

2019/
20

Ministry of Social Development
Te Manatū Whakahiato Ora

Pūrongo ā-tau

Annual Report



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Presented to the House of Representatives pursuant
to section 44(1) of the Public Finance Act 1989



Manaaki tangata, Manaaki whānau

We help New Zealanders to be safe, strong and independent

**Ko te pae tawhiti
Whāia kia tata,
Ko te pae tata
Whakamaua kia tina.**

Seek out the distant horizons,
While cherishing
Those achievements
At hand.

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Te Kupu Whakataki a te Tumuaki

**Ka huri te kei o te waka ki te pae tawhiti
Kia hoe ngātahi ki te pae tata
Ki te whai ao, ki te ao mārama.**



Kāore pea he tau i tua atu i te tau 2020 mō te whakamātautau i a tātou katoa, ka mutu, he tuatahitanga tēnei te karanga ki Te Manatū Whakahiato Ora ki te kawe i tētahi tino mahi pēnei te nui mō te tini me te mano o te iwi whānui o Aotearoa. Nō reira me pēnei ake taku kī nōku te māringanui, i riro māku te arataki tētahi whakahaere pēnei te pai mō te tū ki te mura o te ahi me te tuku āwhina ki te tangata i te wā o te taumahatanga.

I te tau 2018, i huraina tō mātou ahunga rautaki, Te Pae Tawhiti, e whakatakoto ana i ngā nekehanga matua e toru e hiahiatia ana kia whakatutukingia kia pai ake ngā hua ka puta ki ngā tāngata o Aotearoa: Mana manaaki – he wheako whai hua i ia wā, i ia wā; Kotahitanga – he whai hoa mahitahi kia whānui ake te papātanga, me; Kia takatū tātou – e tautoko ana i te whanaketanga wā roa ā-pāpori, ā-ōhanga anō hoki. Mai i taua wā, kua tīmata mātou ki te whakahoahoa anō me te whakatikatika haere i te āhua o tā mātou whakahaere kia tuituia ā mātou ratonga, puta noa i ngā kaupapa whiwhinga mahi, whare, tautoko ā-pūtea hoki. Ko tētahi wāhanga nui o tēnei ko te whakatutuki i te whakatau a te Kāwanatanga ki te whakahou i te pūnaha toki i te ora, kia tika ake, kia māmā ake te whai kuhunga.

Ko ā mātou whakatutukinga i tēnei tau, arā, ko te pana whakamua i a mātou e whakarite ana i ngā whakarerekētanga ki te āhua o tā mātou whakahaere i tā mātou mahi. Kua whakahoutia ō mātou paetukutuku me ā mātou hongere whakawhitiwhiti kōrero kia māmā ake te whai wāhi mai, kia ātaahua hoki te āhua hei rāhiri i te tangata. Kua whakapikihia te nui o ā mātou kaimahi e whakakanohi ana i ngā mahi ki te whakatutuki i te pikinga o te hiahia ki ā mātou ratonga. I whakaterea te taupānga KāriKoura, i whakapaingia ake hoki ā mātou ratonga matihiko. Nā te Pūtea a te Kāwanatanga ki ā mātou NGO katoa, tae atu ki ngā ratonga whānau, tūkinotanga ā-taera hoki, i tino piki te nui o te pūtea. Arā ngā whakapātaritari, ngā wero - i tautokona e mātou ngā hapori i te wā o ngā aituā pērā ki ngā puhinga i ngā whare kōrana o Ōtautahi, ngā waipuke, ngā tahu, ngā tauraki me te pahūtanga o Whakaari. I whakatutuki i a mātou aua wero, ka mutu, i whakapau kaha mātou ki te whakaheke i te whiwhiwhi i tō mātou pūnaha, kia māmā ake te whai wāhi mai, ki te whakapai ake hoki i tō mātou ratonga. I tō mātou ekenga ki te tau 2020, he mārama tō mātou wawata, me tōna ara hei whai. Nā wai i hua, nā wai i tohu i TUA noa atu i te pae te KOWHEORI-19 e whanga mai ana?

Hei tautoko i te iwi whānui o Aotearoa i papāngia e te KOWHEORI-19, ka tahuri Te Manatū Whakahiato Ora ki te whakatere i ngā kaupapa e haere kē ana i taua wā, kia nui ake te mahi, kia tere ake hoki te whakatutukinga. I runga i te āhua o te ratonga mātuatua, i haere tonu ngā mahi, kāore mātou i kati. I haere kē atu ā mātou ratonga ki te ipurangi, ki te waea hoki.

He tere tā mātou whakarite i a mātou anō ki te tautoko i ngā kiritaki hou, kotahi miriona, e noho mōrearea ana ā rātou tūranga mahi nā te KOWHEORI-19, i a mātou e mātua whakarite ana e manaakitia tonutia ana ā mātou kiritaki tūroa nei ki te tautoko ā-pūtea, te tautoko mō ngā taumahatanga o te wā, ngā ratonga pūtea kaumātua, te tautoko whiwhinga mahi, whare hoki, te tautoko ā-pūtea ki ngā ākonga, me ngā pūtea tautoko e pā ana ki ngā tamariki.

I te tau pūtea 2019/20, i whakapaua e mātou tata ki te whā tekau piriona tāra ki te āwhina i te iwi whānui o Aotearoa, ōna whānau, ōna hapori anō hoki, kāore i pērā rawa te nui i āwhinatia i ngā tau o mua.

I roto i te wā poto noa iho i puta mai ngā utunga hou, pērā ki te Tautoko Utu, te pūtea tautoko utu ā-KOWHEORI-19, me te tautoko mō ngā ākonga mātauranga matua, ka mutu, i tukuna ngā kaimahi puta noa i te whakahaere ki te whakautu i ngā waea mai me te whakaoti i te tini mano o ngā tono i tau mai. I tua atu i tēnei, i whakapikihia ngā utu matua, i tāruatia te Utunga Hiko Takurua, ka mutu, i whakahaeretia hoki te pikinga o te nui o te tangata e tono utunga ana, tautoko pūtea hoki.

I runga i te nui me te whānui o tō mātou whakahaere i whakamahia e mātou ngā pekenga katoa o tō mātou whakahaere – kaupapahere, te hangarau, te rangahau, ngā hononga mahitahi ā-hapori, te tuku ratonga, me ō mātou pae whakahaere matua – ki te arotahi atu ki tō mātou urupare KOWHEORI-19. I tono atu hoki mātou ki ō mātou hoa puta noa i te kāwanatanga, ki ngā NGO, ki ngā kaiwhakaputa ratonga, ngā hapori Māori, Moananui ā-Kiwa, ahumahi, taiohi, ngā ākonga, me ngā hapori kaumātua, hauā anō hoki. Nā te māro o ēnei hononga me tā mātou mahi i ngā pokapū ratonga 140 puta noa i Aotearoa, i taea e mātou te tuku tautoko ā-pūtea, ā-ringa hoki ki ngā wāhi e tino matea nuitia ana. Ahakoa he pūtea, he wāhi haumarua hei nohoanga, he āwhina ki te kimi mahi, te hari haere i ngā uhi kanohi, te rongoa, te pōkai kai rānei, i tutuki.

I roto i ngā marama 12 i tutuki tēnei, me te nuinga anō o ngā mahi i tua atu. I āwhinatia tata ki te 75,000 tāngata kia heke i ngā pūtea tautoko ki te whiwhi mahi, ka mutu, i tutuki te waru tekau ōrau o ā mātou whāinga whakatutukinga i whakaritea. Ki te whakatutuki i tēnei, te hāpai tonu i ā mātou ratonga matua, me te urupare ki te mate urutā ā-ao, he mahi nui whakaharahara.

E titiro whakamua ana, he nui tonu te mahi hei hiki mā mātou. Kei te noho tonu mātou ki roto i te āhuetanga urupare mō tētahi wā, me te mea nei, ahakoa kua whakahouhia te āhua o tā mātou mahi, kua whakaterua hoki e mātou tā mātou hōtaka mahi, e pai ake ana hoki tā mātou whakamahinga o te hangarau, heoi, me whai tonu ki te whakapakari i tēnei āhuetanga kia pai ake te hora, kia māmā ake hoki te whai wāhitanga mai ki te ratonga mō ā mātou kiritaki.

He mea tino nui ki te oranga o Aotearoa, ā-pāpori, ā-ōhanga hoki, nō reira, he mea nui anō te whakapau kaha tonu ki te āta whakarite kei te whai mahi tonu te iwi o Aotearoa, me te tautoko i a rātou mehemea kua mutu tā rātou mahi. Kua piki ake ināianei te tokomaha o te hunga o Aotearoa e whiwhi pūtea tautoko ana, he haepapa hoki tō mātou ki a rātou katoa – ki te mātua whakarite ka whiwhi rātou i te pūtea e tika ana, ā, mā te hunga e taea ana, me mahi i ō rātou taha ki te kimi mahi mā rātou. Kua oti kē ētahi kōkiritanga te whakarite, pērā ki te Whana Tauira, ngā utauta kimi kaimahi ā-ipurangi, hei hono i te tangata ki te ao mahi, whai mahi hoki, ka mutu, ka noho tonu tērā hei whāinga mātāmua.

Ka whai tonu mātou ki te whakapiki i tā mātou tautoko toko i te ora, me te aro tonu ki te kimi huarahi hei whakamāmā i te wāhi ki a rātou kia kore ai e kino ake ngā tūāhuetanga mā te whai wāhi wawe atu ki te raru kia kore ai e ngaro i te tangata tō rātou whare, kia kore ai hoki e nui ake ngā pire a te tangata. Kei te honohono anō hoki mātou i te tangata ki te tautoko e wātea ana i tua atu i ngā tautoko a Te Manatū Whakahiato Ora ki te whakatikatika i ngā hiahia ā-pāpori, ā-hauora whānui.

I tīmata taku mahi i konei hei ākonga, tekau mā ono tau noa iho taku pakeke, ki te āwhina i ngā tāngata e pēhia ana e ngā raruraru. I a au ka eke ki taku tau tuarua hei Tumuaaki, koia tonu te āhua e whakatenatena ana i a au. E poho kererū ana ahau i ngā mahi kua whakatutuki i te tīma 8,000 o Te Manatū Whakahiato Ora i te tau pūtea kua taha ake nei, ka mutu, ka whai tonu mātou ki te tautoko i te iwi o Aotearoa hei te tau pūtea e tū mai nei.



Debbie Power

Te Tumu Whakarae mō te Whakahiato Ora

Chief Executive's foreword

**Ka huri te kei o te waka ki te pae tawhiti
Kia hoe ngātahi ki te pae tata
Ki te whai ao, ki te ao mārama.**

The waka turns towards the distant horizon
Let us make headway and paddle as one
Through the glimmer of dawn to the break of day.



Rarely has a year tested us all more than 2020, and never has the Ministry of Social Development been called upon to play such a pivotal role in the lives of so many New Zealanders. It's a privilege to lead an organisation that has risen to the challenge and helped people in their time of need.

In 2018 we introduced our new strategic direction, Te Pae Tawhiti, setting out the three key shifts we needed to make to achieve better outcomes for New Zealanders: Mana manaaki – a positive experience every time; Kotahitanga – partnering for greater impact; and Kia takatū tātou – supporting long-term social and economic development. We began to redesign and reorient the way we operate to integrate our services across employment, housing and income support. An essential part of this was delivering on the Government's commitment to overhaul the welfare system and make it fairer and easier to access.

Our achievements this year have included making headway as we looked to make changes to the way we operated. We upgraded our sites and communication channels to make them more accessible and welcoming. We recruited more people for our front line to meet the increase in demand for our services. We launched the SuperGold Card app and enhanced our digital services. With Government investment all of our NGOs, including family and sexual violence services, received a significant uplift in funding. There were challenges - we supported communities through tragedies such as the Christchurch mosque shootings, widespread flooding, fires, droughts and the Whakaari/White Island eruption. We met these challenges and worked hard to reduce the complexity in our system, to be accessible, and to improve our service. As we moved into 2020, we had a clear vision of what we were working to. Who knew that COVID-19 was over the horizon?

To support New Zealanders impacted by COVID-19, MSD had to speed up the work we had under way, and deliver more, faster. As an essential service we never closed. Instead, our services went online and over the phone.

We set ourselves up at pace to support over a million new clients whose jobs were at risk due to COVID-19, while ensuring we looked after our existing clients with income support, hardship assistance, superannuation services, employment and housing support, student financial support and child-related benefits.

In 2019/20 we provided close to \$40 billion to help more New Zealanders, whānau and communities than ever before.

New payments like the Wage Subsidy, COVID-19-related income relief, and support for tertiary students were introduced in a matter of days, and we redeployed staff from across the organisation to take calls and process hundreds of thousands of applications. On top of this, we increased main benefits, doubled the Winter Energy Payment, and managed the increase in the numbers of people applying for benefits and financial assistance.

The size and breadth of MSD meant we could leverage every arm of our organisation – policy, IT, research, community partnerships, service delivery, and our corporate teams – to focus on our COVID-19 response. We also reached out to our partners across government, NGOs, providers, Māori, Pacific, industries, youth, students, older people and disabled communities. Thanks to the strength of these relationships and our presence in service centres across New Zealand, we could get financial and practical assistance to where it was most needed. Whether it was money, a safe place to stay, help to find a job, or delivering face coverings, medicine or a kai package, it was done.

Over the last 12 months we did all this and much more. We helped nearly 75,000 people off benefits into work and met over 80 percent of our performance targets. To achieve this, maintain our core services and respond to a global pandemic was outstanding.

Looking ahead, we still have much to do. We're going to be in response mode for a while yet, and while we've transformed the way we operate and accelerated our work programme, and we're making better use of technology, we will need to build on this to deliver a better, more accessible service for our clients.

Keeping New Zealanders working or supporting them if they lose their job is going to be vital for New Zealand's social and economic recovery. Many more thousands of New Zealanders are now on a benefit and we have a responsibility to all of them – to ensure they get their full and correct entitlement and for those who can, to work with them to get them into jobs. A number of initiatives, such as Apprenticeship Boost and online recruitment tools, are already in place to keep people connected to the workforce, and employment will remain a key priority.

We'll continue to improve the welfare support we provide, with a focus on preventing people's situations from getting worse by intervening earlier to stop people losing their home or getting further into debt. We're also linking people to support that's available beyond MSD to address wider social and health needs.

I started work here as a 16-year-old cadet to help people going through a tough time. As I head into my second year as Chief Executive, that is still what motivates me. I'm so proud of what the MSD team of 8,000 achieved over the last year and what we'll continue to do to support New Zealanders in the year ahead.



Debbie Power
Chief Executive



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Our operating context

Manaaki tangata, Manaaki whānau – the Ministry of Social Development helps New Zealanders to be safe, strong and independent

We promote social and community development by helping to build successful individuals, whānau and communities. We work to contribute positively to the wellbeing of people today and into the future.

The te reo Māori version of our purpose statement is a figurative translation. It means caring for people and caring for whānau and families.

We have a central role in social development in New Zealand

We want to achieve a better future for New Zealanders. This involves working with and through others to take a holistic approach to meeting people's needs, and intervening early to get the best solutions.

Our social development work includes:

- providing stewardship of the social security system
- providing services to support individuals and whānau, such as paying benefits
- investing for wellbeing, such as funding community-building programmes.

We take a joined-up approach to achieving the Government's social vision

To provide a range of essential services, and to maximise our reach and impact for New Zealanders, we partner where appropriate with other organisations (both government and non-government) that can deliver services more effectively. We lead and co-ordinate social policy development for the Government, including its commitment to the overhaul of the welfare system, but we work with others to achieve outcomes. This means working across the social, justice and economic sectors and with iwi and non-government agencies (both private sector and not-for-profit), to:

- contribute to cross-sectoral strategies
- lead strategies for particular projects or communities
- develop and provide to Ministers policy advice on issues that affect the whole social sector
- deliver services in partnership with other organisations
- provide research and evaluation to back up our social policy advice.

We respond flexibly and rapidly to changes in our environment

Throughout this year we made it easier for people to access the services we offer so they can get what they are entitled to. This meant enhancing MyMSD, improving our physical service centres (including continuing to provide in-centre computer kiosks), and responding to events that affected people adversely such as the Whakaari/White Island eruption and regional floods and droughts.

From March 2020 we supported the Government's response package to COVID-19, by:

- providing policy advice on a welfare response to the impact of the pandemic
- designing, setting up and activating at pace processes and programmes to deliver immediate support to New Zealanders, including the Wage Subsidy, leave support payments, and the COVID-19 Income Relief Payment
- accelerating employment services to help people get back into the workforce as quickly as possible (over 74,000 people left the benefit system to go to work in 2019/20 – this was 6 percent up on last year despite COVID-19).

We also progressed the Government's programme to overhaul the welfare system, and we sped up implementation of overhaul initiatives that had particular value as a COVID-19 response – these included increasing benefits, doubling the Winter Energy Payment, and temporarily removing benefit stand-down periods.

This year we further demonstrated our flexible approach by teaming up with other agencies on the all-of-government response to COVID-19

The Government activated the National Crisis Management Centre (NCMC) on 12 March 2020. We supported the all-of-government effort by seconding staff to the NCMC to support the welfare functions during Alert Levels 4, 3 and 2¹.

We provided strategic input on and oversight of welfare issues, acted as liaison between the agencies in the Welfare Pillar of the NCMC National Action Plan², implemented outreach initiatives to vulnerable groups, and assisted with reporting and advice to Ministers.

We also supported the insights- and evidence-based approach to the COVID-19 response by co-ordinating data and analysis from across government, including on the social impacts of lockdown, and providing regular data to COVID-19 Ministers to support their discussions. This work eventually fed into the COVID-19 Weekly Monitoring Report (which we continue to support) and options for mitigating social impacts.

Since 10 April 2020 everyone who comes into New Zealand has been required to spend 14 days in a managed isolation or quarantine facility. This is managed through the Regional Isolation and Quarantine Co-ordination Cell (RIQCC) in Auckland and Isolation Quarantine Repatriation in Wellington. An MSD team has been physically located at the RIQCC since April, when a welfare hub was established to help individuals and families returning to New Zealand to access the assistance required to resettle. Our team is focused on helping to:

- connect people to stable housing solutions in the private rental market
- meet travel expenses, where appropriate, through existing support mechanisms
- triage people for income support and other needs
- find employment.

