Objectives, which sets out the thinking behind each objective, its purpose and how it relates to the timing of the evaluation.

3.4 Each of these short- and medium-term assessments has discrete but interrelated objectives and key questions (for further detail see Appendix E: Key Questions and Indicators). This parallels the overall delivery of KiwiSaver, where key policy objectives are interrelated.

4 Research Design

- 4.1 This section of the strategy sets out the overall evaluation design, information sources and key research activities. Details of the questions and indicators are provided in Appendix B: Key Questions and Indicators.
- 4.2 To supplement this strategy, comprehensive evaluation plans defining the detailed objectives and approach for individual pieces of research will be developed over time by the agency responsible for that particular element of the evaluation.
- 4.3 The design of the evaluation is based on:
- the policy intents that underpin KiwiSaver, captured by the KiwiSaver Intervention Logic.
 - consultation with stakeholder agencies to establish priorities, interests and concerns.
 - the review of research prepared by the Tax Policy Centre of the Urban Institute.¹⁰

Key Questions and Indicators

- 4.4 The starting point for the evaluation design is a series of overarching questions and key indicators that the evaluation will be interested in analysing. The questions and indicators (detailed in Appendix B) relate to the evaluation objectives discussed in the section three above (and detailed in Appendix A).
- 4.5 The questions focus on KiwiSaver as a whole and will be supplemented by additional questions that address specific components of the scheme to meet the evaluation requirements of the agency responsible for that aspect of KiwiSaver, for example enrolment, home ownership or communications.
- 4.6 The indicators are those, which, at this stage, are considered most directly attributable to KiwiSaver, or where a causal link can be inferred, and which fall within the scope of the evaluation, as set out in section two of this strategy, and within the timeframe of the evaluation.

10 Toder, E. & S. Khitatrakun, Draft Final Report - KiwiSaver Evaluation Literature Review, 2006, Tax Policy Centre for Inland Revenue, Wellington

Timeline

- 4.7 This evaluation will start in 2007/08 and continue until 2012/13. The six-year evaluation period covers:
- the two-phased implementation of KiwiSaver, i.e. the introduction of the KiwiSaver in 2007/08 and the rollout of the home ownership assistance in 2010/11
 - the expectation that longer-term trends and broader impacts may not emerge immediately but towards the end of this evaluation period.
- 4.8 Diagram 2 (attached to section eight, following) shows an indicative timeframe of the evaluation and how the different tasks relate to the evaluation objectives.

Approach

- 4.9 The overall evaluation approach is to seek, where possible, to embed evaluation information collection and extraction in the design of KiwiSaver. The rationale for this is to minimise research costs, minimise the imposition of survey work on providers, employers and individuals and to establish data collection for the longer term.
- 4.10 The benefits of using administrative data as the primary source of information are:
- the information will be available for continued analysis beyond the period of this evaluation exercise
 - duplication of information collection and storage is minimised
 - information will be more complete than if the evaluation relied solely on survey work
 - administrative data, once implemented, is a more cost effective way to obtain information than surveys.
- 4.11 The limitations and drawbacks to this approach and the research work needed to address them is detailed in Appendix C: Research Tasks.

4.12 The research tasks can be divided into six key phases of evaluation:

- benchmarking
- monitoring
- communications evaluation
- process studies
- immediate outcomes studies
- mid-term outcomes studies.

4.13 Details of each phase in Appendix C: Research Tasks indicates the likely research and evaluation work plan. However, the detailed approach and focus of each research task will need to be designed as KiwiSaver unfolds and priorities and areas of interest emerge.

5 Communications and Reporting

Stakeholders

- 5.1 The nature of KiwiSaver, the range of organisations involved and the potential range of impact means that there are a large number of people and organisations, or stakeholders, with an interest in KiwiSaver.
- 5.2 Internal stakeholders are the agencies primarily responsible for the design, implementation and on-going delivery of KiwiSaver. External stakeholders include other interested government departments, national associations representing the financial sector and employers, e.g. ASFONZ, Business New Zealand, and organisations interested in this public policy area.
- 5.3 The evaluation findings will be of particular interest to the Retirement Commissioner's three-yearly review of retirement income policy.¹¹
- 5.4 In addition, there are probably extensive international research professionals and government audiences, as suggested in the literature review.

Consultation

- 5.5 Internal consultation within the three agencies (IRD, MED and Housing New Zealand) and the members of the steering group will ensure that:
- views of the policy and delivery teams are represented in the design of evaluation research
 - policy and delivery teams are consulted on the interpretation of data and have opportunity to review monitoring, evaluation and research reports prior to their release
 - evaluation research findings are reported to appropriate managers

¹¹ The Retirement Commission will be interested in KS evaluation findings in relation to the 2010 review of retirement income policy, which the Commission is tasked to undertake by the 2002 NZ Superannuation Retirement Income Act. The terms of reference have not yet been developed for the review; however, KS is expected to be a significant element.

- external communication of evaluation findings follows organisational processes
 - KiwiSaver evaluation activity is co-ordinated with other evaluation and research taking place.
- 5.6 Each of the delivery agencies will develop its own internal consultation plan, reflecting agency practice and work programme.
- 5.7 Other organisations involved less directly in KiwiSaver than those represented on the Steering Group will be consulted and advised of developments on an 'as needed' basis where particular evaluation results impact on their portfolio. Regular reporting to other interested government agencies of progress and findings will be primarily via RISC (Retirement Income Steering Committee), managed by MSD and Treasury.
- 5.8 Where appropriate, feedback and input from other agencies would be helpful to the evaluation teams to:
- provide background and context to emerging issues
 - advise on the direction of a specific research project
 - qualify/contextualise data and information emerging from the wider evaluation exercise.

Reporting

- 5.9 Reporting to Ministers will include regular joint evaluation reports, responses to ad hoc inquiries and reports generated by specific evaluation projects. The reporting schedule (see Table 2) sets out the likely timing of six-monthly and annual reports during the evaluation period (final year 2012/13).
- 5.10 The timings indicated for regular reporting have been scheduled around the availability of year-end reconciliation data from IRD and annual reporting by the sector (including KiwiSaver providers) to the Government Actuary. The precise timing of the reports may however change in light of other reporting schedules or interests as processes are developed by the agencies. IRD and Housing New Zealand evaluation teams will need to coordinate reporting with the respective operational teams and the MED evaluation team with the Government Actuary.