¹ The COVID-19 response Alert Levels were introduced by the Government on 21 March 2020. New Zealand was immediately set at Level 2, and the active Alert Level was subsequently:

- heightened to Level 3 at 11.59pm on 23 March
- heightened to Level 4 at 11.59pm on 25 March (this was the start of the nationwide lockdown period)
- lowered to Level 3 at 11.59pm on 27 April (beginning the easing of lockdown restrictions)
- lowered to Level 2 at 11.59pm on 13 May (after which most businesses were able to resume operations)
- lowered to Level 1 at 11.59pm on 8 June (essentially removing all lockdown restrictions except border controls). Level 1 remained in place until 12 August 2020, when restrictions were reintroduced following new cases originating from community transmission.

² See <https://covid19.govt.nz/assets/resources/legislation-and-key-documents/COVID-19-national-action-plan-2-issued-1-April.pdf>.

Our outcomes framework describes what we are seeking to achieve and how we will achieve it



Our outcomes – what we seek to achieve for New Zealanders

New Zealanders get the support they require

We need to provide New Zealanders with all the services and support they are entitled to, and to ensure that people are confident they will get the financial and other support they need when they need it, including a warm, dry and secure home.

New Zealanders are resilient and live in inclusive and supportive communities

We recognise the diversity of the people, whānau, families and communities we serve, and we are committed to improving their wellbeing. We are improving New Zealanders' access to tools, skills and resources to help them to respond better to the challenges in their lives, including financial literacy. We support communities to be inclusive, supportive and free from violence. We want people who have experienced harm or do not feel safe to know that help is available and to understand where they can get it.

New Zealanders participate positively in society and reach their potential

We want to improve people's readiness for and access to employment, while recognising that people also participate through volunteering or caring for whānau and families. We engage with people, families, whānau and communities to understand their aspirations and what is important to them, including their situation, culture and values. We help to connect people with opportunities to realise their goals, reach their potential and grow, and participate positively in society.

Our impacts – how we know we are on track

- Improve equity of outcomes, particularly for Māori
- Improve people's trust and confidence in the welfare system
- Improve effectiveness of support
- Reduce the number of people in hardship or insecure housing
- Improve awareness of and access to support
- Reduce harm and improve the strength of whānau, families and communities
- Improve our contribution to industry and regional development
- Improve the effectiveness of connections across different providers and organisations
- Improve employment outcomes through sustainable work
- Improve people's readiness for work, including through training and education
- Improve people's ability to participate meaningfully in society

Our key shifts – how we achieve our outcomes

Mana manaaki

A positive experience
every time



We will look after the dignity of people with warmth, listening, respect, compassion, openness and fairness, helping people, whānau, families and communities.

Kotahitanga

Partnering for
greater impact



We are stronger when we work together with whānau, families, hapū, iwi, providers, communities and other government agencies.

Kia takatū tātou

Supporting long-term social
and economic development



We will prepare ourselves for the future and take a long-term approach to community, regional and economic development. To improve employment outcomes, we will support people to acquire skills for current and future job markets.

MSD Values

Our strategic direction and our work are all about people and making a difference. In early 2020 we agreed on a set of values for our organisation for the future. Our four Values are an expression of who we are and what we stand for. They align with our purpose and will guide our behaviour.

All MSD people are committed to living our Values³.



Manaaki

We care about the wellbeing
and success of people

This design is the interconnected relationship
of the organisation and the community.
The koru are reflections of one another.



Whānau

We are inclusive
and build belonging

The koru and puhoro are symbols of the
strength of whānau and whakapapa. The
mangōpare design in the middle is the common
thread that binds us to Papatūānuku.



Mahi tahi

We work together, making
a difference for communities

This design comes from rauru, a design
that can reflect the separation of
Ranginui and Papatūānuku as a result
of their children working together.



Tika me te pono

We do the right thing
with integrity

This design depicts a maunga, the sense of
a higher purpose and responsibility of the
organisation to be honest and trustworthy.
The bindings of the maunga are the many
threads needed to achieve this.

³ We launched the new Values on 9 July 2020.

We measure our organisational performance against a set of indicators

These indicators help us understand our progress against the outcomes, impacts and key shifts identified in our performance framework. Current and historical performance results and trends are shown on pages 74 to 78.

We continued to develop our strategic framework

Over the last two years we have developed a strategy for delivering a future where we make a greater positive difference in people's lives. We now have three major strategies for working differently with our clients, whānau, families, iwi, communities, partners and providers.

Te Pae Tawhiti

Our strategic direction, Te Pae Tawhiti – Our Future, sets out what we want to achieve as an organisation (our outcomes and impacts) and how we are going to get there. It signals the approach we need to take to achieve better outcomes for all New Zealanders.

Te Pae Tawhiti – Our Future



Te Pae Tawhiti is supported by our Māori strategy, Te Pae Tata⁴, and our Pacific strategy, Pacific Prosperity⁵. Our strategic framework shows how we intend to improve lives for New Zealanders and achieve our outcomes.

As an organisation we want to be trusted and proactive, connecting clients to all the support and services that are right for them, and improving the social and economic wellbeing of New Zealanders.

Te Pae Tawhiti signals our intention to do better for our clients, and identifies three shifts we need to make as an organisation to achieve our outcomes – these shifts are outlined in the strategic framework chart on page 12.

⁴ See <https://www.msd.govt.nz/about-msd-and-our-work/about-msd/strategies/te-pae-tata/index.html>.

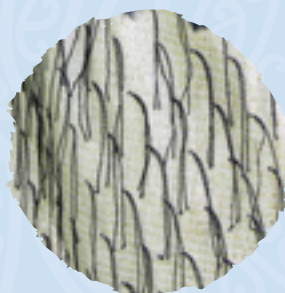
⁵ See <https://www.msd.govt.nz/about-msd-and-our-work/about-msd/strategies/pacific-strategy/index.html>.



Te Pae Tata

Embedding a Te Ao Māori view throughout our organisation will help us think differently about the way we work with Māori. We want all our people to have the capability to do their best for individuals, whānau, hapū and iwi, no matter where or how they connect with us.

Te Pae Tata – our Māori strategy and action plan, launched in June 2019 – sets out how we will work with Māori to achieve better outcomes. It draws on the wisdom and experiences of whānau, hapū and iwi who have engaged with us, our internal and external Māori reference and leadership groups, and staff who work alongside Māori every day or whose work impacts Māori. Te Pae Tata enhances the kaupapa Māori lens that is woven into Te Pae Tawhiti.



In terms of Mana manaaki:

- nā te hua o ā mātou mahi ka whakaponohia, ka whakautehia hoki mātou e te Māori. Ka whakarongo mātou, ā ka kore mātou e whakawā. Ka ngākau puare, ka matatika hoki mātou.
- we will earn the respect and trust of Māori, listen without judgement, and be open and fair.



In terms of Kotahitanga:

- ka whakarite mātou i ngā hoatanga rangapū motuhenga ki te Māori. Ka tautokona te Māori kia arahina te hoahoa rātonga, kaupapa whakarato hoki ka whakaritea mō te Māori.
- we will form genuine partnerships with Māori and support Māori to lead the way in terms of any service design and delivery models that we commission for Māori.



In terms of Kia takatū tātou:

- ka tautoko mātou i ngā wawata a te Māori. Ka hāpai ake mātou, ka tautoko hoki mātou i ngā kaupapa tērā ka kitea te Māori e whanake ake ana, e tipu ake ana, hei Māori.
- we will support Māori aspirations and champion and support initiatives that see Māori develop and grow as Māori.



Pacific Prosperity

We need to do more to achieve equitable outcomes for Pacific peoples, so we launched a new Pacific strategy, Pacific Prosperity, in October 2019.

Pacific Prosperity aligns with Te Pae Tawhiti and complements Te Pae Tata. It embraces the shifts described in Te Pae Tawhiti and articulates how they will be realised for Pacific people.

Pacific Prosperity places Pacific peoples, families and communities at the heart of our programme development, thinking and decision-making. It recognises their strong aspirations to actively design and lead their own innovative solutions.



We provide a wide range of services to New Zealanders

We work to get the best results for our clients by creating a more comprehensive view of needs and increasingly integrating the services we provide to New Zealanders, which include:

- income support and superannuation services – including benefits and pensions, other financial support (for people in or outside the benefit system), retirement income (in particular New Zealand Superannuation), accommodation-related support, student financial support (via StudyLink), and child-related benefits
- employment support and services – connecting clients to employers and job opportunities, upskilling clients through industry-based recruitment partnerships, and responding to local labour market conditions by working with local employers and industry partners through our rapid response employment teams in the regions
- support for young people to gain the skills they need to work and have an independent future
- housing support – assessing people’s eligibility for, and referring them to, emergency, transitional and public housing, and providing grants and recoverable assistance to help with housing costs
- advice on issues affecting youth, seniors and disabled people
- designing and delivering community services in conjunction with others – this involves:
 - supporting victims, survivors and perpetrators of family violence and sexual violence
 - growing leadership within communities to address family violence
 - reducing the isolation, abuse and neglect of older people
 - building people’s financial capability and resilience
 - ensuring refugee and migrant communities can participate in local initiatives
 - supporting community providers to develop their capability.

Appendix 1 (see page 243) contains a comprehensive list of the services we provide to individuals, whānau, families and communities.

We also provide a range of services to the Government to enable the welfare system to work as effectively as possible, including:

- advice to Ministers on a wide range of social policy issues, such as welfare overhaul, income support, employment programmes, active labour market policies, housing-related social assistance, support for children and young people, retirement income, social policy issues relevant to seniors and disabled people, social sector policy initiatives, regional development and governance, and our international obligations
- protecting the integrity of the welfare system, by minimising errors, client debt and fraud, and managing the collection of overpayments and recoverable assistance loans
- supporting the Crown secretariat to the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions, by providing requested information to the Royal Commission, and by preparing for hearings
- responding to adverse and crisis events, such as floods, droughts, the Christchurch mosque attacks of March 2019, and the eruption of Whakaari/White Island in December 2019
- assessing and resolving claims of abuse and neglect for people who were under the supervision of, or in the care, custody or guardianship of, or who had come to the notice of, the State before April 2017.

In addition, we:

- worked with Inland Revenue to deliver Working for Families tax credits to people on benefits and COVID-19 Wage Subsidy payments to qualifying employers and self-employed people
- monitored three Crown entities (the Office of the Children's Commissioner⁶, the New Zealand Artificial Limb Service⁷, and the Social Workers Registration Board⁸)
- participated in cross-government initiatives, including:
 - chairing the Chief Executives' Group on Disability Issues
 - co-leading two workstreams under the Child and Youth Wellbeing Strategy
 - contributing as a member of several cross-agency groups⁹
 - developing a new independent monitor of the Oranga Tamariki system¹⁰
 - supporting place-based initiatives (including playing a lead role in the Tairāwhiti region)
 - accrediting social service providers that are contracted by partner agencies¹¹
 - working with iwi towards improving outcomes for Māori.

We met the challenge of huge changes to our scope and scale

As an essential service we continued to operate through the COVID-19 lockdown and beyond, with staff working remotely (often at home), and we scaled up to deliver the Government's response to COVID-19 through:

- designing and implementing financial support to individuals, employers and self-employed people, including Wage Subsidy payments, Essential Worker and Leave Support payments, Income Relief payments, an increase of \$25 a week to main benefits, doubling the Winter Energy Payment, and temporarily removing stand-down periods
- providing policy advice on pandemic response measures
- taking a major role in the all-of-government cross-agency emergency management response.

The number of people we supported and the amount of money we administered increased rapidly, and we introduced new processes and streamlined existing procedures at pace to provide assistance as promptly and effectively as possible.

⁶ See www.occ.org.nz.

⁷ See www.nzals.co.nz.

⁸ See www.swrb.govt.nz.

⁹ These include the Social Wellbeing Board, the Digital Government Leadership Group, the Government Health and Safety Lead, and the Joint Venture for Family Violence and Sexual Violence.

¹⁰ The Oranga Tamariki system includes services provided by children's agencies (defined in the Children's Act 2014) to core populations of interest to Oranga Tamariki. Agencies such as the Ministry of Health and the Ministry of Education represent an important gateway for children who are at risk of poor life outcomes.

¹¹ Oranga Tamariki, the Ministry of Justice and the Department of Corrections.

We provided support to many more people than usual this year

In a typical year we provide services directly to between 1 and 1.5 million New Zealanders and their families. This year the impact of the COVID-19 response brought many more people into contact with us – the initial Wage Subsidy scheme, for example, provided support for about 1.7 million jobs, including about 235,000 self-employed people.

We also experienced a sharp rise in the number of people seeking benefits (particularly Jobseeker Support) and housing assistance.



People receiving NZ Superannuation

30 June 2020 **More than 809,000**

31 March 2020 **More than 801,500**

30 June 2019 **More than 781,000**



People receiving benefits

30 June 2020 **More than 353,000**

31 March 2020 **Nearly 310,000**

30 June 2019 **Nearly 292,000**



People on the Public Housing Register

30 June 2020 **Almost 21,900**

31 March 2020 **More than 19,600**

30 June 2019 **Nearly 14,900**



2019/20 **More than 1.7 million**

Jobs supported by the initial
COVID-19 Wage Subsidy programme



2019/20

2018/19

Nearly 309,000

311,000

Student Loan and Allowance
applications processed



2019/20

2018/19

74,715

70,218

Working-age benefits cancelled
because people got work



2019/20 **59.1%**
2018/19 62%

People with full-time work obligations who left the benefit system and stayed off benefit for at least six months



Value of hardship grants

2019/20 more than **\$723 million**
(more than **2.5 million** grants)

2018/19 more than **\$480 million**
(nearly **1.7 million** grants)



2019/20 **1,503**
2018/19 1,330

Social service provider accreditation assessments completed



2019/20 **70,690**
2018/19 86,637

Youth development opportunities funded



We provide policy and other advice to Ministers

This year eight Ministers held portfolios relating to social development, employment and public housing. Our Leadership Team is responsible for our strategic direction and for ensuring support for the Ministers in carrying out their duties and policies.

The Leadership Team comprises our Chief Executive Debbie Power, seven Deputy Chief Executives (DCEs), and the Director of the Office of the Chief Executive. Each of the Deputy Chief Executives is responsible for leadership of one of our core business groups.



Our Ministers (at 30 June 2020)¹²

Hon Carmel Sepuloni

Minister for Social Development
Minister for Disability Issues



Hon Dr Megan Woods

Minister of Housing



Hon Poto Williams

Associate Minister for Social Development



Hon Nanaia Mahuta

Associate Minister of Housing



Hon Tracey Martin

Minister for Seniors



Hon Kris Faafoi

Associate Minister of Housing



Hon Peeni Henare

Minister for Youth



Hon Willie Jackson

Minister of Employment

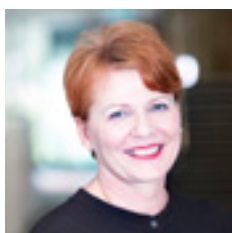


¹² We also provide services to the Minister of Revenue and the Minister for Veterans, who have responsibility for appropriations in Vote Social Development.

Our leadership team



Debbie Power
Chief Executive



Justine Cornwall
Director, Office of the Chief Executive

The Office of the Chief Executive provides high-level strategic, organisational and operational advice, and manages key external relationships across the social sector as well as across the entire State sector.



Viv Rickard
DCE, Service Delivery

Service Delivery is our operational arm. It delivers employment, housing, financial and support services in sites throughout New Zealand and online. With a team of 6,500 people Service Delivery also makes payments to over 800,000 seniors and 200,000 students and recently paid wage subsidies to 968,000 employers.



Marama Edwards
DCE, Māori, Communities and Partnerships

Māori, Communities and Partnerships is responsible for building capability across the organisation to support the aspirations of Māori, and for connecting and collaborating to build effective partnerships and community approaches that achieve better outcomes for those who most need our support.



Nic Blakeley
DCE, Strategy and Insights

Strategy and Insights is responsible for the development and implementation of MSD's strategy by creating insights for effective decision-making, focusing resources on the right investments, and understanding and evaluating performance.



Simon MacPherson
DCE, Policy

The Policy branch provides policy advice on welfare system change and wider social development, income, employment and housing support, regional development, issues faced by seniors and people with a disability, child and youth-related policy,



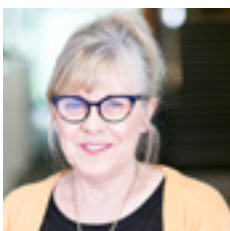
Stephen Crombie
DCE, People and Capability

People and Capability is responsible for providing corporate services that provide capability to MSD and shared corporate services for other agencies, and for hosting services for Historic Claims, the Independent Children's Monitor and Social Services Accreditation.



Nadine Kilmister
DCE, Organisational Assurance and Communication

Organisational Assurance and Communication is responsible for ensuring the overall integrity of MSD's operations by making sure there is ongoing compliance with legislation and policy, communication with the public and stakeholders is effective, and Ministers are supported.



Liz Jones
DCE, Business Integration

Business Integration is an integrated MSD work programme that supports the implementation of our strategic change programme and the new service approach to meet the needs of clients and whānau.

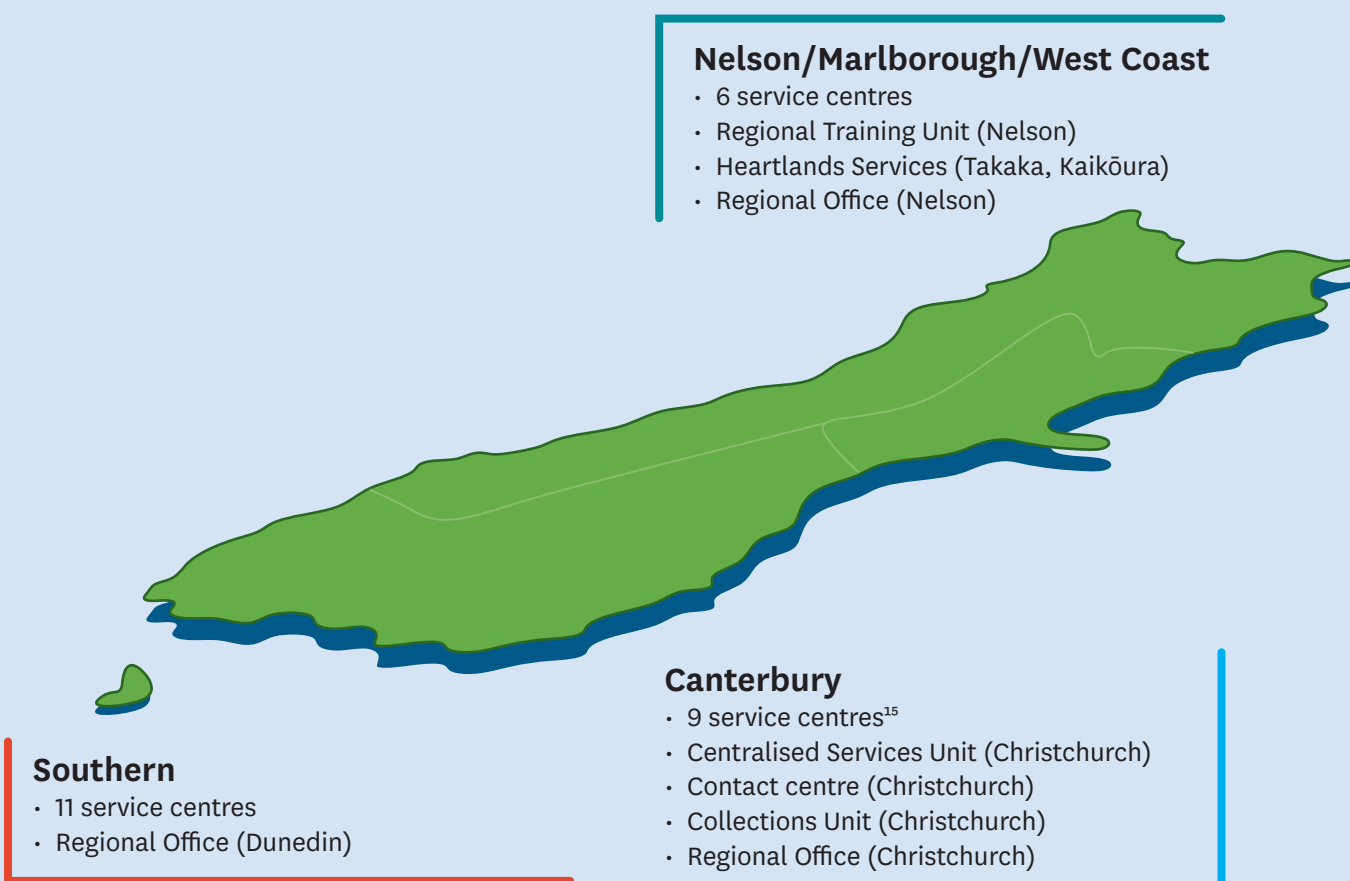
We operate from locations across New Zealand, some of which are multifunctional

We maintain a network of around 180 office locations, including more than 120 service centres in towns and cities throughout the country where people can seek the financial and other assistance they need.

Increasingly we are providing services remotely, that is, outside the traditional service centre model. These include phone and digital channels.

In smaller communities we make use of local Heartland Services arrangements, where people can access the services of several different government agencies in one place. Five of the Heartland Services centres operate from MSD sites.

Data about our service centre locations in each region can be found in Appendix 2 (page 253).



Northland

- 7 service centres
- Centralised Services Unit (Whangarei)
- Fraud and Investigations Unit (Whangarei)
- Specialised Processing Services (Whangarei)
- Regional Office (Whangarei)

Auckland

- 34 service centres¹⁶
- Historic Claims Unit (Takapuna)
- Crown Accounting Services (Waitakere)
- Regional Training Units (Waitakere, Onehunga, Mangere)
- Contact centres (Waitakere, Ellerslie)
- Fraud and Investigations Unit (Avondale)
- Legal Services Unit (Auckland Central)
- IT Resilience Unit (Auckland Central)
- Centralised Housing Unit (Ellerslie)
- Regional Office (Auckland)

Bay of Plenty

- 11 service centres
- Regional Training Unit (Tauranga)
- Heartlands Services (Kawerau, Opotiki)
- Legal Services (Rotorua)
- Fraud and Investigations Unit (Rotorua)
- National Claims Processing Unit (Rotorua)
- National Accounting Centre (Rotorua)
- Regional Office (Rotorua)

Waikato

- 13 service centres
- Centralised Services Unit (Hamilton)
- Fraud and Investigations Unit (Hamilton)
- Regional Office (Hamilton)

East Coast

- 9 service centres
- StudyLink Processing Centre (Gisborne)
- Fraud and Investigations Unit (Napier)
- Heartlands Services (Waipukurau)
- Regional Office (Napier)

Taranaki

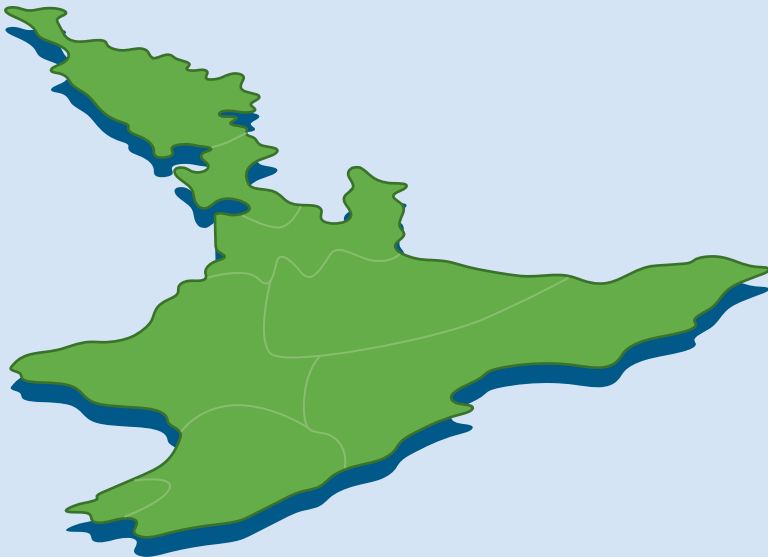
- 10 service centres
- Centralised Services Unit (Whanganui)
- Regional Office (New Plymouth)

Wellington

- 8 service centres
- Regional Training Unit (Porirua)
- Contact centre (Lower Hutt)
- Fraud and Investigation Unit (Lower Hutt)
- Integrity Intervention Centre (Lower Hutt)
- Crown Accounting Services (Lower Hutt)
- Centralised Services Unit (Wellington)
- Specialised Processing Centre (Wellington)
- Seniors Support Centre (Wellington)
- Regional Office (Wellington)
- National Office complex (Wellington)

Central

- 8 service centres
- StudyLink Centralised Services (Palmerston North)
- Fraud and Investigations Unit (Palmerston North)
- Regional Training Unit (Palmerston North)
- Heartlands Services (Pahiatua)
- Regional Office (Palmerston North)



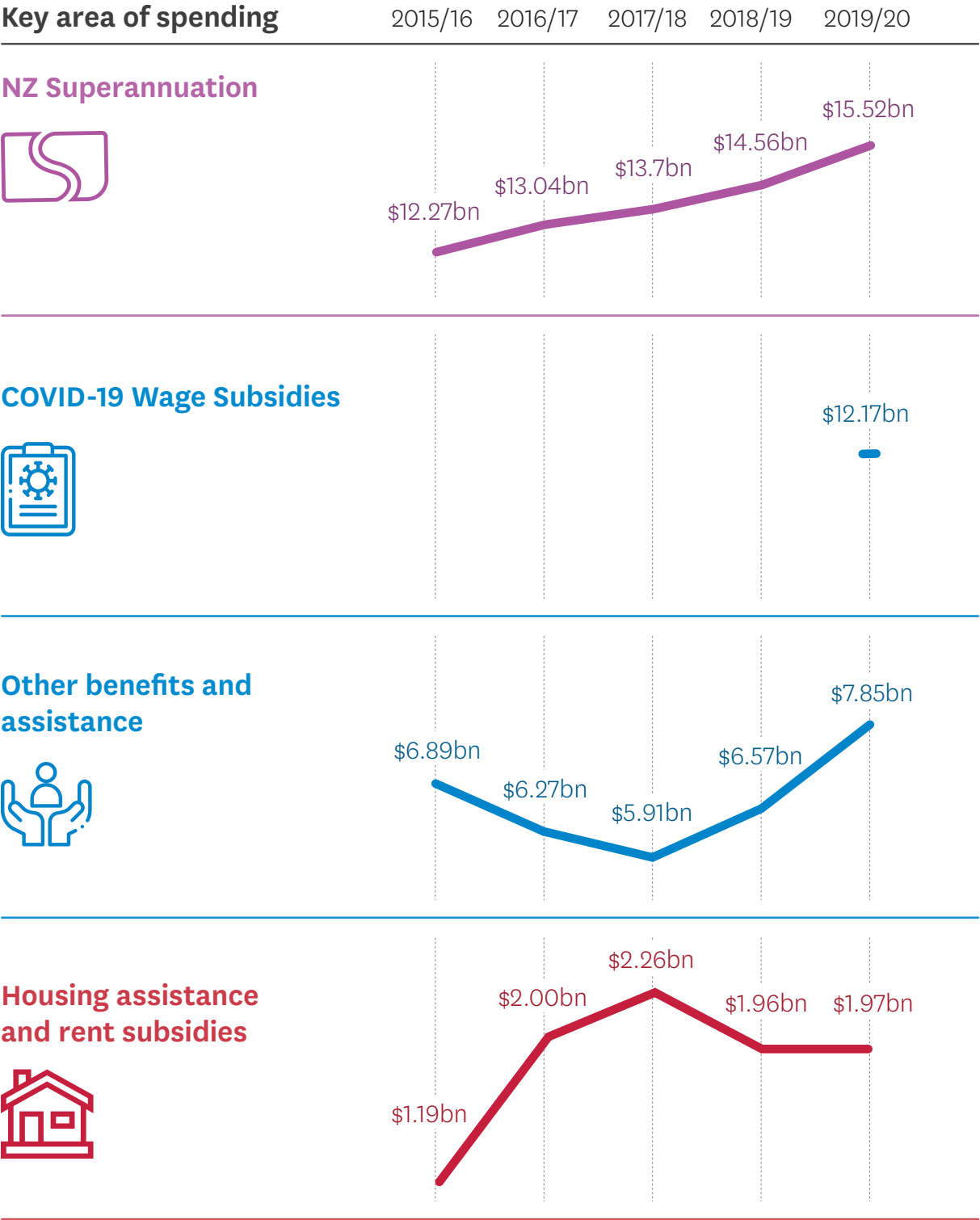
¹³ Chatham Islands residents may access services through the local Heartland Services centre or through digital channels. Case management is carried out by the Riccarton Service Centre.

¹⁴ Includes one closed for seismic strengthening.

We receive all our funding from the Crown

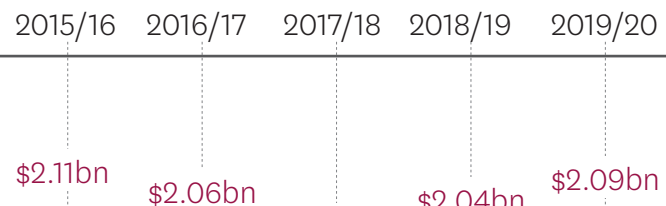
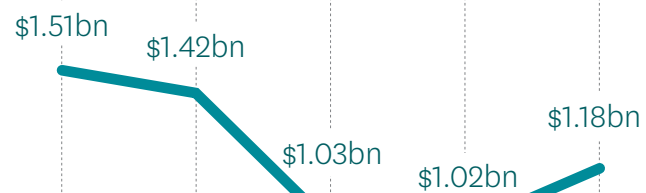
Spending appropriations are approved by Parliament following the Budget announcement each year. The annual Estimates of Appropriations detail funding allocated, policy initiatives approved, Ministers’ spending intentions, and how performance will be assessed. The chart below shows how spending in Vote Social Development has evolved over the last five years.

Full details of spending in 2019/20 can be found in the Financial Statements from page 174.

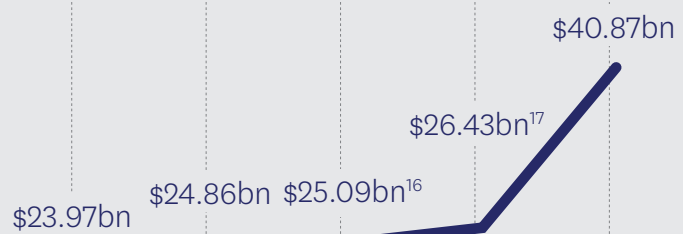


Key area of spending

Student support

Departmental operating costs¹⁵

Total



¹⁵ Departmental operating costs prior to 1 April 2017, when Oranga Tamariki was established, include Child, Youth and Family.

¹⁶ Includes spending of \$0.17bn on contracted services.

¹⁷ Includes spending of \$0.21bn on contracted services.





Our story in 2019/20



This section describes the work we did in 2019/20 to help New Zealanders become safe, strong and independent by supporting and providing advice on the Government's priorities, providing services to New Zealanders, partnering with other groups and agencies to improve people's outcomes, and responding to the challenge of a global pandemic unprecedented in living memory.

Both our COVID-19 response and our business-as-usual work contributed towards achievement of the three outcomes set out in Te Pae Tawhiti – making sure New Zealanders:

- get the support they require
- are resilient and live in inclusive and supportive communities
- participate positively in society and reach their potential.

We supported New Zealanders with our core range of services

Our full range of services (see Appendix 1) continued while we also set up and delivered a further series of support measures as part of the response to the impact of COVID-19. In the months before COVID-19, our work programme was focused on our strategic direction, Te Pae Tawhiti. We sought to achieve outcomes in areas such as:

- getting financial assistance to people as they needed it
- overhauling the welfare system
- getting people into employment
- enabling access to housing
- partnering with communities
- addressing family violence
- supporting disabled people and seniors to participate fully in society
- improving client experience.

Historically we have been responsible for paying out between \$20 billion and \$25 billion a year in assistance payments. This year new programmes, related to COVID-19 and the recommendations adopted by the Government in response to the Welfare Expert Advisory Group's 2019 report, pushed that figure to almost \$40 billion.

We progressed the Government's overhaul of the welfare system

We have taken the lead role in advising the Government on the overhaul work programme, which was agreed in 2019 before the COVID-19 pandemic, and we implemented the following changes:

- indexation of main benefit payments to the average wage rather than the Consumer Price Index, from the April 2020 Annual General Adjustment, which resulted in a larger rise in benefit rates
- the repeal of section 192 of the Social Security Act 2018, which had provided for deductions from benefit payments for a sole parent who did not apply for Child Support, in April 2020 – meaning sole parents retain more of their benefit entitlement
- an increase in the abatement thresholds for main benefits from April 2020, which gives people the opportunity to earn more before their benefit starts to abate
- an increase in our frontline employment-focused case management capacity¹⁸, which means we can help more people get into work
- the expansion of employment services like Mana in Mahi and Oranga Mahi, which provide more people with employment and training opportunities.



Supported into work in 2019/20:

74,715
people

4,497
more people than in 2018/19

an increase of 6.4 percent

By February 2020 we were proactively engaging with more than 17,000 clients each month – the highest employment-focused engagement rate since February 2018. We helped more people to leave the benefit system to go to a job this year, in spite of the disruption to employment-focused case management caused by the need to implement income support initiatives in response to COVID-19. More than 48,500 of the 74,474 exits from benefit to work recorded in the 2019 calendar year were sustained, that is, the client stayed off the benefit system for at least six months.

We made a significant investment (\$445 million) in employment-related activities and programmes – in both internal case management and externally contracted and provided services.

¹⁸ We received funding in Budget 2019 for 263 extra positions, 170 of which we had deployed by June 2020.

At 30 June 2020:



427

people were actively participating in the programme



123

had completed the 12-month programme

The 100th graduate of Mana in Mahi

Courtney Nunes-Vaz became the 100th graduate of Mana in Mahi in May 2020.

Our Taranaki work broker met Courtney in December 2018 when she was 19 years old and newly on a benefit. Knowing that Courtney had an interest in sewing, our work broker thought she would be a good match for local upholstery firm Suite Comfort.

Courtney was hired by the Suite Comfort owner, Rikki Tokley, on a work trial and she fitted in well.

Rikki says Courtney has been doing well with her assessments and has passed quite a few unit standards. “She’s done a few more since the COVID-19 lockdown. She’s not got far to go now.”

Courtney will complete her apprenticeship in two years to become a fully qualified upholsterer.

Mana in Mahi has recently been extended and expanded to help train more apprentices in response to COVID-19.



Courtney and Rikki from Suite Comfort.

Our regional employment teams work with community providers to deliver a range of products and services that are relevant to the needs of their local labour markets and aim to improve client work-readiness or result in employment outcomes. Examples include driver licensing, CV services, workability assessments, seasonal work transportation, site safety, forklift training, first aid certificates and endorsements, and other interventions that support self/work motivation and confidence. Products and services aimed at improving employment outcomes include Skills for Industry programmes, Mana in Mahi, Employment Placement Services, Work to Wellness, Training for Work, and Iwi-based employment initiatives.

By 30 June 2020, 832 people had participated in Mana in Mahi opportunities since the programme started in August 2018, including 561 who started in Phase Two in or after July 2019.

In early 2020 New Zealand faced its largest public health challenge in over a century

COVID-19 has significantly impacted the labour market, with an expected economic downturn causing higher levels of unemployment and financial hardship for many families. This has affected many individuals, whānau and communities who have needed to come to us for help for the first time.

Our client base has changed, and a more diverse range of people are needing our assistance:

- current and known clients (including students and superannuitants) – about 353,000 beneficiaries, 809,000 superannuitants and 309,000 students
- those who have come into contact with us through the Wage Subsidy programme and other COVID-19 support (more than 1.7 million jobs supported)
- those who have recently become unemployed but have never previously sought our help (in addition to those who have had to apply for a benefit for the first time, more than 10,500 people received COVID-19 Income Relief payments).

We played a pivotal role in the Government's response to the COVID-19 pandemic, providing an essential and integrated service, including advising the Government, in response to unprecedented levels of demand for income, housing and employment assistance.