Six Monthly and Annual Evaluation Reports

5.11 The evaluation teams from IRD, MED and Housing New Zealand, will provide joint six-monthly and annual progress reports.

5.12 These six-monthly reports will, in the main, draw on administrative information initially from IRD and later (post-2010) from Housing New Zealand. The reports will provide an evaluative perspective to monitoring information collected by the agencies to indicate the progress of KiwiSaver. The reports will also include summarised findings from evaluation and research projects occurring in that period.

5.13 The reports will focus initially on uptake and will provide information on:

- take-up numbers
- profile of savers: proportion of new savers
- proportion of hardship cases
- returns to saving after a contribution holiday
- conversion of an existing scheme
- employers contributing
- home ownership draw down
- home ownership subsidy applications & approvals.

5.14 The annual reports will be extended to include an analysis of the information provided by MED, via the Government Actuary, and will not only provide information on up-take but also on funds. These reports will also comment on contextual information, i.e. gained from analysis of Statistics New Zealand data and on impacts and outcomes as they emerge.

Other Reporting

5.15 Other reports will be produced over the evaluation's lifespan. These will include summary and full reports of the research activity undertaken for the evaluation, literature reviews,

general management reporting (for example progress reports), Ministerial reporting, Official Information Act Requests, Parliamentary Questions, as well as specific data requests from stakeholders.

Table 2: Anticipated reporting dates for KiwiSaver evaluation

Reporting Milestone	Date
Regular joint reporting	
6 monthly evaluation progress report to Ministers	31 March 2008
1st Annual Evaluation Report to Ministers	30 November 2008
6 monthly evaluation progress report to Ministers	31 March 2009
2nd Annual Evaluation Report to Ministers	30 November 2009
6 monthly evaluation progress report to Ministers	31 March 2010
3rd Annual Evaluation Report to Ministers	30 November 2010
6 monthly evaluation progress report to Ministers	31 March 2011
4th Annual Evaluation Report to Ministers	30 November 2011
6 monthly evaluation progress report to Ministers	31 March 2012
5th Annual Evaluation Report to Ministers	30 November 2012
6 monthly evaluation progress report to Ministers	31 March 2013
Final Evaluation Report to Ministers	31 July 2013
Reporting on evaluation research activity results	
Communications evaluation (IRD)	30 November 2007
Process evaluation interim & final findings (IRD)	30 April 2008, 2009
Process evaluation interim & final findings (MED)	30 April 2009, 2011
Process evaluation findings (Housing New Zealand)	30 April 2012
Immediate outcome evaluation (IRD, MED)	30 April 2010, 2012
Immediate outcome evaluation (Housing New Zealand)	31 July 2013
Medium-term outcome evaluation (MED)	30 April 2011
Medium-term outcome evaluation (IRD, MED)	31 July 2013
Ad hoc reporting	
Evaluation reports on specific topics will be provided as they become available	Intermittent

Communicating Findings

5.16 There will be significant interest in the evaluation findings from internal and external stakeholders and the general public. IRD, MED and Housing New Zealand will each have their own communications processes but will coordinate communications activities to ensure that a common message is promulgated. The evaluation communications plan will need to address each of the main audiences for the findings.

Communication to Internal Stakeholders

5.17 Communicating KiwiSaver evaluation findings to internal stakeholders will be the responsibility of each agency, reflecting agency practice and work programme.

- 5.18 The six-monthly and annual evaluation reports and specific reports prepared for individual projects will be circulated to senior managers within IRD, MED and Housing New Zealand by the respective evaluation teams and tabled at the KiwiSaver implementation steering group meetings.

Communication to External Stakeholders

- 5.19 The six-monthly and annual evaluation progress reports and research reports will be written in a form suitable for an external audience. The following process will be used:

- reports will be drafted, reviewed by the KiwiSaver evaluation steering group, and revised to take comments into account
- revised reports will be circulated to IRD, MED and Housing New Zealand communications teams for review
- revised reports will be circulated to IRD, MED and Housing New Zealand Chief Executives for approval for release to the Ministers' offices
- when approved, reports will be publicly released.

Communication to Other Audiences

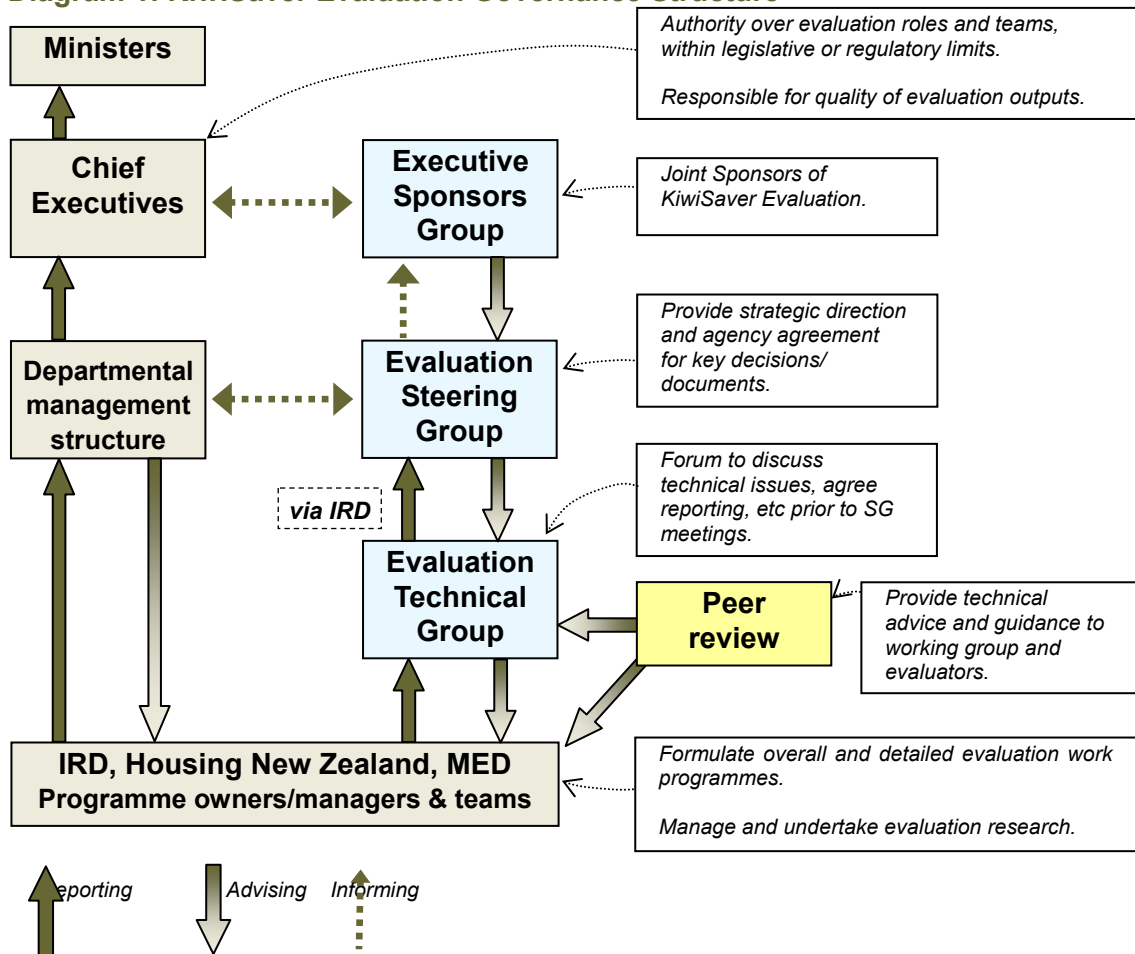
- 5.20 Having approved reports for public release, information will be prepared in a format suitable for the target audience. This may include:

- press releases prepared through the usual IRD, MED and Housing New Zealand channels
- summary information sheets to be placed on the KiwiSaver website
- papers prepared for dissemination through conferences, workshops and publication in journals.

6 Governance & Joint Working

6.1 Successful development and conduct of the evaluation will rely on a collaborative approach between the evaluation, policy, and implementation teams of IRD, MED and Housing New Zealand. The governance and reporting arrangements reflect the need for collaboration and focused accountability throughout the life of the evaluation. Diagram 1 illustrates the governance model, which is described more fully in the following paragraphs.

Diagram 1: KiwiSaver Evaluation Governance Structure



Key Roles

6.2 **Programme Sponsors**, who will be kept informed of progress and key findings, are the Executive Sponsor's Group for KiwiSaver.

- 6.3 The **Evaluation Steering Group** provides strategic management and guidance to the evaluation and approval of key decisions and documents. The evaluation strategy, overall work-programme and budget, aims and objectives for research and dissemination of results and reports are agreed and approved jointly via the Steering Group. A separate Terms of Reference exists for the Evaluation Steering Group (Appendix D).
- 6.4 The evaluation is led and coordinated by Evaluation Services, IRD. As such, IRD will lead the development of the strategy and work-programme, facilitate the Evaluation Steering Group and coordinate reporting.
- 6.5 Components of the research are the responsibility of individual agencies, in line with their KiwiSaver roles and responsibilities. Research activity will be managed within each agency through existing line management processes. Reporting to Ministers and the budgeting process follow the normal routes of each agency involved in the development and implementation of the evaluation.
- 6.6 Each agency has its own **evaluation owner or manager**, with responsibility for the successful delivery of the agreed programme of work. The programme owner/manager ensures delivery to budget and agreed delivery dates, reports to the Evaluation Steering Group in terms of meeting the evaluation strategy and to organisational line management in terms of undertaking the work.
- 6.7 Thus, the joint element of the evaluation involves agreeing research objectives, work-programme and the dissemination of results. The work itself, including deciding technical details and completion of research, is the responsibility of individual agencies. On completion of the research, results and reports will be submitted to the Evaluation Steering Group for approval and agreement on dissemination.
- 6.8 The **Evaluation Technical Group** provides an informal vehicle for the programme owners, responsible for leading the evaluation activity in each agency, to discuss more technical aspects of the evaluation, share information and collaborate where appropriate. Meetings will be arranged to discuss issues arising as the work unfolds and confirm reporting prior to Steering Group meetings. The group's membership includes lead officers responsible for managing the evaluation from Inland Revenue, Housing New Zealand and MED. This is set out as a formal structure in recognition of the need to ensure continuity over the long-time frame set out for the evaluation.
- 6.9 **Peer review** of the research process, internal and external, is used as an additional quality assurance tool, particularly for methodology and interpretation of findings.

Other Relationships

- 6.10 As well as the evaluation governance the evaluation teams will need to coordinate with agency governance structures.
- 6.11 Within **IRD**, Evaluation Services will lead the evaluation and will work with policy and operational teams. Evaluation Services will provide internal reports on evaluation progress to the Saving Programme PSC via the KiwiSaver Management Team. The focus of this reporting is to consult on elements of the evaluation and disseminate findings directly relating to the implementation of KiwiSaver within IRD. Evaluation progress will be reported as key milestones are reached.
- 6.12 Communication with the KiwiSaver Management Team will be facilitated by common membership with the Evaluation Steering Group.
- 6.13 Within **MED**, the Research, Evaluation & Monitoring team of the Effective Markets Branch will take the lead on the KiwiSaver evaluation and will work together with the Financial Sector team of the Competition, Investment and Trade Branch, Government Actuary and the Insurance, Superannuation Unit of the Business Services Branch. Progress and key milestones will be reported to the MED-wide KiwiSaver Evaluation project team.
- 6.14 **Housing New Zealand's** Research and Evaluation Team will work with the Strategic Policy, Operational Policy and Housing Innovations teams. Reporting on the progress of the evaluation and on findings will be made to the Corporation's Executive Team, the Corporation's Board and the Minister of Housing through the General Manager Strategic Services, the General Manager Housing Innovations and the Chief Executive.
- 6.15 There are a number of **other organisations** that are affected by or have an interest in KiwiSaver and/or the evaluation. Their input will be sought as appropriate throughout the evaluation. In these instances, organisations will be kept informed where evaluation projects (including the identification of key questions and design) affect their Minister's portfolio and will have the right to respond to the information provided.
- 6.16 Inland Revenue, Treasury, MED, Housing New Zealand, MSD, the Retirement Commission and Statistics New Zealand have provided input and/or been consulted on this paper.