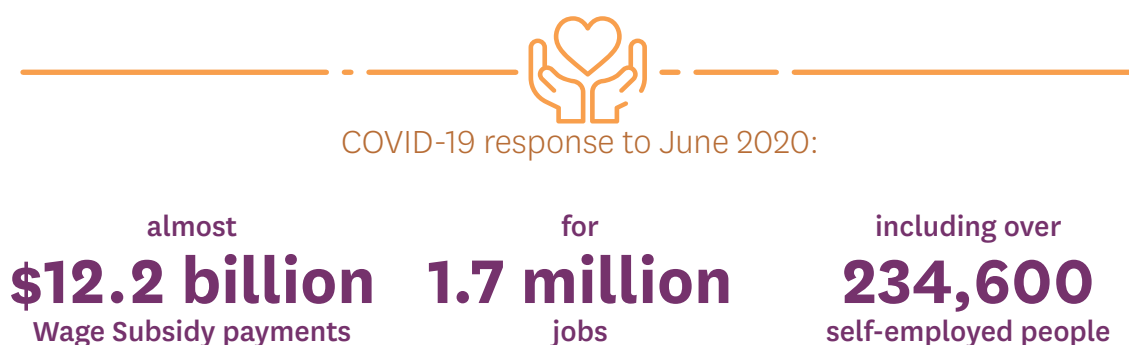
As an essential service we mobilised our 8,000 staff to deliver the support New Zealanders needed, at pace, while continuing to provide our usual business. We:

- set up processes and programmes to help the Government to implement its response package
- began working with thousands of people who had never needed to access the social assistance system before
- redeployed staff to areas of priority work, such as processing applications for financial assistance through the Wage Subsidy and other assistance – as Alert Levels changed, we balanced this work against other business-as-usual work such as providing other ongoing assistance, while staff from other government agencies were also redeployed to help us
- adapted business processes and systems to make it easier for people to get the support they needed quickly, by phone or online
- had a large number of frontline staff undertaking processing, call centre and case management from home at the peak of the nationwide lockdown, and we established a 60-seat call centre in our National Office to provide back-up services for the regions and to process wage subsidies
- brought forward some planned technology enhancements to make the welfare system more responsive to the extra demand, such as improvements in our digital services and allowing staff more flexibility to work remotely.

While expanding our service provision to help vulnerable New Zealanders during and following Alert Levels 4 and 3, we continued to provide our regular services over the phone and online. These core services include financial assistance (such as benefit payments, New Zealand Superannuation and student assistance), housing support, employment and youth services, training and education, and community partnerships. We maintained our focus on keeping our clients' wellbeing at the heart of all we do – ensuring people have a positive experience when they get in touch with us, helping people access emergency and transitional housing as they need it, and providing full and correct entitlements to income support.

Our immediate response to COVID-19 aimed to lessen the economic shock on people's lives

In February 2020 the Government asked us to provide advice on and to deliver a scheme to provide wage subsidies to employers and self-employed people, to maintain incomes and to keep as many people as possible in work, taking a high-trust approach. The Wage Subsidy scheme was announced on 16 March 2020 and we made the first payments to employers the next day¹⁹.



We made payments promptly so we could get support to employers as quickly as possible. This helped to minimise the economic impact during the periods when Alert Levels 4 and 3 severely curtailed economic activity.

We worked with Inland Revenue to establish a system of pre-grant checks to ensure payments were only going to genuine employers and self-employed people, but we also set up a programme of random and targeted post-grant audits to ensure that businesses were claiming the Wage Subsidy correctly.

By 30 June 2020 we had:

- completed 7,481 random and targeted internal audits²⁰ – 7,115 of these had been resolved, with 512 cases allocated for investigation
- received 2,750 allegations of improper use of Wage Subsidy funding, and had resolved 1,439 of these
- received refunds of about \$229 million from more than 7,700 employers – of this, nearly \$223 million was repaid voluntarily by over 7,400 employers.

¹⁹ The scheme was originally announced as a 12-week programme, ending on 10 June 2020; however, in the Budget on 14 May the Government announced an extension of the scheme for a further 12 weeks, with a new end date of 1 September 2020. On 17 August the Government announced a further programme to provide assistance in relation to the resurgence of COVID-19 in the community.

²⁰ These include both pre- and post-payment audits. The audits were carried out by MSD with the support of investigations teams in Inland Revenue and the Ministry of Business, Innovation and Employment, rather than by an independent auditing agency. Pre-payment audits involved contacting the applicant and discussing the criteria for payment, ensuring the seniority of the contact person, and completing audit sheets. Post-payment checks included a desk-based review of open-source information, and confirming with the applicant the number of employees covered and whether any circumstances had changed since the application was lodged.

To understand the impact of COVID-19 and what ongoing support would be required, we surveyed all businesses that received the Wage Subsidy up until 15 May 2020. We will use the information collected from this engagement to inform decisions about future policy development and decisions.

Of the 90,000 businesses that responded to the survey (equating to a 25 percent response rate²¹), 79 percent said they benefited “a lot” from the Wage Subsidy and 89 percent said it meant they would be able to keep operating for the foreseeable future²².

In the first 20 working days when the Wage Subsidy was available (18 March to 16 April 2020), we made 403,849 payments totalling over \$9.9 billion - an average of 20,192 payments and \$495 million per day.

We were also asked to design a Leave Support scheme to allow essential businesses to pay employees who were unable to work because of Ministry of Health guidelines, were in self-isolation, or were unable to work from home. The Government commissioned this scheme on 1 April 2020 for launch on 6 April. We successfully achieved this objective by making the first payments to employers on time. The scheme was expanded on 1 May to cover all employers and sole traders, not just designated essential services.

Up to 30 June we had received over 26,000 applications for Leave Support payments and paid out more than \$85 million. These payments enabled people who were unable to work during lockdown to continue to be paid without using up their leave entitlements for the year.

The COVID-19 Income Relief Payment helped people manage sudden job losses

As part of the COVID-19 recovery package, the Government introduced a payment designed to minimise the disruption of sudden job loss and to give people time to look for other employment opportunities. The COVID-19 Income Relief Payment (CIRP) was available from 8 June 2020 and provided up to 12 weeks of payments (\$490 a week for those losing a full-time job and \$250 a week for part-time, not taxable).

The CIRP was set at levels higher than Jobseeker Support as most of those needing this payment had lost their jobs at very short notice and would have been unprepared for this change in circumstances.

The payment applied to those who lost their job because of the COVID-19 impact between 1 March and 30 October 2020²³. These payments meant people were able to avoid going straight on to a benefit.



COVID-19 Income Relief payments paid by 30 June 2020:

10,947
payments

\$14.7 million
paid out

²¹ Ipsos, the independent market research company commissioned to manage the survey, has informed us that by New Zealand research industry standards this is a high response rate for an online business survey.

²² A topline report on the survey findings is available at <http://msd.govt.nz/documents/about-msd-and-our-work/publications-resources/statistics/benefit/2020/survey/wage-subsidy-survey-topline-report.pdf>.

²³ People who lost their jobs after 1 March 2020 went on to Jobseeker Support before the CIRP became available, but were later eligible to transfer to CIRP.

Wage Subsidy and Leave Payment

Up to 26 June 2020:



1,705,436

jobs associated with a paid application

Wage subsidies keep a business flying

The Government introduced wage subsidies to provide financial assistance to employers and the self-employed as a result of COVID-19.

Employers and sole traders qualified if their business took a downturn of at least 30 percent and they were faced with laying off employees, reduced hours or business closures. MSD administered this support.

Air Chathams was one of the many businesses grateful for this lifeline. As an airline, it was one of the first businesses to be hit hard by COVID-19, even before lockdown was implemented. Its business model quickly became untenable.

They accessed the Wage Subsidy scheme quickly, helping them to retain employees.

“I want to take this opportunity to thank you and your colleagues for your swift and efficient handling of our Wage Subsidy application,” said Mark Roberts, Financial and Operational Support, Air Chathams Ltd.

The wage subsidies enabled Air Chathams to hold together a valued workforce and gave them breathing space to reassess business options, so once lockdown finished, they were ready to start operations again in a sustainable manner.

“In our case, it (the Wage Subsidy) did what it was intended to do. We kept on people we would otherwise have had to let go.”

– Mark Roberts



The operations team from Air Chathams.

We implemented other welfare system changes and provided additional student support during COVID-19

These included:

- helping support tertiary students by increasing the limit on student borrowing and making repayments more flexible
- providing advice on and implementing changes to the welfare system related to the welfare overhaul work programme, including:
 - an increase of \$25 a week to main benefits from 1 April 2020
 - doubling the Winter Energy Payment for the 2020 season (May to September)
 - the temporary removal of stand-down periods at benefit grant (this provision will remain in place until July 2021).

COVID-19 caused a surge in Jobseeker Support numbers

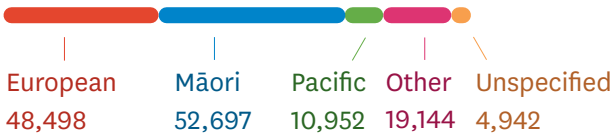
Just over 190,000 people were receiving Jobseeker Support at 30 June 2020 – an increase of 39.8 percent from the previous year and 25.5 percent in the last three months of the year (1 April to 30 June 2020, which included most of the period when the country was at Alert Levels 4, 3 and 2). The April to June period accounted for more than 71 percent of the full-year increase.

The following charts show the numbers of benefits as at 31 March and 30 June 2020 in the three main categories, broken down by recipients’ ethnicity.

Jobseeker Support

30 June 2019: Total

136,233



31 March 2020: Total

151,745



30 June 2020: Total

190,456

(+39.8% on June 2019;
+25.5% on March 2020)



Sole Parent Support

30 June 2019: Total

59,263



31 March 2020: Total

60,983



30 June 2020: Total

64,029

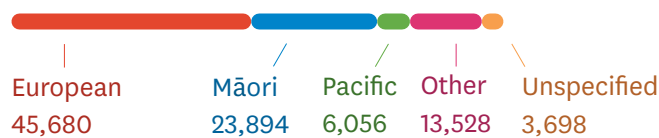


(+8.0% on June 2019;
+5.0% on March 2020)

Supported Living Payment

30 June 2019: Total

92,856



31 March 2020: Total

93,861



30 June 2020: Total

94,144



(+1.4% on June 2019;
+0.3% on March 2020)

**LSV from July 2019
to 30 June 2020**



766

young people began LSV



567

graduated



301

have gone into employment,
education or training, and
are not on a benefit.

**“The programme is
more about being
aware of who you are
and what you want
out of your life.”**

– Malachi

He Poutama Taitamariki – supporting young people

MSD focuses on supporting New Zealanders to be safe, strong and independent with regionally led initiatives like He Poutama Taitamariki in Northland.

He Poutama Taitamariki supports MSD clients aged 15 to 24 years who are not in education, employment or training (NEET) to find their passion and get ready for employment, education or training. Once the young person has been placed, they continue to receive support through manaakitanga or pastoral care.

Ngati Kahu Social and Health Services run a social connectedness programme, Oranga Tangata, that continued during COVID-19 through texts and direct calls to the young people.

Malachi Cassidy, from Kaitiāia, completed Oranga Tangata in May 2020, and it's helped build his self-confidence.

Malachi was actively encouraged and supported by a He Poutama Taitamariki case manager navigator. He says, “She would pick me up and take me to the programme if I couldn't get there. She has helped me to keep moving forward to get to where I want to be.” Malachi is considering a career in the Navy and is due to start Limited Service Volunteer (LSV) – a six-week residential pre-employment programme. He has been referred to an employment navigator who will be working with him to achieve his employment goals.



Malachi, an Oranga Tangata graduate, is looking forward to his future.

We are proactively connecting people back into the workforce

One of our key outcomes is that New Zealanders participate positively in society and reach their potential. Employment and earnings are not only an essential foundation for better living standards, they also have health and wider social benefits.

We play a key role in providing employment services to New Zealanders. This includes working alongside people who are unemployed or having difficulty in the labour market, to help them prepare for work and to support them to find meaningful and sustainable employment.

We want to improve people's readiness for and access to employment, while recognising that people also participate through volunteering or caring for whānau and families. We engage with people, whānau, families and communities to understand their aspirations and what is important to them, including their situation, culture and values. We help to connect people with opportunities to realise their goals.

We received funding from the Government in the 2019 and 2020 Budgets for more frontline staff focused on employment – this year we employed 170 extra staff from Budget 2019 funding, with another 93 to come on board in 2020/21. Budget 2020 provided funding for an additional 56 employment-focused staff.

We delivered employment-focused services support more quickly to help more clients find work

Although the top priority for our case managers in the initial COVID-19 response period was addressing people's income, hardship and housing needs, we were later able to turn our focus to getting them back on their feet and helping them build a stable environment for themselves by finding work, accessing training, managing money, or connecting with a community service.



As New Zealand moved down to Alert Level 2 and then Level 1, we were able to progressively increase employment-focused engagements with clients:

3,065
exits to employment
in April 2020

6,080
in May 2020

7,519
in June 2020²⁴

²⁴ The number of exits to employment has continued to increase in the early part of 2020/21.

Ngā Puna Pūkenga, a Skills for Industry programme

Ngā Puna Pūkenga



60

places provided to give
people in-work training
by 30 June 2020



36

people employed despite
the programme being
interrupted by COVID-19
in March 2020

MSD partners with Auckland Council to support people into sustainable full-time employment.

Ngā Puna Pūkenga encourages people who find it challenging to get into meaningful work to seek employment opportunities. Funding from MSD enables pre-employment and in-work training and pastoral care for the new workers and supports providers and employers.

Citycare, a provider of construction, maintenance and management services, has jumped right on board with Ngā Puna Pūkenga and employed Jackson (pictured) in July 2019.

Tim from Citycare said at the launch, “We employed Jackson, a hardworking young man on the autism spectrum, just over a month ago. Working within the construction team full-time as a general labourer, Jackson has been a great addition.”



Jackson continues to be a valued employee.

We are using our regional presence to build on these employment services

Our employment services will be a key factor in New Zealand's social and economic recovery from COVID-19. The pandemic led to a significant increase in the number of people seeking employment assistance. Many of these have never had to seek our help before.

We stepped up our focus on employment and worked proactively to connect people back to the workforce as quickly as possible. We set up Rapid Response employment teams in each of our 11 regions to support employers and employees at a regional level, including helping employers link with other employers to provide opportunities for staff who were unable to work. The Rapid Response teams operated throughout Alert Levels 4 and 3, focusing on employers in essential services.

Once we moved from Level 4 to Level 3, we opened 35 sites across the country on a remote-working basis, concentrating on employment services and operated by employment-focused staff, to respond to employers' and jobseekers' needs. All sites reopened at Level 2.

We established new employment programmes to help the significantly higher numbers of people seeking help because of the COVID-19 pandemic. There are many highly skilled people looking for work who have never needed to access our help before.

In April 2020 we launched an online recruitment tool to assist employers looking for staff and workers looking for job opportunities. The tool connects employers and jobseekers, with a view to meeting immediate demand, particularly in essential services and for temporary or casual staff.



By 30 June 2020 the Work and Income Online Recruitment Tool had:

21,460
jobseekers registered

3,079
vacancies listed

2,454
employers registered

5,124
applications lodged by jobseekers

Also in April, we started up our Rapid Return to Work service, which gives new jobseekers information on vacancies, preparing CVs and cover letters, getting ready for interviews, and identifying transferable skills. The scheme is being piloted with people who have recently lost their job and come into the benefit system. It is phone-based, and people can join the scheme through a new function in MyMSD.



By 30 June 2020:

1,496
people had used the
Rapid Return to Work service

493
had obtained work
and left the benefit system

In June 2020 the Government announced that MSD will lead and deliver the new Apprentice Boost Initiative, a \$380 million wage subsidy to help employers keep existing apprentices and employ new ones. This was part of a package that also included a \$30 million expansion of the existing Mana in Mahi programme, which will now provide support for up to 24 months.

We made it easier for people to get the support they need

Being effective in supporting New Zealanders during COVID-19 meant we had to rethink traditional ways of making our services available. For example, we streamlined benefit processes to make online or phone approval easier, temporarily removed stand-down periods, waived the requirement for subsequent medical certificates, deferred annual reviews for Disability Allowance, and put a hold on sanctions for obligations failures.

During Alert Level 4, when physical service centres were closed and providing phone service only, and demand for our services was very high, we temporarily increased the amount people could obtain through MyMSD for food costs by \$400 in a 26-week period. This meant people had less need to contact us multiple times²⁵. We also increased the number of grants that a client could apply for in a week from one to two.

We continued making service centres more welcoming and comfortable

Feedback from clients on the new service centre environment has been very positive. By 30 June 2020 we had rolled out the new design to 95 of our service centres.

In October 2019 we started to introduce modern, secure self-service computers in service centres. Around half our service centres are now equipped with the new self-service computers, and installation will be completed in all our sites by June 2021. Clients have said the new computers are faster and easier to use, and allow them to do a lot more. They can go online at no cost to:

- access MSD and other services, including Trade Me and Neighbourly for rentals or jobs, and support services like Are You OK?
- use email
- create and save documents like CVs and cover letters.

²⁵ Maximum amounts returned to pre-COVID levels from 10 August 2020.

We accelerated long-planned projects to streamline and digitise existing processes

COVID-19 provided us with an opportunity to accelerate several planned technology projects, including upgrades to existing channels such as MyMSD, new online tools such as the employment portal, and work to modernise collaborative working systems such as a move to video conferencing and chat groups. The move towards a virtual workforce led to improvements in the way internal teams and processes work, including in visibility of services, better data on productivity, managing work, service levels, and connectedness with the regions.

The new processes were quickly found to be more efficient. In many cases, clients were paid within the hour. Managing call centre queues nationally was also more efficient than the pre-COVID locally managed approach.

We made further enhancements to our digital channels

This has put us in a good position to help clients access information and services and provide us with the information we need more easily.

In MyMSD, where people can apply and manage their own information online, our online application form is now easier to use on a mobile phone or tablet and is more accessible for people with disabilities. People can now upload documents to MyMSD and new clients can apply for a client number online instead of calling or visiting a service centre.

The Work and Income website is an important source of support and information, with more than 49 million visits²⁶. We have made it simpler to navigate and read, so people can more easily find the support they need.

To support more people back into work, we added a new employment support feature into MyMSD. This was launched in September 2019 to provide a new digital space with information about job hunting and links to job search sites, and connection to our employment services. Up to 30 June 2020 there had been almost 260,000 visits to the page by nearly 65,000 people. This represents an average of 6,100 visits each week, which rose to 7,700 between April and June 2020.

We introduced proactive text messaging to remind clients about upcoming appointments. Feedback has been positive, and we have seen a 10 percent increase in appointment attendance, and fewer rescheduled or cancelled appointments.

We are moving to a more agile approach to the way we manage work

Portfolios of work have been introduced across functional groups to focus on end-to-end processes, such as employment, income support, housing, and Māori communities and partnerships. Focusing on these portfolios helps us prioritise the most effective use of resources (people and systems) to deliver the greatest value for clients and partners.

²⁶ This includes 308,000 visits to Find a Job, our online jobs database at <https://www.workandincome.govt.nz/work/online-job-database/index.html>. Other MSD websites have also been very popular, with more than 1.9 million visits to StudyLink's website <https://www.studylink.govt.nz/>, 759,000 to the 'Check what you can get' online eligibility guide at <https://check.msd.govt.nz/>, and 434,000 to the new SuperGold Card site at <https://www.supergold.govt.nz/> in the nine months since its launch in October 2019. Altogether MSD websites were visited more than 81 million times this year.

The number of benefits cancelled due to people getting work during lockdown:



6,648

in March 2020



3,065

in April 2020



6,080

in May 2020

“...[MSD was] incredibly helpful and has saved many unnecessary phone calls by a simple Facebook message.”

– A Facebook user

All hands on deck to help New Zealanders during COVID-19

MSD adapted existing channels and created new ones to help the higher number of people needing government financial assistance, employment and community support during COVID-19.

When service centres had to close to the public, we asked people to use MyMSD or call us. People also made contact using social media.

We improved MyMSD so more people could use it to apply for assistance and arrange call-back phone appointments. This meant the processing of applications was done at speed.

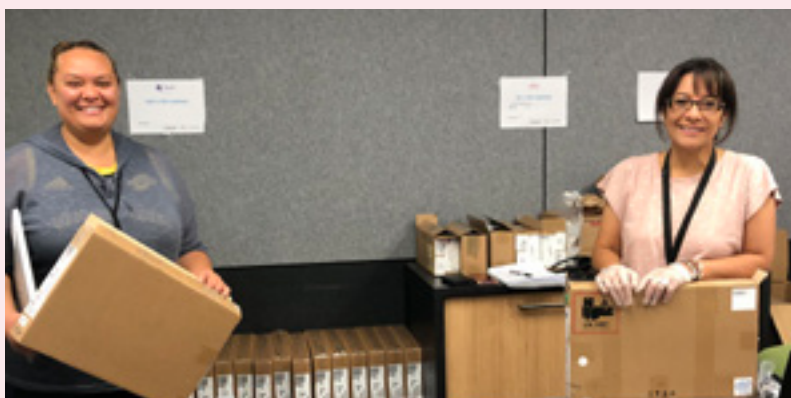
Managing the increase in applications, telephone calls, social media contact and people wanting work required redeploying people from across MSD to support our frontline service.

The new Wage Subsidy scheme was a very simple application process and one of our MSD people trained 300 others to handle these and get money into the employers' bank accounts as soon as possible.

Older people generally don't want to be a bother and it was important to make sure they were okay. MSD and community partners made a friendly telephone call to over 135,000 people. Some people just wanted to have someone to talk to.

To support all this work, our IT team made it possible for employees who needed to work from home to do so by providing laptops. These rolled in from vendors, were checked, built with the relevant software, packed, assigned, and collected and delivered by couriers.

We had to and continue to work differently – to adapt and develop – to make it easier for our people, our clients and our communities.



MSD's laptop packers had a role reversal. (L-R) Kyssiah, IT analyst, became the lead packer and Evelyn, IT Information Services Manager, the assistant.

We created new reporting and data products to support the COVID-19 response

COVID-19 created an unprecedented level of demand for new reporting and data products to show the impacts on people, society and the New Zealand economy.

Our capability to provide regular reporting on the Wage Subsidy and the broader welfare system to the Government, other agencies and the public has been integral to the COVID-19 response. In a dynamic, fast-moving environment we moved rapidly to identify what information was needed and who needed it, and to develop and publish new information as quickly as possible to support a wide range of audiences.

The response to COVID-19 demanded a higher frequency of reporting, so we began reporting on weekly and monthly cycles as well as on our traditional quarterly basis, to explain the impacts of COVID-19. We released the new reports on our website along with data files, which held additional data in a format that New Zealanders can use to conduct their own analysis.

We published a high-level overview of benefit forecasts for the Budget Economic and Fiscal Update (BEFU) 2020, including two additional scenarios, along with a data file. This release increased visibility to external stakeholders and the public. The accompanying data also gave our technical audience (economists and analysts) more information.

In addition to providing reporting and analysis, we have released a range of evidence briefs that examine the broader effects of COVID-19 on New Zealanders and the community, as well as the effects of policy changes both within New Zealand and internationally. Topics covered include:

- the changing face of Jobseeker Support recipients
- the immediate and medium-term social and psychosocial impacts of COVID-19 during the initial four-week period of lockdown
- how benefit numbers can be used as a timelier indicator of the status of the labour market, rather than traditional unemployment statistics.

This data, analysis and evidence represented a significant contribution to supporting evidence-based decision-making, and our commitment to the Declaration on Open and Transparent Government.

We accelerated some planned internal technology changes to meet increased demand for services

We scaled up our services quickly and evolved our business model to provide assistance to the thousands more people who needed our help during and after the nationwide lockdown. In Alert Levels 4 and 3 a significant proportion of our staff had to shift to working from home. To help with this we:

- redistributed laptops to key staff, and purchased new laptops to meet increasing demand
- significantly increased our network capacity
- accelerated already-planned work to modernise collaborative working tools, such as video conferencing, online meetings and chat groups
- rapidly delivered a payment system for the Wage Subsidy
- increased the capacity of our digital channels
- established a centralised IT and Security Operations Centre to provide 24/7 support for our core systems, ensuring a timelier response to system issues that may impact the delivery of services to our clients.

We increased remote contact services when our service centres closed temporarily to the public during Alert Levels 4 and 3

During Alert Levels 4 and 3 there was significantly more pressure on our call centres – we answered over 445,000 calls in the four weeks between 13 April and 10 May 2020, an increase of 23 percent on the same period in 2019. Despite this volume increase, we reduced call response times by a third (9 minutes 39 seconds to 6 minutes 12 seconds) in the same period.

We doubled the capacity of MyMSD to enable more people (4,000 instead of 2,000) to access the service simultaneously, and streamlined access to services through MyMSD, including enabling clients to upload documents digitally rather than having to physically bring them into a service centre.

We set up a new COVID-19 information page on the Work and Income website²⁷ to provide easy online access to information about the assistance we could provide to support people through the COVID-19 lockdown and recovery periods. This proved very popular with the public: between 22 April (when the page went live) and 30 June 2020 there were over 562,000 page views.

When centres reopened to the public under nationwide Alert Level 2 in May they continued to operate under restricted access, with contact tracing and physical distancing measures. We encouraged people to make appointments to visit us rather than call in without prior arrangement, so we could respond in a quicker and more managed way in the new environment of increased demand for access to services.

We continued to help people into sustainable housing

Having a place to call home is the foundation for almost everything in a person's life, but too often our clients cannot access suitable or sustainable housing.

We want to help people maintain existing tenancies wherever possible, and we want to respond quickly with the right support when or before people become homeless.

This year there was an increase of nearly 47 percent in the number of people on the Public Housing Register, to 21,879. This increase continues to be driven by the high cost of housing relative to household incomes, especially among beneficiary and low-income households, and the continuing shortage of public housing and affordable rentals for low-income whānau.

The number of households accessing Emergency Housing Special Needs Grants (EHSNGs) also increased sharply, particularly as we worked to ensure that vulnerable New Zealanders had a safe place to self-isolate as necessary during the April/May lockdown. During this period we worked with other agencies to provide support for the emergency housing needs of additional client cohorts. For example, we worked with NZ Police to support people who could not remain in their normal place of residence because they had been served with a Police Safety Order.

We supported the Ministry of Housing and Urban Development and housing providers' efforts to provide approximately 1,200 motel/hotel units to meet the immediate housing needs of New Zealand's rough-sleeping community during the first period of COVID-19 restrictions. The collaborative approach taken by agencies, providers and local communities ensured assistance was available to those in need of self-isolation accommodation, and temporarily helped to reduce street homelessness in New Zealand to its lowest level in years.

27 <https://workandincome.govt.nz/covid-19/index.html>.

The restrictions on movement and activity during lockdown also made it harder for us to move people into more sustainable accommodation in transitional and public housing as providers focused on supporting existing tenants. This led to more people spending longer in emergency housing. Critical housing activities, including referrals to transitional housing providers and placements into public housing, resumed in June 2020.

We have responded to the increased demand for housing assistance with new interventions and operational improvements, including:

- extending the maximum grant period for EHSNGs from seven nights to 21 (for people in specific circumstances) – this reduces the time needed for processing tasks and allows our staff to have quality conversations with clients about their housing needs
- investing in Intensive Case Management, Navigator and Housing Broker roles, to ensure that those with the most complex needs can receive dedicated support to help them access sustainable housing.

We continue to work with Kāinga Ora²⁸ and registered community housing providers to improve our operational processes and, as a priority, to match the most vulnerable New Zealanders with available public housing. We also continue to work with the Ministry of Housing and Urban Development to implement the Aotearoa/New Zealand Homelessness Action Plan, and to ensure that new public and transitional housing is sufficient to meet demand and is targeted to the areas of highest need.

²⁸ Kāinga Ora – Homes and Communities was established as a Crown entity in October 2019, replacing the Housing New Zealand Corporation.

Inner-city Auckland people needing emergency housing

MSD partners with non-government organisations (NGOs) and the private sector to provide emergency housing to people in immediate need.

MSD, Lifewise and other NGOs in Auckland knew it was critical that people who were displaced or became homeless in the inner city had a safe haven when New Zealand was going into COVID-19 lockdown.

“It’s hard to capture all the hard, amazing mahi during the lockdown, especially how well we all worked together – MSD, Lifewise and the designated motel,” said Justine from Lifewise.

Merge Community – a team within Lifewise that works with Auckland’s homeless – gathered people to do the whānau engagement, collate information and work with one point of contact at MSD, an integrated services case manager (ISCM).

The ISCM provided an end-to-end service, getting people’s housing grants quickly approved and co-ordinating with the Ministry of Housing and Urban Development to find motels willing to house people at short notice.

Lifewise provided food, took the whānau to the motel, and most days did a check-in and supported people with their other needs. They supported 52 people during the lockdown. In July, Lifewise was able to put 18 of these people into permanent housing through Housing First, a HUD programme.

“It was really all hands on deck to get this done in a few days.”

– Justine from Lifewise



Merge Community at the end of the first day helping people into safe housing.

Intensive support for people in emergency housing

It's hard for people and whānau to maintain wellbeing, access services or find a home when they're living for long periods in motels or other emergency housing.

As part of the Homelessness Action Plan, MSD introduced integrated services case managers (ISCM), a single point of contact, and contracted NGO navigators to provide intensive support to whānau with children and other at-risk clients in emergency housing.

Individual support from experienced, caring professionals can be the best way for people to get the help they need.

In the Bay of Plenty, the support invested by Rawiri, a navigator from WERA Aotearoa Charitable Trust, was the turning point for one client. After being in emergency housing for nearly a year, the client's mental health and confidence deteriorated and it had become hard for him to engage with the support he needed.

Rawiri spent a lot of time regaining the client's trust and reconnecting him with support services. When the Salvation Army offered transitional housing, Rawiri helped the client to overcome his anxieties.

The client was reassured and began making plans for a vegetable garden and getting a job. WERA and the Salvation Army have kept working together to support the client.



Rawiri from WERA in the Bay of Plenty.

Supporting people into long-term places to live. On 7 August 2020:



1,065

emergency housing households involved with an ISCM



502

emergency housing households involved with a navigator

Rawiri says,

“We had a good three-hour conversation and visited the property.”

We continued to work with iwi as part of our commitment to Te Tiriti o Waitangi

This year we formally established a new business group – Māori, Communities and Partnerships – under a dedicated Deputy Chief Executive who is responsible for building Māori capability internally, and for connecting and collaborating to build effective partnerships and community approaches to achieve better outcomes.

In addition, we:

- began implementing the action plan articulated under our Māori responsiveness strategy, Te Pae Tata
- revitalised our post-settlement accords
- progressed a range of relationship agreements with iwi as part of our commitment to our Te Tiriti o Waitangi obligations
- partnered with a range of iwi, hapū and marae across various work areas, including through the COVID-19 response
- tested new procurement approaches to ensure that services were effective for key client groups, particularly Māori
- used Te Ao Māori approaches in working with particularly vulnerable communities
- redefined and enhanced the relationship with the Māori Reference Group, the advisory group to our Leadership Team
- continued to strengthen our relationship with the national Iwi Chairs Forum
- supported the development of positions on the sovereignty of Māori data
- worked across agencies to foster an all-of-government lens on Māori issues as part of our core business
- embedded new processes that support and uphold our Te Tiriti obligations.

Throughout COVID-19 many iwi and Māori organisations have been active in communities as part of the response. There have been many examples of Crown and iwi/Māori communities working in partnership throughout the crisis; for example, we engaged in daily iwi/Crown engagement during national Alert Level 4, and this meant we worked together on appropriate community responses.

We began actioning Te Pae Tata, our Māori responsiveness strategy

A key priority of Te Pae Tata is strengthening our partnerships with iwi as a Treaty partner. This year we:

- partnered with Manaaki Tairāwhiti and with Matariki and Tairāwhiti Economic Action Plan (TEAP) groups, the Wairoa Community Partnership group and others to work collectively across the Tairāwhiti region, and to ensure that the needs of whānau are well represented in actions
- partnered with Ngāti Whātua and the Manukau Urban Māori Authority on the co-location of MSD case managers into marae such as Te Puea Marae, to give whānau more options for accessing support
- supported iwi and Māori organisations to deliver services to whānau and to channel real-time information to agencies about critical local issues during COVID-19
- partnered with the Iwi Radio Network to ensure that Māori whānau and communities received key tailored messages about COVID-19 during the national lockdown period in simple and informative ways
- participated in nine active Treaty settlement negotiations with iwi who have expressed a desire to establish a relationship with MSD
- entered into discussions with two further iwi who have indicated an interest in formalising a relationship with MSD.

MSD also leads two multilateral agreements:

- Te Hiku o Te Ika - Iwi/Crown Social Development and Wellbeing Accord
 - On 28 February 2020 the Letter of Intent between MSD (on behalf of Crown agencies) and Te Hiku Iwi Development Trust was signed to signal the Crown's commitment to promoting long-term sustainability for the joint work programme.
- Service Management Plan with Tūhoe
 - We are working with Tūhoe and with participating agencies in the Service Management Plan to update our next set of five-year commitments. This work continues to strengthen the long-term relationship between the Crown and Tūhoe to bring better social and economic outcomes for Tūhoe.

We focused on working with the Pacific community to build capability

We seek to build strong connections with the Pacific community so that we can achieve better outcomes for Pacific people, both internally and in partnership with community providers.

This year we:

- launched our Pacific strategy and action plan, Pacific Prosperity, to improve the overall wellbeing of our Pacific families and communities
- set up a Pacific Steering Group and a Pacific Reference Group to inform the implementation of Pacific Prosperity.

We continued to partner with Pacific community providers to ensure that the right programmes were available to support our Pacific families and communities. These relationships were especially important during the COVID-19 response; for example, providing food parcels to Pacific families.

Under Pacific Prosperity, this year we:

- worked with South Seas Healthcare to pilot a communication hub and navigation service to distribute funding during the nationwide lockdown period so that Pacific communities were able to support Pacific families to cope with job loss and the provision of food for their families, and to provide pastoral care for families
- partnered with Pacific communities to capture real-time data to activate rapid responses to the needs of Pacific communities
- engaged Pacific providers to make calls to Pacific seniors aged 70 years and over, to check on their welfare and safety
- funded Pacific providers to deliver pastoral care, food and other services to Pacific families and communities during the April/May lockdown and beyond
- assisted Pacific providers to achieve accreditation levels and/or improve their capability to deliver to families and communities.

We worked with partners to provide services to New Zealanders who most need our support

An important part of our role in social development is working with community and NGO partners to provide services to those who most need our support. Our ability to realise our outcome to ensure that New Zealanders are resilient and live in inclusive and supportive communities is greater when we are part of a wider community.

We have an important and significant role in making sure New Zealanders get all the support they need, but we cannot do it all on our own. We are part of a wider community including employers, providers and other government agencies who work with the same clients as we do, and we have continued to forge stronger working relationships with Māori and iwi, Pacific families and communities, disabled communities, seniors, and partner organisations.

Our provider partners have critical relationships with communities. We continued to work with our partners to look for opportunities to facilitate more regional and community-led solutions to local issues, including more consultation and co-design with communities on policy and service design.



worked alongside around
2,000
 partners, including iwi, NGOs, employment
 services, business and industry

distributed over
\$247 million
 to community groups and providers

Our Regional Development team works closely with the 11 Regional Public Service Leads (RPSLs), who were appointed in September 2019 to better co-ordinate public services across New Zealand. The RPSLs have supported regional efforts to recover and revitalise after COVID-19²⁹.

²⁹ Seven of the 11 RPSLs are MSD Regional Commissioners: Eru Lyndon (Northland), Te Rehia Papesch (Waikato), Annie Aranui (East Coast), Gloria Campbell (Taranaki, King Country and Whanganui), Katie Brosnahan (Central), Craig Churchill (Nelson, Marlborough and West Coast), and Jason Tibble (Southland).

We provided extra funding to NGOs to help with growing demand

On 26 March 2020 the Government announced funding of \$27 million to help community services and programmes respond to the increase in demand for services arising from COVID-19.

By 30 June 2020 we had approved:

- 66 grants through E Tū Whānau to 59 community groups that support those who are most at risk, including Māori and ethnic communities and gang-affiliated whānau
- funding to 10 Pacific providers through Pasefika Proud to respond to immediate need and increased demand for support from families in Auckland, Wellington and Christchurch that were impacted by unemployment, reduced income or physically isolated older relatives
- greater capacity for the MoneyTalks helpline, a Building Financial Capability service, to assist an estimated additional 40,000 clients looking for help during the nationwide lockdown period
- 126 grants totalling \$3 million to disabled people's organisations, providing support to over 4,800 disabled people
- 914 grants to community groups through our Community Awareness and Preparedness Fund, to support the wellbeing of communities through social connection and the provision of essential support
- \$281,000 to support foodbanks to meet increased demand (in some cases over 200 percent above normal levels) while the Ministry of Civil Defence and Emergency Management (CDEM) put in place its own enhanced support programme³⁰
- 44,230 hours of childcare through the OSCAR programme for the children of essential workers during Alert Levels 4 and 3.

³⁰ CDEM is the agency with lead responsibility for the co-ordination of essential needs, including food, during civil defence and other emergencies. Our immediate response package provided essential continuity of service.

Government, community and business come together

The partnerships we have are important to help people who need income support. In Wellington, the Downtown Community Ministry (DCM) works with the most marginalised people who may have no home, no income and no form of identification.

When people have no bank account of their own it can be difficult to access their benefit payments. DCM provides them with a money management service, accesses a benefit for them, pays their bills, and gives them the remainder of their money by cheque to be cashed at a bank – but during the nationwide COVID-19 lockdown, visiting banks was no longer a viable option.

Anticipating this, MSD and DCM worked with Westpac on short- and long-term solutions. Instead of receiving a weekly cheque, people were given a Westpac pre-paid card giving them access to their money without having to visit a bank.

“This is a fantastic step change, as we have grappled for some time with the problem of how to continue to deliver our money management service when cheques are ultimately phased out,” says Michelle Scott from DCM.