7 Quality Assurance and Risk

Quality Assurance

7.1 The quality of the evaluation will be reviewed at planning, delivery and reporting stages via four mechanisms:

- Evaluation Steering Group – the Steering Group will provide input at key stages during the evaluation and comment on the quality (technical and presentational) of the evaluation design and output
- Peer review – each key document will be peer reviewed by independent, external experts: Strategic documents will be reviewed by evaluation and policy experts; Technical evaluation research plans will be reviewed by evaluation experts; Reports of findings will be reviewed by evaluation and policy experts.
- Internal management processes – the quality of the research processes, including the quality of contractors commissioned to undertake the research, and the quality of the outputs will be managed by each individual agency (MED, Housing New Zealand and IRD) through normal management and reporting processes.
- Joint working – joint working by lead evaluators will provide informal opportunity for work to be peer reviewed.

7.2 The Joint Strategy external peer reviewer is by Dr Judith Aitken.

Risks and Issues

7.3 The risks associated with the joint evaluation of KiwiSaver relate to context, evaluation, data, governance and project management and communications. The risks, their likelihood, potential impact and proposed mitigation actions are detailed in Appendix E: Evaluation Risks.

Appendix A: Evaluation Objectives

Objective A: to assess the early implementation and delivery of KiwiSaver as a whole and the various components to inform the early and on-going development and service delivery of KiwiSaver

The initial focus of the evaluation will be on the implementation and delivery of KiwiSaver, across IRD, MED and Housing New Zealand. The evaluation will seek to identify what is and what is not working as well or as intended and consequently, what improvements or amendments are required to systems, process and procedures. It will, in coordination with other review activities, assess communications, recruitment (appointment/ registration) of fund providers, engagement with employers and recruitment of savers to KiwiSaver. In time, this will also encompass the operation of the home ownership assistance as it is rolled out from 1st July 2010.

The primary use of the information from the process evaluation will be to:

- provide feedback for agencies on the effectiveness of delivery mechanisms and processes
- provide information to inform issues at the interface between agencies and their key stakeholders, in particular the information exchange between IRD, MED and Housing New Zealand
- identify any difficulties fund providers, employers, potential savers and other stakeholders have in seeking information about, applying to and participating in KiwiSaver.

Objective B: to assess which of the key features of KiwiSaver are generating the expected outcomes

This element of the evaluation will address the how the scheme through its key design features is progressing towards the intended outcomes. As well as considering the early implementation of KiwiSaver to ensure that the model is working efficiently, it is important to assess whether the model is also achieving its desired effect without generating unnecessary compliance or administrative costs, i.e. whether the different design features are generating the expected responses, and if not, how they could be amended.

The primary use of the information from this aspect of the evaluation is to:

- provide feedback for those responsible for the on-going delivery of KiwiSaver on the appropriateness of the design
- evaluate KiwiSaver delivery mechanisms to assess whether and how they are affecting outcomes

- identify unexpected negative effects for employers, fund providers or savers that are the result of particular design features and need to be addressed through policy or delivery changes
- measure the effect of KiwiSaver on administration and compliance costs.

Objective C: to assess the response to KiwiSaver in order to understand the scale and pattern of the take-up

Evaluation objective C will provide regular information to help understand who is participating in KiwiSaver and what influences the decisions of potential savers. This aspect of the evaluation will use regular monitoring information as well as specific evaluation data to measure the initial results of KiwiSaver with particular emphasis on potential savers' awareness of KiwiSaver, who is participating, the reasons behind the individuals' decisions, and the role and influence of the different KiwiSaver key features.

The primary use of the information from the evaluation of these early results is to:

- identify and seek to explain any significant differences between possible take-up rates, as indicated by benchmark research, and actual participation
- describe any socio-demographic differences in take-up rates and explore the reasons for such differences
- assess who is participating, via automatic enrolment or voluntary enrolment, and opting out, defaulting or making active investment choices
- identify any groups not participating, exploring the reasons, and use this information to develop implementation and delivery strategies to target these groups if appropriate
- identify how many savers are opting for contributions holidays and the reasons behind their choices
- identify and profile the nature of employer contributions
- identify the number and profile of people exiting the scheme and the reasons
- provide information to inform on-going communications activities
- develop models of the profile of savers when they reach the age of 65 years and their projected savings

- provide an initial indication of the likely take-up of the home ownership assistance (and, post 2010, actual take-up).

Objective D: to assess the impact KiwiSaver is having on the saving habits and asset accumulation of individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement.¹²

Evaluation objective D assesses the intermediate and longer-term outcomes of KiwiSaver. The evaluation activity will need to consider whether and how KiwiSaver has contributed towards any new or additional asset accumulation amongst New Zealanders who are currently under-saving or not saving at all. This includes assessing whether KiwiSaver has generated a lasting affect, e.g. long term saving; has generated indirect benefits, e.g. initiating a wider debate about the need to save; is being used as an additional saving option by new savers; and, has not displaced existing saving activity by existing savers.

The primary use of the information from the outcome evaluation is to provide information to policy makers that will be useful for future policy development by indicating the extent to which KiwiSaver

- has resulted in long term behavioural change
- identify other factors that have influenced the success of KiwiSaver and New Zealanders' savings habits
- explore whether there have been any unanticipated impacts on savers and non-savers.

Objective E: to assess the impact of KiwiSaver on competitive superannuation markets and financial sector

Evaluation Objective E completes the picture of KiwiSaver impacts and will evaluate the supply side of KiwiSaver. It involves exploring the impact of the intervention on the financial sector, on both providers and non-providers, and will seek to understand whether the scheme has created any negative or positive effects for the sector.

The primary use of the information from Objective E will be to inform future policy interventions and guide the monitoring and regulation of providers.

¹² Ref: KiwiSaver Act 2006, p11

Appendix D: Key Questions and Indicators

Objective	Key Questions	Strategic Indicators
Objective A		
the early implementation and delivery of KiwiSaver as a whole and the various components to inform the early and on-going development and service delivery of KiwiSaver.	<ol style="list-style-type: none"> 1. What has been the effect of KiwiSaver changes to systems, processes and procedures on those involved? <ul style="list-style-type: none"> • delivery agencies (IRD, MED, Housing New Zealand) • employers (SMEs/corporates) • providers (Default/other) 2. How effective are KiwiSaver processes and procedures at delivering the scheme to customers? 3. How prepared are potential savers to participate in KiwiSaver? 4. Did potential savers feel able to make decisions or not? 5. What has worked well or hasn't worked as well as intended in the experience of savers and non-savers; employers (SMEs/corporates); scheme providers (Default/other); and Staff (IRD, MED, Housing New Zealand) involved in the implementation of KiwiSaver? 6. What impact is KiwiSaver having on those involved in administering the system? 	<p>Indicators which align with these Strategic Measure will be developed as appropriate for each agency.</p> <ul style="list-style-type: none"> • Targeted and Tailored activities through customer understanding • Optimise Organisational Efficiency and Reduce Compliance Costs over Time through Partnership and E-Business processes • Create an environment which Promotes Compliance • Optimise Organisational Efficiency and Reduce Compliance Costs over Time <p><i>(Ref: IRD Strategic Measures)</i></p>
Objective B		
<p>which of the key features of KiwiSaver are generating the expected outcomes.</p> <ul style="list-style-type: none"> • Selection & recruitment of providers • Provision of information • Work-based scheme • PAYE alignment • Automatic enrolment • Conversion from existing schemes • Employer contribution tax exemption 9SSCWT) • Deductions at source • Government incentive (\$1,000 up front contribution) • Choice of provider & saving level (4% or 8%) • Default provider and 4% deductions • Contribution holiday 	<ol style="list-style-type: none"> 1. Which features are working well, which aren't, for whom and why? <ul style="list-style-type: none"> • (potential) savers • employers (SMEs and larger employers) • fund providers • delivery agencies (IRD, MED, Housing New Zealand) 2. Are the design features that were identified as incentives/disincentives working as expected? 3. Are any additional design features required? 4. Does KiwiSaver offer the flexibility savers need for asset management over time and in response to changing circumstances? 5. Are employers providing additional contributions? 6. What are the compliance cost implications for employers? How does this relate to the administrative cost? 	<ul style="list-style-type: none"> • Take-up numbers • Profile of Savers: proportion of new savers • Proportion of hardship cases • Returns to saving after a contribution holiday • Conversion of an existing scheme • Employers contributing • Home ownership draw down • Home ownership subsidy applications & approvals • Employer compliance costs • Provider compliance costs

Objective	Key Questions	Strategic Indicators
<ul style="list-style-type: none"> • Withdrawal for home ownership • Regional house caps • Income caps 		
Objective C		
the response to KiwiSaver in order to understand the scale and pattern of take-up.	<ol style="list-style-type: none"> 1. What is the scale of take up? 2. What is the nature of take up? 3. What influences take up? 4. Is there an emerging pattern of sustained saving? 	<ul style="list-style-type: none"> • % of new employees enrolling • Profile of savers: age; gender; income levels; ethnicity • Active choices: opt-in; active choice schemes; 8% saving rate • Take-up home ownership draw down • Applications for homeownership subsidy & approvals • Sustained saving over time
Objective D		
the impact KiwiSaver is having on the saving habits and asset accumulation of individuals who are not in a position to enjoy standards of living in retirement similar to those in pre-retirement.	<p>Short term</p> <ol style="list-style-type: none"> 1. What is the scale and nature of participation and non-participation over time? 2. Why have individuals opted-in/-out? 3. Do the asset accumulation activities of KiwiSaver participants differ to non-participants? 4. What would savers have done if KiwiSaver didn't exist? <p>Longer term (in addition to the above)</p> <ol style="list-style-type: none"> 5. What are current views of 'saving for retirement'? Have they changed? 6. Has KiwiSaver displaced existing provision or boosted savings in New Zealand? 7. Have savings patterns changed more broadly (e.g. for non-KiwiSaver savers)? 8. Are KiwiSaver savings generating financial benefit to savers? 9. What are the benefit of the home ownership assistance options? 	<ul style="list-style-type: none"> • Continued saving • Consistent saving • Access and support for home ownership • Contribution to net worth • Contribution to household savings • Financial awareness/knowledge • Other (non-KiwiSaver) saving activity
Objective E		
the impact of KiwiSaver on competitive superannuation markets and the financial sector.	<ol style="list-style-type: none"> 1. What's the profile of providers in comparison with the sector? 2. What are the compliance costs for KiwiSaver fund providers? 3. Has the nature of the sector changed and how? 4. Have providers experienced loss of savings or savers from other schemes as individuals have joined KiwiSaver? 5. What has been the impact of any shift? 	<ul style="list-style-type: none"> • Compliance costs for scheme providers • KS provider registrations • Growth of KS schemes • Sector profile • Distributions of investment in KS funds

Appendix E: Evaluation Research Tasks

Benchmark and measuring change over time

A benchmark to measure KiwiSaver effects is an essential component of the evaluation because of the universal nature of KiwiSaver, as identified by the Evaluation Literature Review.¹³ This element of the evaluation will contribute towards addressing evaluation objectives D and E and will draw on context indicators¹⁴ as well as information directly linked to the programme.

To address evaluation objective D (to assess the impact KiwiSaver is having on under/non-savers' saving habits and asset accumulation, particularly for retirement) we have started to explore the use of an existing survey, SoFIE. SoFIE is the longitudinal Survey of Family Income and Employment, undertaken by Statistics New Zealand. The survey collects information about the flow of wealth and asset accumulation every two years.

As well as avoiding duplication of resources, the benefit to the evaluation of using SoFIE is three-fold:

- Quality – the rigorous processes employed by Statistics New Zealand will provide reliable and high quality data
- Timing – the 'waves' of SoFIE that collect information about net worth are those implemented in 2004, 2006, 2008 and 2010. The series will provide pre and post KiwiSaver information for the period immediate to the KiwiSaver implementation date (July 2007)
- Longitudinal – the panel survey design for SoFIE provides researchers with the opportunity to make comparisons in the behaviour of the same people over time, and through this, measure change in behaviour.

IRD, MED and Housing New Zealand will work with Statistics New Zealand to explore the most cost effective method(s) of tracking changes in saving behaviour over time, alongside the feasibility and impact of making changes to SoFIE without undermining the quality and integrity of the data.

¹³ Toder, E. & S. Khittrakun, Draft Final Report - KiwiSaver Evaluation Literature Review, 2006, Tax Policy Centre for Inland Revenue, Wellington

¹⁴ Context indicators are indicators which are broadly related to the programme being evaluated and help explain the changes to the environment in which the programme is operating but where a direct causal link cannot necessarily be established.

SoFIE is scheduled to end in 2010, so could provide only very limited information to assess changes in savings behaviour over time. The timing of Kiwi Saver means that any changes could only realistically be made to the final wave of the survey.