“This difficult period has also reconfirmed the value of the true partnership built between DCM and MSD.”

“Our key relationships in our mahi to end homelessness are important.”

– Michelle Scott



Aleki and Sia. Sia is one of DCM's Sustaining Tenancies team working closely with Kāinga Ora. Photo credit: Mary Hutchinson.

We worked with other agencies across government to respond to family violence and sexual violence

New Zealand has unacceptable rates of family violence and sexual violence, which severely undermine the wellbeing of victims and their children over their lifetimes. Every year, over a million New Zealanders are directly affected by family violence and sexual violence, including over 250,000 children. More than half of all homicides are the result of family violence and/or sexual violence – around 30 deaths every year. One in 10 older people experience abuse or neglect by a person of trust, mostly a family member or carer.

In 2018 we came together with other government agencies to form the Joint Venture (JV) on Family Violence and Sexual Violence³¹. The JV provides strategic policy and funding advice to the Government on behalf of all agencies involved in the response to family violence and sexual violence. The JV is also leading the government response to family violence and sexual violence as part of the overall COVID-19 response.

MSD's role in providing these services is:

- funding three national family violence prevention initiatives (E Tū Whānau, Pasefika Proud, and the Campaign for Action on Family Violence), to mobilise communities, challenge social norms that perpetuate violence, and change damaging behaviours within families
- working with service providers to support the regional design and implementation of Whānau Resilience
- partnering with providers of specialist sexual violence services to build a more integrated and responsive system for people (both victims and perpetrators) who are affected by sexual violence
- maintaining the Safe to Talk – Kōrero Mai 24/7 sexual harm helpline, which had more than 13,000 contacts from people seeking help during the year
- conducting and commissioning research and evaluation to understand the impact of our investment in these services, and to ensure they are responsive to the needs of people affected.



As part of the Government's funding to address the rising demand for community services in the wake of COVID-19, we made:

127
grants

to
155
providers of family violence and sexual
violence response services

The additional funding included a grant of \$1.64 million to the 41 refuges that are affiliated to the National Collective of Women's Refuges, which gave refuges the opportunity to house women and children in motel units in response to their changing operating context in the light of COVID-19.

³¹ The Joint Venture is overseen by the Social Wellbeing Board and additional relevant chief executives (of the Department of the Prime Minister and Cabinet, Oranga Tamariki, Te Puni Kōkiri, and the Ministries of Health, Social Development, Education and Justice, along with NZ Police, ACC and the Department of Corrections). In 2019/20 the Under-Secretary to the Minister of Justice (Domestic and Sexual Violence) had responsibility for the family violence and sexual violence system perspective through the Joint Venture, and was supported by a Ministerial Group. Collective accountability was delivered through collective reporting by the Under-Secretary and the JV to Parliament and the public.

We supported communities whose resilience was tested by adverse and crisis events

Our presence in the regions throughout the country means we are always able to respond quickly to events that affect economic and social outcomes. We provide quick and easy access to financial support, and offer case management for those who need other help such as employment services.

Regional adverse events in 2019/20 included floods in Southland and on the West Coast, the declaration of drought across the whole of the North Island, Tasman, Marlborough, Kaikōura, North Canterbury and the Chatham Islands regions, and the eruption of Whakaari/White Island in December 2019.

Our responses to drought and flooding events included:

- providing a business support package worth \$280,000 for a tourism marketing programme in Westland following flooding in December 2019
- setting up an 0800 Government helpline and a civil defence payments programme in response to flooding in the south of the South Island in February 2020 (233 payments totalling over \$66,000 to 148 clients)
- providing employment for 23 people under the Enhanced Task Force Green programme to assist with the clean-up after floods opened the Fox Glacier landfill in March 2020
- supporting the national and regional response to drought across the whole of the North Island, parts of the northern South Island and the Chatham Islands from March 2020.



Under the drought response programme, we made:

58
Rural Assistance
Payments

totalling nearly
\$87,000
to 25 clients

and **2,251** hardship grants totalling more than **\$753,000** to **1,850** clients
to support water tank refills

We also continued to support those who were affected by the March 2019 mosque attacks in Christchurch. This support included driver education (92 people have accessed a driver training programme), and services such as English as a Second Language (ESOL), Building Financial Capability and employment support. We also funded local activities in conjunction with the Office for Ethnic Communities and Christchurch City Council – these focused on building, embedding and maintaining local resilience in response to the attacks.

We worked with the Ministry of Business, Innovation and Employment (MBIE) to provide access to immigration advocacy support. Immigration New Zealand (a part of MBIE) established a central pool of licenced immigration advisors and lawyers, and we provided funding to ensure those who were impacted by the attacks were able to access independent immigration advice.

Supporting businesses affected by the Whakaari/White Island eruption

Shortly after Whakaari/White Island erupted on 9 December 2019, we joined with Whakatāne District Council and Te Rūnanga o Ngāti Awa on a panel to approve grants from a \$5 million business support package set up by the Government for businesses in the Eastern Bay of Plenty that had suffered a significant drop in income as a result of the eruption. The panel approved 21 grants, with the District Council estimating that 120 people were kept in employment. We also appointed a co-ordinator to reach out to people who were concerned about their financial situation or their ongoing employment, to make it easier for them to access financial or other assistance as needed.

Te Kahu o Taonui, a Te Tai Tokerau Iwi Collective



Over

27,000

care packages were
delivered



Over

23,000

households received care
packages

Trusted community relationships prove invaluable

When COVID-19 struck, our well-established community relationships proved invaluable.

We worked collaboratively with communities to ensure the needs of vulnerable whānau were met.

In Northland, our approach centred around He Korowai Aroha – a cloak of compassion. Community partners reached out to kaumātua, kuia and people in the community who were vulnerable. Te Kahu o Taonui, a Te Tai Tokerau Iwi Collective, delivered care packages (kai and hygiene items) to kuia and kaumātua in rural and urban settings.

Flaxmere's Hikoi Koutou, a community trust involved with E Tū Whānau, delivered kai packs to households – 30 percent of which housed three to four generations. Trust member Les Hokianga credits trusted relationships and funding for their success. He says this support saved at least two individuals in his community from suicide.

We also worked with communities to translate essential services information into 17 languages, including te reo Māori and New Zealand Sign Language (NZSL), ensuring that vulnerable communities knew where to go for help.



Les Hokianga is a trust member of Hikoi Koutou.

Refugees and migrant communities supported

E Tū Whānau's violence-free and whānau-centred kaupapa is proudly Māori and is also inspirational to our refugee and migrant communities.

Auckland's Aotearoa Latin American Community (ALAC) has built on E Tū Whānau's practical support and connections to develop its own brand of cross-cultural community action.

Many of ALAC's founding members came to Aotearoa decades ago as refugees from political oppression and violence. It is natural for them to reach out to recent refugees from Asia, Africa, the Middle East and South America.

In the 2020 school summer holidays, ALAC led the Project Tamkin holiday programme in collaboration with E Tū Whānau, the Māngere East Community Centre and Manukau City AFC, a football club. The Project took Muslim tamariki from Mt Roskill to South Auckland, where they met new people, ate Latin American food, played a range of sports and, importantly, were taken on field trips to understand more about their city and the environment they live in and how to care for it. At the programme's core was an opportunity to celebrate, embrace and promote social cohesion.

E Tū Whānau's Jenny Janif was recognised for her service to refugee and migrant communities by being made a Member of the New Zealand Order of Merit (MNZM) in June 2020.



Jenny Janif (left, wearing her MNZM medal), with Governor-General Dame Patsy Reddy.



Young people participating in the Project Tamkin holiday programme.

“It was a real success for tamariki from different cultures to learn about and explore Māngere East.”

E Tū Whānau kaimahi Jenny Janif, one of the organisers

We continued work to support disabled people and carers

With one in four New Zealanders having a disability³², MSD has continued towards ensuring equal opportunities for disabled people in society.

This year, the focus has been on:

- ensuring equal opportunity to access employment for disabled people and people with health conditions.

Between November 2019 and February 2020, we consulted on and developed a Disability Employment Action Plan to support the vision for productive, sustainable and inclusive labour markets set out in the Government's Employment Strategy³³.

A key theme was the need to recognise, through tailored responses and approaches, the diversity of needs and aspirations of both disabled people and employers.

- the launch in December 2019 of the Carers' Strategy Action Plan, Mahi Aroha, which highlights the importance of the roles of carers within our communities. Mahi Aroha was developed in consultation with carers and in partnership with the New Zealand Carers Alliance (Carers NZ) and a cross-agency working group. It is for anyone who provides care for a friend, family, whānau or aiga member with a disability, health condition, illness or injury who needs help with everyday living. Mahi Aroha has an additional focus on four target population groups – Māori, Pacific, young carers and older carers.
- developing policy relating to:
 - fast-tracking accessibility to remove barriers so disabled people can fully participate and be included in society, including independent access to public services, built environments, goods, products and services.

We worked with the Access Alliance to develop an approach to accelerate accessibility. In June 2020 we supported the Minister for Disability Issues to advise Cabinet of her intended approach to accelerate accessibility within a new legislative framework.

- a wage supplement approach to ensure disabled people can at least access the minimum wage.

We worked with the Ministry of Business, Innovation and Employment to develop a wage supplement approach to replace Minimum Wage Exemption permits. These permits currently affect approximately 900 disabled employees who can legally be paid below the minimum wage on the assumption that their disability (usually an intellectual disability) makes them less productive.

The wage supplement would provide a government supplement to employers so that qualifying disabled staff can receive at least the minimum wage.

- continuing to lead work programmes across government to improve outcomes for disabled people in the Public Service:
 - increasing the employment of disabled people in the Public Service
 - ensuring the Public Service provides accessible information
 - creating a centralised repository for employers on employing disabled people
 - providing resources and tools for the Public Service to consistently collect disability data.

32 Statistics New Zealand's 2013 Disability Survey. See http://archive.stats.govt.nz/browse_for_stats/health/disabilities/DisabilitySurvey_HOTP2013.aspx#gsc.tab=0.

33 The Action Plan was launched by the Minister for Disability Issues in August 2020.

We provide a focal point for the government sector on disability issues

The Office for Disability Issues (ODI) works closely with government agencies, the disability sector and organisations to make the best decisions about what is important to disabled people.

ODI is working towards a vision of New Zealand being a non-disabling society – a place where disabled people have an equal opportunity to achieve their goals and aspirations.

In the past year, the focus for ODI has been on furthering work towards the New Zealand Disability Strategy by updating the Disability Action Plan. Working with young disabled people has also been a priority.

Disability Action Plan 2019–2023

ODI led consultation and cross-government engagement with disabled people in developing the Disability Action Plan 2019–2023.

Government agencies have committed to implementing 28 work programmes aligned with the eight outcomes in the New Zealand Disability Strategy. The Action Plan was agreed by Cabinet and launched in November 2019 by the Minister for Disability Issues.

i.Lead conference

ODI supported the i.Lead conference, where 60 disabled young people aged 17 to 24 gathered at Parliament in September 2019 to discuss and develop recommendations on issues relevant to young disabled people.

The conference led to recommendations to government in seven key areas: education and training, employment, health, housing, media, sport and recreation, and transport.

ODI is now working with agencies and the i.Lead committee to see how these recommendations can be addressed.

We supported older New Zealanders to maintain their independence and participate positively in society

This year we made payments totalling more than \$15.6 billion³⁴ to over 800,000 recipients of New Zealand Superannuation and Veterans' Pensions.

However, our role in helping older people to maintain their independence and participate in society is wider than merely providing financial support. The Office for Seniors raises awareness of issues affecting older New Zealanders. In 2019/20 the Office's focus was on launching a new strategy for older people, enhancing the SuperGold Card, providing digital literacy training for seniors, and leading the promotion of age-friendly cities, towns and communities across New Zealand. The Office also took a lead role in advocating for the issues of older people during the COVID-19 response.

Better Later Life – He Oranga Kaumātua 2019 to 2034

The Minister for Seniors launched the new strategy for making the future better for New Zealanders as we age, *Better Later Life – He Oranga Kaumātua 2019 to 2034*, in November 2019. The new strategy:

- provides a platform for central and local government agencies and communities to develop and implement initiatives affecting older people
- takes into account the aspirations of older people, both present and future, and the realities of ongoing social and demographic change
- aligns with the wider social objectives of the Government, as articulated in other strategies such as the 2016 Healthy Ageing Strategy, the 2008 New Zealand Carers' Strategy and the 2016 New Zealand Disability Strategy.

He Oranga Kaumātua provides an overarching framework, spanning government and community, for our ageing population, and sets out a roadmap for the development of initiatives and programmes to better support older people in New Zealand.

Digital literacy training

The Government allocated \$600,000 over three years in Budget 2019 to improve digital skills and inclusion of older people to ensure they can share in the benefits of a technological world. COVID-19 has amplified the need for older people to be digitally connected.

We led a procurement process and contracted two providers to deliver training to nearly 4,700 people to:

- keep up with technology as it changes
- increase trust and confidence in carrying out online activity and services
- stay connected with families and friends.

The training was unable to start in March 2020 because of COVID-19 but has resumed, and the first group of older people completed their training programme in June.

³⁴ This figure does not include Winter Energy Payments and other supplementary assistance.

Age-friendly Aotearoa New Zealand

The Office for Seniors is an affiliate member of the Global Network of Age-friendly Cities and Communities. It leads a programme of work to encourage and support local councils, non-government organisations and community groups to develop age-friendly communities. As part of the Age-friendly Aotearoa New Zealand programme, we administer \$100,000 of Community Connects grants each year – these provide up to \$15,000 to groups developing an age-friendly plan or implementing an age-friendly initiative in their community. This year nine organisations (including one district council) received grants.

Enhancing the SuperGold Card

This year saw the start of a four-year programme to update and enhance the SuperGold Card. On 1 October 2019 we launched a SuperGold app and a new website³⁵ to modernise the SuperGold experience for users and to provide cardholders and businesses with a digital platform to improve access to SuperGold information and discounts. We also trialled the promotion of regional options to support local businesses and make cardholders more aware of offers.



The SuperGold and Veteran SuperGold programme
at June 2020 had:

5,478
businesses offering discounts
and concessions

almost
786,000
cardholders

³⁵ See <https://www.supergold.govt.nz/>.

Raising awareness of issues affecting older people

The Office for Seniors maintains a high level of contact with older New Zealanders through the SuperSeniors website, newsletters and social media. Through these channels the Office promotes awareness and understanding of seniors' rights, and of issues including health, social isolation, and elder abuse.

During the initial COVID-19 response the SuperSeniors newsletter was a prime channel in keeping older people up to date. It moved from a bi-monthly publication to an almost weekly newsletter – a total of six special editions were published.

The SuperSeniors newsletter is emailed to nearly **385,000 people**, with an open rate consistently over 60 percent.

The Office for Seniors' Facebook page continues to grow steadily, with almost 18,000 followers by 30 June 2020. The page is the eighth most visited New Zealand government page on Facebook, and has a strong engagement rate. It is regularly among the top five government pages for engagement in New Zealand. The Office uses Facebook to share information on entitlements and support such as the Winter Energy Payment and the SuperGold Card.

During Alert Levels 4 and 3, MSD co-ordinated a calling campaign to people over 70 years of age to check in, provide support and link those needing help to appropriate providers.

The calls were made by a volunteer taskforce of more than 700 from Citizens Advice Bureaux and other established and reputable community-based providers, local councils and government agencies, and revealed older people's need for help with things like getting their groceries and medicine. But the calls also showed us that most older people were coping well and had the support of their families and/or other networks.

The campaign prioritised older people who were registered with MSD as living alone but had not given us an email address, as this group was considered to be most at risk of being isolated and not knowing where to turn for help.

The calling campaign received praise for its positive impact on seniors and on the volunteers who took part.

"Giving our time to the community has been really powerful, not only for achieving real benefit to those we spoke with but also [being] thanked so much for something so simple as a phone call."

Volunteer, MSD calling campaign during Alert Levels 4 and 3

We contacted more than 102,000 people during the campaign, and as a result we:

- found that nearly 97 percent of seniors did not need extra support
- made referrals to other agencies for support in about 3,400 cases
- initiated emergency responses in 46 cases (0.05 percent).

Taking a lead in raising national awareness of elder abuse

The Office for Seniors uses its channels to promote the Elder Abuse Response Service 0800 helpline, text number and email address. The annual campaign for Elder Abuse Awareness Week in June 2020³⁶ had good engagement on all our channels, including increasing traffic to the Office's website and a spike in calls to the 0800 helpline.



During World Elder Abuse Awareness Week (15–20 June 2020):

5,393
people visited the
SuperSeniors website

including
4,000
on World Elder Abuse Awareness Day
itself, compared with 3,000–4,000
in a typical week

There were **9,365** page views during the week

³⁶ World Elder Abuse Awareness Day is observed globally on 15 June each year.



6,000

video views



1,250

likes for social media content



281

submissions received from rangatahi

The Hive – the rangatahi voice

The Hive is an online youth voice platform to increase the number of rangatahi taking part in government policy development.

It is a collaboration between social creative agency Curative and 15 rangatahi known as The Hivers, supported by the Ministry of Youth Development – Te Manatū Whakahiato Taiohi (MYD).

These rangatahi explain policy in a way that other young people can understand – through videos, blogs and social media. The Hivers worked with the Department of Conservation in August 2019 on the Aotearoa New Zealand Biodiversity Strategy. Due to the partnership over 280 rangatahi made submissions on the Strategy, with 84 percent saying it was the first time they had made one.

During Alert Level 4, The Hivers staged an Instagram event, HiveLive, with MYD support. They asked seven prominent rangatahi, “If you could change one thing to make life better for rangatahi post COVID-19, what would it be?”

Sonny Ngatai, a young Māori presenter with a passion for change, said, “My advice is to get rangatahi and pakeke to work together more on issues. Even though rangatahi might not have the wisdom or the experiences that pakeke have, we have the imagination and the hope.”

A youth voice is a focus area of the Government’s Youth Plan – to ensure rangatahi voices and perspectives are listened to, valued and used in decision-making.

“Rangatahi may be 17 percent of the population but we are 100 percent of the future.”

– The Hivers



We helped rangatahi to thrive in New Zealand

There is strong evidence that positive youth development supports young people to participate confidently in their communities by building their capability and resilience. Through the Ministry of Youth Development – Te Manatū Whakahiato Taiohi (MYD), we support young people aged 12 to 24 years to acquire the skills and confidence they need to participate in and contribute to the social and economic growth of New Zealand.

In 2019/20 we contributed \$8.5 million to 150 provider organisations to deliver over 200 different youth development and youth enterprise programmes or services to over 70,000 rangatahi³⁷.

Over 7,500 rangatahi completed participant feedback surveys to tell us what they thought about the programmes or services they took part in. The feedback was overwhelmingly positive.

86 percent of participants reported that they had seen a significant improvement in their outcomes through participation in a funded youth development and/or youth enterprise programme or service.

Youth Plan 2020–2022: Turning Voice into Action – Rebuilding and Recovering

We led the development of the Youth Plan as an action under the Child and Youth Wellbeing Strategy's Current Programme of Action³⁸. The Youth Plan shares the Strategy's vision, principles and outcomes, and contributes to their achievement for young people.

The Youth Plan has been reframed as a COVID-19 recovery plan, to ensure rangatahi are a focus in the all-of-government response. It sets out actions that government agencies, in partnership with others, will take to mitigate the impacts of COVID-19 on rangatahi and to strengthen rangatahi wellbeing. It aims to ensure that rangatahi have a say in decisions about recovery, to support the wellbeing of rangatahi and their families and whānau, to enable leadership, and to drive transformational change³⁹.

Youth Parliament 2019

MYD facilitated the tri-annual Youth Parliament programme for 120 Youth Members of Parliament (MPs) and 20 Youth Press Gallery members, which culminated in a two-day event at Parliament in July 2019.

The programme provided an opportunity for rangatahi to learn first-hand about our democratic system, influence decision-making, and actively work and be heard on topics and issues they are passionate about. It equipped young leaders with skills, knowledge and understanding, supporting them to actively contribute to their communities and wider society.

Youth MPs estimate they engaged with around 31,000 rangatahi during the programme – this represents nearly 4 percent of all rangatahi in New Zealand. The combined total reach for Youth Parliament social media feeds was over 188,000, and most participants (89 percent) rated the overall programme as good or very good.

37 The number of young people supported is lower than last year because several initiatives were cancelled in the wake of the restrictions on gatherings under the higher COVID-19 Alert Levels, including Nga Kapa Haka Kura Tuarua o Aotearoa (the National Secondary Schools Kapa Haka Competition), ASB Polyfest, Shakespeare Globe Company productions and the New Zealand Choral Federation Big Sing festivals.

38 The vision of the Child and Youth Wellbeing Strategy (see <https://childyouthwellbeing.govt.nz/>) is that "New Zealand, Aotearoa is the best place in the world for children and young people."

39 The Youth Plan was launched in July 2020 and will be reviewed in two years. Information about the Youth Plan, as well as engagement with rangatahi and the youth sector, is available at <http://www.myd.govt.nz/young-people/youth-plan/youth-plan.html>.

Youth Enterprise Funding – Opportunity for Young People

In 2019/20 we provided funding for 18 individual and/or groups of rangatahi to explore and develop their business ventures. We provided access to mentors for one year to further support rangatahi by increasing knowledge and skills and improving future career opportunities. Examples of these business ventures include:

- *Teen Jobs* – a free and easy-to-use platform that connects employers and households to jobseekers aged 13 to 19 years. Teen Jobs flips the traditional recruitment methods towards rangatahi, creating CV-like profiles so that employers/households can search profiles and select a good fit. The platform is already proving to be a huge success, with 20,000 candidate searches by employers that have resulted in 400 job offers for rangatahi. More than 6,500 young jobseekers are using Teen Jobs
- *Hijabity* – a non-profit social enterprise created by a young Muslim woman to empower and educate both Muslims and non-Muslims on the significance of hijabs through their soft toy, Izzy. Izzy narrates her experience of wearing a hijab, sharing her story of social acceptance and self-esteem issues so that young Muslim women feel confident in their hijabs and there is more understanding in the non-Muslim community
- *KUMANU NZ* – a non-profit social enterprise founded and organised by a group of Manurewa High School students. They produce bright, colourful Buddy Benches, which are installed in primary schools to help teach young children about wellbeing and hauora. A child can visit the Buddy Bench to make new friends and talk about problems they may be facing. It helps to create a mindset that it is okay to talk about problems. The Buddy Benches are made by students at the local Trades Academy, who will gain NCEA credits for their work, and they are decorated by art students from Manurewa High School.

MYD continues to fund the Young Enterprise Trust to support a diverse range of young people to access business and entrepreneurship education opportunities.

Partnership Fund

The Minister for Youth's Partnership Fund Board has been active in supporting the development of partnerships with philanthropic organisations, business, iwi, government and other funders to collectively engage and collaborate to support quality youth development and/or youth enterprise opportunities for rangatahi. In 2019/20 the Fund invested more than \$1.6 million, with co-investment by partners of \$3.5 million, to make up a funding pool of more than \$5.1 million to provide over 4,500 rangatahi with youth development and/or youth enterprise opportunities.

We addressed historic claims for those who suffered abuse as children and/or young people in State care

Our Historic Claims Unit provides an alternative disputes resolution process for people who were abused or neglected in the care, custody or guardianship of, or who had come to the notice of, Child, Youth and Family or its predecessors before April 2017⁴⁰. We work with claimants to understand their experience in care, and we acknowledge and recognise harm done.

Changes to the historic claims process from November 2018 resulted in a new streamlined assessment model. We refocused roles to support the new model, the team increased in size significantly (from approximately 30 to over 100), and we established a hub in Auckland. We have implemented the new model in an environment of competing demands and impacts, including:

- building capacity and capability of new staff
- work required to support the Royal Commission of Inquiry into Historical Abuse in the Care of the State and in the Care of Faith-based Institutions
- travel restrictions and redeployment of staff to assist with the response to COVID-19.

The number of assessments we could carry out during Alert Levels 4 and 3 was reduced significantly, and this meant that we have not been able to assess as many claims as we had intended to.

As part of our continuous improvement approach, we are seeking feedback from claimants through a survey about our process. Feedback so far suggests that the quality of our interaction with claimants this year has been high. We will continue to build on this to ensure that claimants get the support they need. This includes ongoing work to support the development of wrap-around services for those we work with.



People have been able to lodge claims
of historic abuse since 2004, with

1,834
of 4,173 historic claims resolved⁴¹

more than
\$30 million
paid as part of redress

⁴⁰ Claims arising after this date are the responsibility of Oranga Tamariki.

⁴¹ Data relating to the number of claims resolved reflects a decision made in 2019/20 that unresolved claims should remain open and inactive, in view of the fact that the claim has not been settled.

We established the new Independent Monitor of the Oranga Tamariki system

A comprehensive review of the oversight arrangements of Oranga Tamariki in 2018 found that key issues and gaps within the Oranga Tamariki children's care system needed to be addressed. Cabinet agreed to strengthen the oversight of the system and directed MSD to establish and build an independent monitoring function with the intention to transfer it to the Office of the Children's Commissioner (OCC) once robustly established⁴².

This work aims to improve services and outcomes for those in care, to build trust and confidence in the children's care system, and to ensure that the wellbeing and interests of tamariki and rangatahi are at the centre of how the State delivers care and support.

Substantial changes to policy and legislation are required to achieve the Government's aims. We are working closely with key stakeholders and government agencies to develop the new legislation under which the oversight functions will operate.

The Independent Monitor came into operation on 1 July 2019. Initial monitoring work has focused on information received on abuse or neglect in relation to children in care and custody, and on agencies' responses.

The Monitor has published two reports covering progress up to December 2019⁴³. These initial reports provide the Monitor and agencies with the opportunity to test the assessment approach and build capability. Expanded monitoring will be focused on compliance with all aspects of the National Care Standards by December 2020, and the intended longer-term expansion would enable broader monitoring of the Oranga Tamariki Act 1989 and associated regulations.

We are working closely with Oranga Tamariki, OCC, the Office of the Ombudsman and other government agencies on developing the independent oversight system as a whole, and have engaged with Māori and wider communities through 41 regional hui held in 2019 and 2020, guided by a Kāhui Group. An ongoing engagement process, in particular with Māori individuals and organisations, helps maintain focus on how the Monitor might best work towards identifying issues of particular concern for children and their whānau.

Clients told us they trust us

Feedback we have received from people who need our support confirms that we have continued to strengthen our service culture and improve people's experiences of dealing with us. This contributes to mana manaaki, providing a positive experience every time.

We have continuously improved how we communicate so that our information and messages are client-centred and easy to understand, in writing, online, and in our service centres.

Clients can easily access clear information about what support they can get, and it is now easier to complete online application forms on mobile devices. Welcome messages appear in 11 languages on digital signage screens in all service centres and on the uniforms of our tautiaki (security guards).

42 While the new monitoring system is being developed, OCC is continuing to take a strong system-level advocacy role for all New Zealand children and youth, and the Office of the Ombudsman is providing an enhanced complaints and investigations function.

43 A third and final report covering the full 2019/20 financial year is due in December 2020.

Our Heartbeat Client Experience Surveys give thousands of clients each day the chance to tell us about their experience with MSD. In 2019/20 we received over 70,000 survey responses and more than 150,000 comments that helped us understand what our clients face and feel when interacting with us. The overall Client Experience Score was 8.5 (out of 10) and our Net Trust Score was +43.2 (in a range of -100 to +100) – this is a very positive score.

The Heartbeat Surveys were paused from March 2020 as New Zealand went into higher COVID-19 Alert Levels, but were resumed from July. The pause gave staff the opportunity to support essential work elsewhere in MSD during this period. Before the pause, one of the key themes to emerge from client feedback was that our staff try their best to provide a good experience.



Heartbeat Client Experience survey results for 2019/20:

80%

of clients reported a positive experience
with the person they spoke to

83%

felt “completely” respected
during their interaction

Comments also told us that people appreciate the stress our staff are under in the current circumstances, and that they respect our efforts to provide the best possible service in a difficult environment.

We managed our finances effectively

We have strong governance and leadership arrangements in place to ensure we are using our funds effectively to improve the lives of all New Zealanders. Our baseline funding for the 2019/20 financial year increased by nearly \$18.2 billion (68 percent) from the previous year, mainly due to the COVID-19 Response and Economic Recovery package.

Our total expenditure for the year ended 30 June 2020 was \$40.87 billion against a Supplementary Estimates budget of \$45.1 billion. This expenditure covered departmental operating, capital and administration costs (\$1.18 billion), and payments to working-age people, whānau, families, seniors, students, third-party providers, other organisations and groups within communities to deliver community services (\$27.5 billion). It also includes the \$12.17 billion paid in Wage Subsidy and Leave Support payments to businesses affected by COVID-19.

The overall Vote Social Development underspend of \$4.2 billion was mainly due to underspends of \$3.3 billion in COVID-19 support payments to businesses and \$625 million in Benefits or Related Expenses appropriations. The departmental operating baseline of \$1.2 billion was underspent by \$78.3 million, with over \$49 million of this to be carried forward to 2020/21.

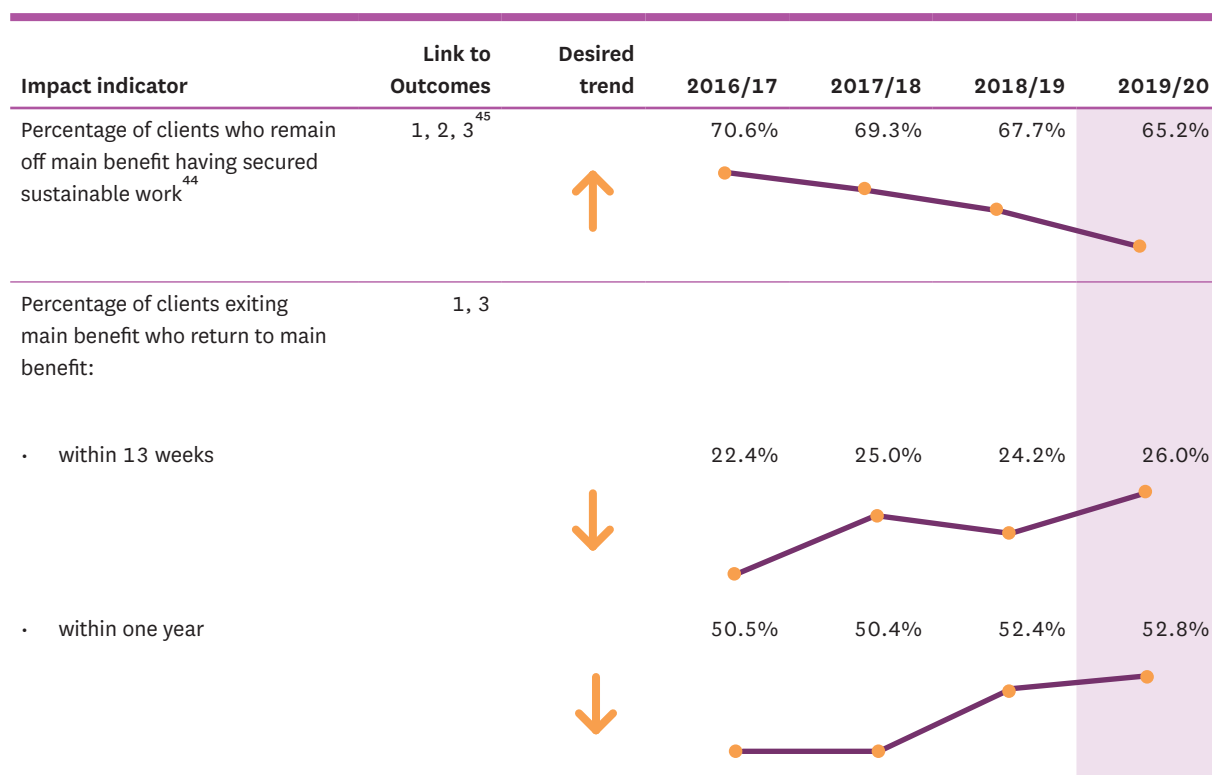
Indicators help us understand our progress towards achieving our outcomes, impacts and key shifts

These indicators were introduced in 2018/19, and their current and historical performance results and trends are shown below.

These indicators do not have fixed targets, but are designed to show the direction in which we would like to see results head over time. We expect them to evolve over time as we develop new and improved ways to measure what we think is important, including what we currently cannot measure but would like to.

The results we have seen so far are helping to establish baselines on which we can measure progress in future years. Results in general indicate that performance is not yet following the desired direction of travel for most indicators. However, we are reporting a positive result for the first annual Client Net Trust Score.

Performance this year was significantly affected by the need to divert resources at short notice to providing the rapid delivery of the COVID-19 income support response.



COVID-19 has impacted our ability to improve these measures.

The strength of the labour market contributes to the ease and speed with which people find and stay in work. Labour market disruption due to COVID-19 has meant that a smaller proportion of those who have left benefit for employment have remained off benefit for a significant period (six months), and more people than usual have come onto benefit.




However overall exits from benefit into work have increased compared with last year.

⁴⁴ A sustained outcome is where a client has not returned to a main benefit 26 weeks after exiting for work.

⁴⁵ Outcome 1: New Zealanders get the support they require.

Outcome 2: New Zealanders are resilient and live in inclusive and supportive communities.




Outcome 3: New Zealanders participate positively in society and reach their potential.

Impact indicator	Link to Outcomes	Desired trend	2016/17	2017/18	2018/19	2019/20
Average future years on benefit ⁴⁶	1, 3		10.8 years	10.6 years	10.6 years	11.6 years
						
<p>This indicator has increased across almost all benefit types. The largest increase has been for main benefit clients aged under 25, especially those who receive Jobseeker Support. There has also been a large increase for over-25 recipients of main benefits who have less past benefit history. The smallest increase has been for over-25s receiving Supported Living Payment.</p> <p>The most recent result is calculated at 30 June 2019. This means that the impact of COVID-19 on the benefit system has not been included in these predictions.</p>						
Median time to house clients on the Housing Register ⁴⁷	1, 2, 3					
• overall			54 days	63 days	101 days	126 days
						
• Priority A clients			54 days	62 days	104 days	128 days
						
<p>A number of factors have contributed to the increase in median time-to-house indicators. In particular:</p> <ul style="list-style-type: none"> • demand for public housing has risen significantly in recent years • home ownership rates are falling and there is high demand for rental homes at a time when the supply of rental housing is constrained • the lack of affordable housing means that there are fewer options for New Zealanders who struggle to access or afford the private market, leading to more people seeking to access public housing • at the same time, Kāinga Ora is delivering a significant redevelopment programme, which means that some vacant stock is being used to rehouse existing tenants. <p>This year the results were exacerbated by the impact of COVID-19. During the nationwide Level 4 lockdown period (and to a lesser extent in Level 3) clients were unable to move into new public housing, and time-to-house indicators worsened for these clients. It was only at Level 2 that the flow into public housing began to accelerate.</p>						

46 The number of years, on average, for which people receiving a benefit at 30 June in the respective year are expected to be supported by a benefit over the remainder of their working lives. The key driver in predicting the average future years on benefit (the future years projection) is how people move into, through and out of the benefit system; for example, if it is harder for people to exit the benefit system then, all else being equal, the future years projection will increase. Several factors can influence how people move through the benefit system, including:

- changes in the labour market, such as forecast unemployment rates – all else being equal, increases in current and forecast unemployment rates will lead to increases in predicted future years on main benefit. This is because those supported by a benefit will typically find it harder to find employment and, once they do, are more likely to cease employment if unemployment is high
- policy and operational settings; for example, successful programmes that help clients move to sustainable employment can reduce predicted future years on main benefit
- demographic changes – if, for example, the proportion of clients who have a relatively low future years projection increases, then the overall future years projection will decrease. If the proportion of clients supported by a benefit who are young increases then, all else being equal, the future years projection will also increase as young clients have a longer working lifetime remaining
- methodology changes – every year, the models that predict future time on benefit are improved with new data and modelling techniques that help us understand more about how people transition through the benefit system. These can impact the future years projection. The exact impact will depend on the particular change.

47 Results shown here for prior years differ from those reported previously to correct a previous reporting error, as previous results were for the June quarter in each year (2017–2019) rather than the full financial year

Impact indicator	Link to Outcomes	Desired trend	2016/17	2017/18	2018/19	2019/20
Percentage of our spend evaluated as effective ⁴⁸ (of the portion of our spend that we are able to evaluate)	1, 2, 3		81.7%	81.9%	79.8% ⁴⁹	82.7% ⁵⁰
<p>The percentage of spend evaluated as effective is measured across two categories of the multi-category appropriation Improved Employment and Social Outcomes Support: Improving Employment Outcomes and Improving Work-readiness Outcomes. While the percentage of spend evaluated as effective in the Improving Employment Outcomes category increased in 2019/20, the Improving Work-readiness Outcomes category did not achieve its performance target (see pages 163 and 164). This has resulted in the lower overall percentage shown here.</p>						
Customer satisfaction ⁵¹	1		82.6%	81.6%	81.8%	-
Client Net Trust Score	1					+43.2
<p>We sent out 830,699 surveys and received 71,133 responses (a response rate of 8.6%) incorporating 150,086 comments⁵². This year's Client Net Trust Score does not represent a full year of surveying as no surveys were sent out after 24 March 2020 due to COVID-19. The decision to pause surveys was made to reduce any unnecessary impact on our clients at an already stressful time.</p>						

48 The effectiveness of our spend is based on whether employment interventions such as training or wage subsidies increase the time participants have higher income, spend more time in employment and/or less time in corrections services and welfare assistance, and gain higher qualifications.