The continuation of SoFIE beyond the immediate funded period (which extends to 2010) would also be invaluable to the continued evaluation of KiwiSaver and understanding of its impact over time. Discussions about the future of SoFIE are underway and this strategy, its scope and work programme, will be amended in light of the conclusion to these discussions..

To address evaluation objective E, MED will undertake a benchmark exercise of the financial sector to establish the characteristics and expectations of providers.

Monitoring

This element of the evaluation will start as KiwiSaver becomes operational. It covers analysis and review of administrative and secondary data relating primarily to evaluation objective C. Analysis of administrative data will allow evaluation teams to identify emerging patterns of take-up and the characteristics of savers/non-savers.

Data used for monitoring purposes is the administrative data incorporated into the KiwiSaver delivery model. However, the evaluation monitoring will be additional to that undertaken for operational reporting by delivery teams. The reporting activity will be shared among IRD, MED and Housing New Zealand; saver profiles and recruitment and money transfer for IRD; provider management for MED, through the Government Actuary; take-up of the home ownership subsidy by Housing New Zealand.

There are limitations and practical consideration that will influence when and what will be available from the administrative data. The precise nature of the information available is not yet finalised and is dependant on the operational systems developed by IRD and the reporting required by providers, which is still being finalised by MED.

IRD administrative data will be sourced from IRD's FIRST and CAS systems. The evaluation team will have access to reports generated for operational reporting and for forecasts and expenditure as well as opportunity to generate its own reports. The data is subject to the quality assurance procedures used by IRD. IRD data will be limited to KiwiSaver participants and contributions which are processed via IRD and will therefore not be a complete picture of the scheme as a whole. Neither will IRD data provide information on the funds – other than the contributions being made. The quality and availability of information from IRD sources will depend on when the information is accessed. For example, due to delays to filing returns, monthly reports about contributions may provide information that is 80% complete; information that will be 95% complete will take approximately three-month to be processed. Consequently, the evaluation team intends to report six-monthly on IRD generated information.

MED will access information provided to the Government Actuary as the annual reporting by providers. This is likely to be aggregate data which will limit the scope for analyse. However, this information will provide useful information about the funds themselves and not only the level of contribution. Un-audited accounts are submitted to the Government Actuary by providers in

July. Audited accounts from providers are available annually in October. Thus reporting using information provided by scheme providers will be annual.

The systems for the home ownership assistance have not yet been designed by Housing New Zealand. Consequently, it is not possible at this stage to identify the administrative data that will be available.

The challenges associated with using administrative data that the evaluation will need to take into account when reporting are:

- possible changes to the administrative data over time that will make it difficult to compare year-on-year information
- consistent reporting between agencies – a glossary will be developed to ensure consistency in definitions and a common understanding by the evaluation teams
- changes to the information as data becomes more complete, e.g. comparisons between IRD monthly reporting and year-end data
- comparisons between different data sets – e.g. the evaluation teams may not be able to reconcile the number of scheme members between MED and IRD sourced data.

Communications evaluation

The public's perception of KiwiSaver, employers' reaction to the scheme and providers' participation are crucial to the successful implementation and take-up of the scheme. As such, the communication activities and messages, and the responses they generate are integral to the implementation of KiwiSaver.

IRD will undertake survey research to follow on from communications benchmark that was completed in 2005 to gauge employers' and individuals' response to KiwiSaver, the awareness and understanding of the scheme and reaction to the 'image'. To ensure comparability between with the benchmark a similar methodology will be followed. The original research included qualitative and quantitative surveys with employers and individuals:

- five focus groups with employers
- five focus groups with individuals
- 15-minute telephone survey of 500 employers

- 15-minute telephone survey of 1,000 individuals.

Process studies

Process, or formative, research is planned to start in 2007/08 for IRD with the majority of the research and reporting happening in 2008/09 for both IRD and MED. MED also proposed an update of the research in 2010/11.

The focus of this research will be to address evaluation objectives A and B. It will involve an evaluation of the implementation and initial running of KiwiSaver and will draw on the experience of staff, key stakeholders and employers. The aim of the research will be to investigate how the KiwiSaver model is operating.

The research may include:

- consultation with agency staff – likely to be a mix of up to six focus groups and approximately 16 interviews undertaken in two waves
- qualitative research with stakeholders – up to 30 fact-to-face qualitative interviews with organisations representative of the sector and employers, government departments and quasi-government organisations with policy interest in KiwiSaver
- research with providers
- a survey of employers – undertaken in two waves, likely to be up to 25 face-to-face in-depth interviews that will inform a quantitative telephone survey with approximately 250 employers.

The research will be reported in two stages – interim findings followed by a final report. The two staged approach will not only enable us to provide quick feedback during the early stages of delivery but also allow a more considered report as KiwiSaver becomes embedded within the agencies and in employers and providers day-to-day activities.

A similar process will be undertaken by Housing New Zealand when the home ownership subsidy gets underway in 2011/12.

Immediate outcome studies

By 2009/10 KiwiSaver will have been up and running for two years for both IRD and MED. Although it is recognised by the evaluation teams and the steering group that the scope for measuring impacts in such a short period of time is limited, this phase of the evaluation

research will seek to identify emerging trends and issues relating to objectives B, C and D. The aim of research will be to add depth to the monitoring information by investigating the factors influencing the response to the different design features of the KiwiSaver model.

The research may include

- modelling potential future trends based on existing patterns of participation
- qualitative consultation with agency staff – likely to be a mix of around six focus groups and up to 16 interviews, undertaken in two waves
- qualitative research with stakeholders – up to 30 fact-to-face qualitative interviews with organisations representative of the sector and employers, government departments and quasi-government organisations with policy interest
- research with providers
- survey of employers – a mix of telephone survey of around 500 employers followed by in-depth interviews with up to 25 employers
- survey of individuals, including participants in KiwiSaver and those who have opted-out or not chosen to opt-in – a telephone survey of 30 minute interviews with up to 2,500 individuals supplemented by qualitative research via focus groups and in depth face to face interviews.

MED propose to update the research with stakeholders in 2011/12.

A similar process will be undertaken by Housing New Zealand for the home ownership subsidy as part of the longer term studies in 2012/13.

Mid term outcome studies

The aim of this research will be to address evaluation objectives D and E. The majority of the research is scheduled for 2012/13 (MED also propose to undertake some sector analysis in 2010/11). The timing of the research is planned to capture participation trends and broader impacts of KiwiSaver will take time to emerge. Indeed the longer-term, in retirement, outcomes of KiwiSaver are beyond the scope of this evaluation due to the time these benefits will take to come about. Nevertheless, within five years of its implementation it may be possible to investigate changes in behaviour associated with saving via KiwiSaver. This phase of research will also incorporate an initial review of how the home ownership assistance is progressing.

The research methodology is likely to mirror the immediate outcome studies and may include the following

- modelling potential future trends based on existing patterns of participation
- qualitative consultation with agency staff – likely to be a mix of around 12 focus groups and up to 24 interviews
- qualitative research with stakeholders – qualitative research, face-to-face interviews, to investigate key themes and priorities that will inform the research with providers, employers and individuals
- research with providers
- a survey of employers – with particular emphasis on understanding
 - the different impacts on SMEs versus corporate employers
 - which employers who are contributing to KiwiSaver and those who are not and any links to participation.
- a survey of individuals – the evaluation team envisage that the information gained from the monitoring data and from SoFIE will generate a picture of who is saving through KiwiSaver and who is not. The aim of this research activity is to investigate in more depth the patterns evident from the monitoring data by seeking to understand why certain patterns of behaviour have emerged. Aiming for a total of around 2,500 interviews, the evaluation teams anticipate, at this stage, that the following groups will be of interest and require further investigation:
 - those who are not currently saving with KiwiSaver – to understand why they have opted out
 - those saving with KiwiSaver not making active choices – to investigate their level of understanding and motivations
 - those saving with KiwiSaver on single or multiple contributions holiday – to understand how savers are using the contribution holiday

- those who have accessed the homeownership draw down – to assess the contribution this element of KiwiSaver has made to individuals perception of KiwiSaver and of the need for long term saving
- those who have been approved for the home ownership subsidy.

Appendix F: Steering Group Terms of Reference

Context

Purpose

This document accompanies the Draft KiwiSaver Joint Evaluation Strategy.

The purpose of this document is to describe in more detail the role of the KiwiSaver Evaluation Steering Group. The role of the Steering Group needs to be understood within the following context:

- the evaluation strategy and research will be coordinated by IRD's Evaluation Services
- however, individual streams of work will be undertaken, in collaboration, by IRD, HNZA and MED as appropriate
- and reporting to ministers and the budgeting process will follow the normal routes of each agency involved in the development and implementation of the evaluation.

Rationale

The rationale for the Evaluation Steering Group is four fold:

- **Evaluation best practice:** An independent Evaluation Steering Group is internationally recognised as best practice in evaluation. The Evaluation Steering Group needs to focus on the evaluation, which is often different in timescale and priority to the focus of groups involved with implementation
- **Knowledge and experience:** An independent Evaluation Steering Group does not preclude a crossover of personnel – indeed this is often necessary to bring up-to-date knowledge of programme to the evaluation. Senior officers bring with them knowledge and expertise to the sensitive task of defining the scope and questions, interpreting findings and communicating results
- **Risk management:** Faced with a multi-agency, long-term evaluation programme it is important to build in mechanisms to ensure continuity over time and agreement between agencies
- **Governance:** Key stakeholders will be represented on the Evaluation Steering Group and it will have a direct communication link with the KiwiSaver delivery teams.

Evaluation Steering Group

Role

The primary role of the Evaluation Steering Group is to provide strategic management and guidance to the evaluation and approval on key decisions/documents. The Evaluation Steering Group is not intended to provide technical advice concerning methods or the scoping and/or implementation of those methods. This will be obtained via peer review between the agencies and from external experts.

Responsibilities

Members are required to represent the interests of, and make binding decisions on behalf of, their respective agencies/service units.

Continuity of attendance by individual members over the duration of the evaluation is preferable. However, it is recognised that this may not be possible given the long duration of the evaluation. Where individual members are unable to attend a meeting, it is their responsibility to ensure a designated representative, with sufficient delegated authority, attends on their behalf.

Key responsibilities of the Group include the following:

- ensuring the scope and/or focus of the evaluation is appropriate and meets the strategic intent in advance of approval by Ministers
- providing the business input and knowledge that will help the evaluation succeed, including assistance with issue/risk identification and management
- monitoring the evaluation's progress against stated objectives and key milestones
- reviewing/commenting on draft reports and approving final reports
- agreement on key decisions that require executive level approval
- advising/assisting with the management of non-technical evaluation issues, for example, relationship management and utilisation of evaluation and monitoring information
- ensuring the interests of key stakeholders (IRD, HNZC, MED, MSD, Treasury) are properly represented in decisions about the shape and direction of the evaluation
- sharing information from the respective agencies relevant the evaluation and to evaluation managers
- keeping each member's agency informed on the evaluation's progress
- ensuring appropriate coordination with related initiatives.

Composition

The membership of the Evaluation Steering Group reflects both the inter-agency nature of KiwiSaver and the strong policy and service delivery interest in the evaluation findings. This group will represent a mix of knowledge and expertise covering policy, KiwiSaver delivery and an understanding of evaluation. Each agency will determine who would be most appropriate representative. This group comprises:

- IRD - Manager, Strategic Development (Chair)
- IRD - Programme Sponsor or representative
- IRD - Policy representative
- HNZC - Policy representative
- MED - Policy representative
- Representative from MSD – Older People's Policy Unit
- Representative from Treasury
- Retirement Commission representative
- Independent sector representative

Duration

The Evaluation Steering Group will be required for the duration of the evaluation's lifespan; starting with the scope and planning stages.

Deliverables

Expected deliverables of the Evaluation Steering Group include:

- feedback on evaluation documents/reports submitted to the Group
- approval of key decisions and documents.

Relationships with other Groups

Relationship with KiwiSaver Interagency Steering Group

The link between the KiwiSaver Implementation Steering Group and the Evaluation Steering Group is that of a communication line and joint membership.

Relationship with the RISC

The link between the Evaluation Steering Group and RISC will be a communication line to coordinate the evaluation with wider research agenda through representatives being common to both Groups and sharing of information between members. RISC input would be sought at key stages of the evaluation e.g. consultation on the evaluation strategy, advise on research tools, presentation of evaluation findings.

Relationship with Consultation/Advisory Organisations

The link between the Evaluation Steering Group and Consultation/Advisory organisations (RC, DoL, MoE, and MoH) will be a consultation and communication as appropriate by evaluation teams. In these instances, organisations will be kept informed where evaluation projects (including the identification of key questions and design) impact on their portfolio, and will have the right to respond to the information provided.

Administration Of The Evaluation Steering Group

Secretariat

IRD will be responsible for administrating the Steering Group including facilitating communications between Evaluation teams and the Steering Group, circulating documents and arranging Steering Group meetings.

Meetings

The Evaluation Steering Group will be chaired by the Manager, Strategic Development as Programme Owner and the Senior Manager from IRD, through which the evaluation is being coordinated.

Meetings will be held at IRD, and the frequency will be altered to reflect need. It is not envisaged at this stage that the Group will need to meet more often than once a month. It is the responsibility of the evaluation project managers to schedule meetings and ensure necessary documentation is distributed to members as appropriate.

Appendix G: Evaluation Assessment Risk

The analysis below of circumstances which may pose a risk for the evaluation has highlighted issues around availability and use of data are the main risks for the evaluation. In particular, the ability to utilise Sophie as benchmark and longitudinal research tool and the availability of information from administrative sources. These risks are being mitigated through on-going discussion with Statistics New Zealand, IRD operational design teams and the Government Actuary. A flexible approach to bespoke surveys will also enable the evaluation teams to supplement gaps in the data through the planned survey research.

Potential Risk	Impact Description	Mitigation	Likelihood	Impact
Context				
Policy Changes	Changes to the policy intent and design of KiwiSaver in the next five years invalidate the evaluation objectives or key questions	The evaluation strategy states the high level intent but detailed design is flexible to respond to policy changes The evaluation teams will maintain close links with policy teams to ensure that they are aware of policy changes	Almost Certain	Moderate
Contextual changes e.g. economic downturn / housing market slump /economic cycles	Changes to the economic climate and the housing market will undermine the attractiveness of KiwiSaver and/or the performance of KiwiSaver funds	Evaluation questions and interpretation of findings will allow for the economic context for KiwiSaver The evaluation will establish what can/cannot be attributed to KiwiSaver and analyse research findings in this light	Almost Certain	Moderate
KiwiSaver				
Implementation	KiwiSaver is not implemented to agreed design specification or timelines	The focus of the evaluation will need to shift to process evaluation and the timing amended in response to implementation timetables	Unlikely	Low
Implementation	Changes to the administrative design of KiwiSaver in the next five years invalidate the evaluation objectives or key questions	The evaluation strategy states the high level intent but detailed design is flexible to respond to administrative changes The evaluation teams will maintain close links with delivery teams to ensure that they are aware of implementation/ administrative changes	Almost Certain	Low
Evaluation				
Research Methods	Research methods are not appropriate to the research question	The evaluation technical group will peer review all detailed evaluation plans and also employ experts to do so to ensure that the best approach and research design is achieved All research briefs will be agreed by the steering group and senior managers as part of the quality review process	Very Unlikely	Low
Timeframe	The research is not undertaken within the planned timeframe	Departmental management processes and the evaluation steering group will oversee the evaluation process to ensure that the evaluation keeps to timescales	Very Unlikely	Low
Research	Impacts occur outside	Further evaluation research will be	Unlikely	Moderate

Potential Risk	Impact Description	Mitigation	Likelihood	Impact
findings	the evaluation's timeframe	investigated at a later date and as early findings emerge.		
Data				
Data capture and sharing	Data captured by administrative systems or Statistics New Zealand does not provide all the information required by the evaluation.	Ministers have been notified and continue to be updated about gaps in the information that will be available from administrative data. Evaluation teams are working with delivery teams to ensure that as far as is practical evaluation data will be available from administrative sources. Additional survey work will be undertake to investigate issues not covered by administrative data. Evaluation teams are working with Statistics NZ to utilise their existing and future surveys to provide information to supplement administrative data.	Likely	High
Analysis and usability	Data collected through administrative systems does not have the flexibility to allow analysis required to answer evaluation questions	Evaluation teams are working with delivery teams to ensure that as far as is practical evaluation data will be available for the analysis required. Evaluation teams will include researchers with technical ability to interrogate the data. Additional survey work will be undertake to investigate issues not covered by administrative data.	Unlikely	High
Reliability/ quality	Data collected through administrative systems is unreliable The quality of the data collected through administrative systems cannot be guaranteed	All analysis of and reporting based on administrative data will take into account and describe the limitations of the data. The evaluation will not use data when the quality is not acceptable.	Unlikely	Moderate
Project Management				
Staff retention	Loss of knowledge or momentum through turnover in key evaluation staff	All processes, meetings, agreements and strategies will be documented as a means of transferring information. Information will be shared between agencies as well as within evaluation teams. Adequate budget allocated to attract new staff.	Almost Certain	Moderate
Quality of contractors	Contractors commissioned to undertake research do not undertake the work or generate output of acceptable quality	Potential contractors will be selected based on recommendation and from preferred suppliers Contracting process will require examples of past work and referees to confirm quality of past work Day-to-day management of contractors will follow organisational best practice guidelines.	Very Unlikely	High
Time and resource overruns	Evaluation is not delivered on time and/or to budget.	Departmental management processes and the evaluation steering group will oversee the evaluation process to ensure that the	Unlikely	Moderate

Potential Risk	Impact Description	Mitigation	Likelihood	Impact
		evaluation is implemented to budget. Research activity will be costed within available resources.		
Governance				
Continuity	Change in Steering Group membership.	All meetings will be recorded. All agencies are committed to identifying suitable replacement to maintain the seniority of the group.	Almost Certain	Low
Communications				
Timing of findings	Evaluation findings are not available to inform responses to PQs, general inquiries or internal departmental needs	Evaluation scope and timing will seek to balance the quality of the research, availability of information and needs of those with an interest in the evaluation. Evaluation teams will, as far as the data permits, be responsive to inquiries as they emerge.	Almost Certain	Moderate
Lack of communication between agencies	Information is not shared/ communicated between agencies leading to different messages and information being promulgated.	The technical group will work closely together to ensure that ... All processes, meetings, agreements and strategies will be documented as a means of transferring information. Information will be shared between agencies as well as within evaluation teams.	Unlikely	Low