49 Historical data has been updated due to an error in the analysis that incorrectly excluded recent participant cohorts.

50 The result reported against each year refers to the evaluation of spending two years previously; that is, the 2019/20 result refers to spending in 2017/18, and so on.

51 Up to 2018/19 we reported customer satisfaction results from the former Service Quality Monitor survey, as outlined in our 2018–2022 Statement of Intent, while we have been developing and testing a true Client Net Trust indicator. From 2019/20 we have started to report a true Client Net Trust Score on a continuum from -100 to +100, where any score above 0 is considered a positive result.

52 Surveys contain opportunities to provide comments as well as ratings for questions. It is possible to provide multiple comments per survey response.



Achievement of our performance targets was affected by the COVID-19 response

Each year we agree with the Government on how we will use the funding approved by Parliament and on how we will measure our performance. The performance measures and agreed standards are published in the annual Estimates of Appropriations, and may be amended in Supplementary Estimates during the year.

We achieved 55 out of 68 performance standards (81 percent) this year⁵³, compared with 64 out of 78 (82 percent) last year.

We have grouped our appropriations and performance measures into five broad categories: providing financial assistance, providing employment assistance, providing housing assistance, supporting community services, and supporting the welfare system. The *Assessing our performance* section starting on page 114 gives more details about how COVID-19 affected performance in individual appropriations, including result breakdowns before and during COVID-19. The effect of COVID-19 did not necessarily result in performance standards not being achieved.



⁵³ There were 72 performance measures this year. Three of these were setting baselines for future years and therefore cannot be reported as having been achieved or not achieved, and one has a target in a future period (but is on track to be achieved at that time).

Our performance achievement in each category⁵⁴

Providing financial assistance

11/15 standards achieved⁵⁵

Of the four measures that failed to reach standard, only one did so clearly as a result of the impact of COVID-19 (see page 132).



Providing employment assistance

6/7 standards achieved⁵⁶

The one measure in this group that failed to meet standard did not do so as a result of the impact of COVID-19.



Providing housing assistance

4/4 standards achieved



Supporting community services

23/27 standards achieved

Of the four measures that failed to meet performance standard, two did so substantially as a result of the impact of COVID-19 (see pages 157 and 158).



Supporting the welfare system

11/15 standards achieved

Of the four measures that failed to meet performance standard, two did so substantially as a result of the impact of COVID-19 (see pages 122 and 127).



⁵⁴ This includes two surveys that were not carried out this year.

⁵⁵ In addition, one measure in this group has a standard set to be achieved in 2022. We have not categorised this measure as 'achieved' or 'not achieved' this year.

⁵⁶ In addition, three measures in this group were setting a baseline for assessing performance in future years. We have not categorised these measures as 'achieved' or 'not achieved' this year.

Looking to the horizon: we will continue to respond to the COVID-19 impact in the coming year

This year's challenges will still be with us in 2020/21, and for some years to come.

Throughout the COVID-19 response we showed our ability to respond quickly and effectively to new levels of demand, and this agility will stand us in good stead to handle ongoing increased demand.

Over the next several years we will need to continue our focus on supporting the economic recovery from COVID-19. New Zealand is likely to enter a financial downturn: we are expecting the numbers of recipients of main benefits to continue to increase in the first part of 2020/21, reaching a peak in early 2021 before slowly coming down. However, we do not expect to see pre-COVID-19 levels again for several years.

Our employment services and our understanding of regional labour markets will become more important than ever. Our social development role and our connections with communities are crucial as local responses will lead the recovery. Community providers and NGOs will be under sustained extra pressure during this period and will be crucial partners for us in supporting individual and community resilience.

Similarly, demand for hardship and housing assistance will increase significantly, and many people who have never had to use the benefit system before will be seeking our help.

Before COVID-19, the Government had accepted the conclusion of the Welfare Expert Advisory Group that the welfare system was not always meeting the needs of those who interact with it – particularly Māori, disabled people and people with health conditions. We have shown in the COVID-19 response that we can make significant changes to welfare settings quickly and effectively, and we now have an opportunity to make more fundamental changes to how we operate to deliver the change that is needed to meet current demand, future needs and better outcomes for New Zealanders.

Our strategic direction, Te Pae Tawhiti, with the three shifts that underpin it – Mana manaaki (a positive experience every time), Kotahitanga (partnering for greater impact) and Kia takatū tatou (supporting long-term social and economic development) – is still the cornerstone of our approach and guides how we will enact change. Our Māori strategy and action plan, Te Pae Tata, and our Pacific strategy and action plan, Pacific Prosperity, embrace the three shifts to articulate how we will achieve better outcomes for Māori and Pacific peoples.

The implementation of Te Pae Tawhiti is well under way and we have made progress against the three shifts. We have introduced a number of significant initiatives to improve client experience and our culture as an organisation, to increase the focus on employment, to ensure that housing needs are met, and to be more effective in how we work with partners.

Some of the changes we made during our response to COVID-19 meant we moved towards the ambitions set out in Te Pae Tawhiti, Te Pae Tata and Pacific Prosperity more quickly than anticipated. These included scaling up our online services, building on our employment services to connect greater numbers of people to the workforce, and using our connections with community organisations, providers and partners to support individual, whānau and community resilience.

We want to build on the gains made to continue to shift the way we operate to include areas such as fully integrating our services, creating more self-service options for clients, and building on our relationships with iwi, employers and community groups.







Our organisational capability enables us to deliver high-quality services



MSD is a large and diverse organisation with over 8,000 staff

As one of the largest agencies in the government sector, we are fully committed to the ‘spirit of service’ principles that underpin everything the Public Service does – supporting the Government of the day, acting with integrity, maintaining political neutrality, providing free and frank advice, ensuring appointments are based on merit, and remaining committed to open government.

We are especially mindful of these principles given the extent of our reach into New Zealanders’ lives.

Having the right people, capability and culture, with appropriate oversight and assurance of our actions, and with the right technology and resources in place, is essential to successfully delivering outcomes for New Zealanders.

The way our staff commit themselves to supporting vulnerable New Zealanders was demonstrated in our organisational response to the rollout of the Government’s COVID-19 support package. We mobilised our staff and reprioritised their regular work to help with assessing and processing applications for financial and other assistance.

This effort, and that of agencies throughout the Public Service, was recognised by the Hon Chris Hipkins, Minister for State Services, who told Parliament’s Governance and Administration Select Committee on 3 June 2020:

“...if you look at the scale of the challenge we have faced as a country and the speed with which our public servants have responded, I think we can all be incredibly proud.

“I think about agencies like MSD, for example, who [had] to introduce quite a wide range of supports, including the Wage Subsidy, at very short notice on a very large scale, and I think they have done that exceptionally well, and I think that we should all be thankful to them for the way they have worked.

“Like, I think, many businesses around the country, people have adapted very quickly to the challenge of working from home, and again if you look at what our Public Service has produced during the lockdown period, I don’t think anyone could question the work ethic or productivity of our public servants. I think they have done a truly outstanding job during a very, very difficult time...”

Supporting our people to grow and develop is part of our organisational culture

Strengthening our people capability and leadership

Our training and development approach aims to deliver an empathetic and effective service experience for our clients that aligns with our key strategic priorities. We have made changes to our learning curriculum so that new staff receive a consistent induction experience and ongoing training.

We developed and delivered specific training to support the COVID-19 response. We made more of our learning available online to support people who may be getting used to working from different locations, such as at home, including remote delivery of programmes such as Mental Health and Suicide Awareness.

In 2019 we developed a framework to support Te Pae Tawhiti and Te Pae Tata to embed a Te Ao Māori perspective throughout our organisation. Our Te Ao Māori Maturity Framework (He Matapihi ki Te Ao Māori) identifies four levels of capability and provides clarity around the knowledge and skills that underpin working in a bicultural way. Our people use the framework as a guide to deepen their knowledge. More than 1,800 people actively participated in Te Ao Māori development this year.

About 430 of our people have completed NZQA qualifications this year, including trials of the new New Zealand Certificate in Case Management (Level 5), and the New Zealand Diploma in Health and Wellbeing (Applied Practice) (Level 5) – Advanced Youth Support. The qualifications programme recognises existing skills and further enhances the capability of our people.

We extended our investment in our people leaders through strengths-based workshops with an in-depth focus on building coaching capabilities. We have modernised our leadership programmes and provided development in areas such as mental health, building a positive workplace (including improving the capability of our people leaders to respond appropriately to bullying and harassment), agile leadership, and systems thinking.

Supporting a diverse and inclusive workplace

Being a diverse and inclusive organisation means recognising and respecting the differences between people while valuing the contribution everyone can make. We want all our people and clients to thrive, be who they are and enhance their wellbeing. It is critical for our success as an organisation that we reflect the people we serve, which means acknowledging and appreciating our own diversity so that we can support our clients' aspirations.

Our direction is in line with the vision of Te Kawa Mataaho Public Service Commission for diversity and inclusion across the public sector. This year we have focused on addressing the Gender Pay Gap, making workplaces accessible for disabled people, building and supporting employee-led networks, and making information available to enhance the visibility and inclusion of Rainbow groups.

In December 2019 we added a third gender option (Gender Diverse) alongside Male and Female in our client and employee systems and forms. We also made it easier for existing clients to change their gender in the system. We want to provide services that reflect who people are, so they feel included and respected.

We have four strong employee-led networks: a Women's Network, Pasifika Helava (for Pacific staff), Disabled Network, and proud@MSD⁵⁷. We have released guidance to help new and current networks become established, and we have an Asian Network in development.

Strengthening our cultural competency

Our Māori Capability Framework strengthens our cultural competency. Staff have access to the Te Rito⁵⁸ and Kimihia⁵⁹ apps to support their learning and awareness of Te Ao Māori.

Our Te Aka Matua programme supports high-performing Māori and Pacific managers to gain a Masters level tertiary qualification, and our Te Aratitia leadership programme is available for the development of Māori and Pacific staff who demonstrate potential to become effective leaders within MSD.

We held three Māori regional hui this year: in Nelson (November 2019), Auckland and Northland (November 2019), and the Western Hui in Rotoiti (March 2020). The hui explore personal/career development and cultural enrichment, and provide an opportunity for staff to connect with marae life and learn about the associated iwi and marae histories.

Championing equal employment opportunities

We are committed to the principle of equal employment opportunities (EEO) and we value having a diverse workforce to represent our communities better. Our EEO policy promotes equality, diversity and inclusion within a positive work culture based on respect, fairness and valuing individual differences.

For example, we:

- base appointments on merit, while recognising the employment aspirations of Māori, ethnic and minority groups, women, and people with disabilities, and ensuring fairness in employment for all people
- purposefully recruit people who reflect and understand the diversity of New Zealand and the communities we serve
- recognise the aims and aspirations of Māori and the need for greater involvement of Māori within our organisation and across the Public Service
- are committed to employing disabled people and collaborating across government to increase the number of disabled people employed in the public sector
- focus on the capabilities that underpin an openness to diversity, which applies to how we work with our clients, communities and our own people and within our workplace
- work with other agencies to share best EEO practices, policies and procedures.

⁵⁷ Proud@MSD advocates for and celebrates diversity within the organisation and enables our communities to be who they are in the workplace. Membership is open to all MSD employees, regardless of their personal identity.

⁵⁸ Te Rito is a repository of recommended learning to strengthen and develop people's growth and discovery in Te Ao Māori.

⁵⁹ Kimihia allows employees to engage with Māori cultural knowledge and build awareness of key Māori concepts, values and practices.

Leading the way for disabled people

We are committed to delivering on the outcomes outlined in the Accessibility Charter and the Disability Action Plan. We are implementing disability programmes within MSD with guidance from our employee-led Disability Network; for example, we have provided practical tips for people managers which have been incorporated into our manager training programme. Our recruitment partners are using the LEAD Toolkit⁶⁰ to support managers in recruiting and employing disabled people.

During recruitment we do not ask candidates to provide information relating to living with a disability – we only ask for this information once they are hired so that we can understand what support the new staff member needs. Our internal training includes a module about disability, and we also provide an intranet-based Accessibility Toolkit to help managers feel confident about employing, supporting and retaining disabled employees.

Balancing family and work obligations

Our policies and practices support employees to balance family and work obligations. These include parental leave provisions, an ex gratia parental leave payment on return to work, flexible working arrangements, preferential re-engagement after childcare, and a range of leave options that support caring responsibilities.

We have signed up to the CareWise programme run by Carers NZ⁶¹ – the first public sector agency to do so – to help carers keep working. Carers include anyone who cares for a friend, family, whānau or aiga member with a disability, health condition, illness or injury who needs help with everyday living, except paid professional carers or foster carers.

We have continued to develop an approach to flexible working to support how we deliver services to New Zealanders. Because of the diverse work we do, flexibility will look different across teams, for individuals and in different roles.

We released guidance for managers and employees in February 2020 to help them understand how flexible work arrangements can be applied.

60 See <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/initiatives/disabilityconfidentnz/lead-toolkit/index.html>.

61 See <https://carewise.org.nz/>.

Reducing our Gender Pay Gap

The Gender Pay Gap (GP Gap) is measured as the difference between the average⁶² salary for women and for men.

- At 30 June 2019 our Gender Pay Gap was 13.1 percent.
- By 30 June 2020 this had improved to 12.2 percent, while the rate for the Public Service as a whole was 10.5 percent.

The primary driver for the GP Gap continues to be the ongoing challenge of having a high proportion of women in lower- and mid-level roles, with fewer progressing into senior and executive management positions.

We have made progress on lifting remuneration at the lower levels of the organisation, where 60 to 70 percent of our employees are women.

Actions taken in 2019/20 to reduce the GP Gap include:

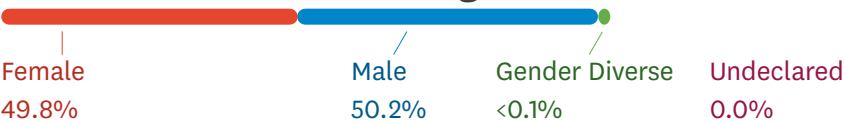
- developing a 12-month Gender Pay Gap Action Plan for 2020/21 in conjunction with key stakeholders including unions and our Diversity and Inclusion Steering Group, which represents the diverse voices of our people and helps guide our work
- creating a flexible work toolkit and guidance to support managers and employees to engage in conversations about flexible work
- designing a new performance and remuneration framework for Ministry of Youth Development, National Office and Service Delivery staff.

There appear to be ethnic pay gaps within MSD

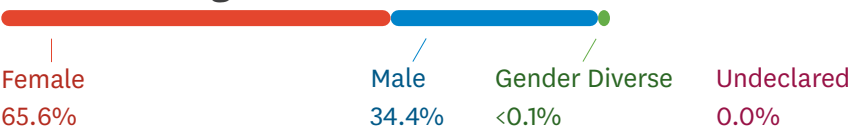
Our Māori and Pacific representation is higher than in the overall New Zealand workforce and population. Initial analysis indicates the presence of ethnic pay gaps. We are doing further work to identify and confirm any ethnic-based pay gaps and to determine what action is required to address these.

Gender distribution by level of seniority

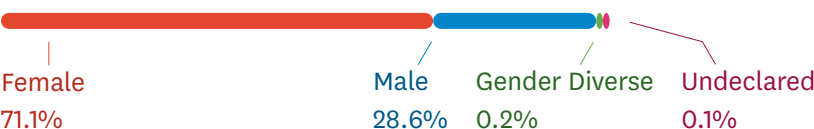
Executives and senior managers



Middle management



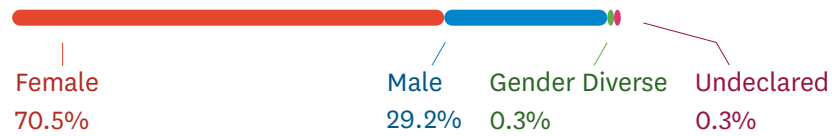
Other staff



62 Average salaries are calculated by the MSD Cost Analysis and Modelling Tool, which includes all employees except external secondees.

Diversity statistics by gender – all employees

MSD



Public Service⁶³



NZ workforce

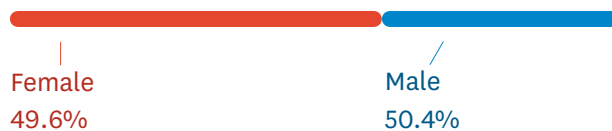


Diversity statistics by gender – senior management

MSD

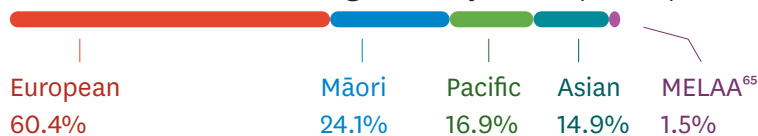


Public Service

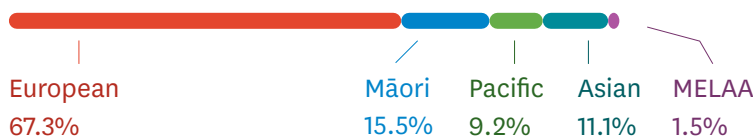


Ethnicity distribution of staff⁶⁴

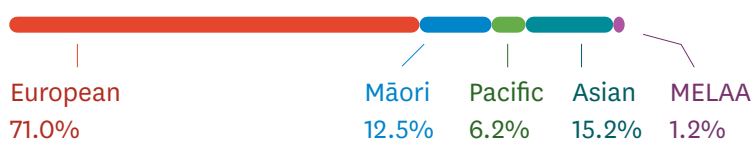
MSD Total staff disclosing ethnicity: 7,729 (95.4%)



Public Service



NZ workforce



⁶³ Public Service figures are at 30 June 2019.

⁶⁴ Figures exclude other, not stated and refused to state. Figures do not always add to 100 percent as people may identify with more than one ethnicity.

⁶⁵ MELAA refers to Middle Eastern, Latin American and African ethnicities.

We maintained constructive employment relations

Our relationship with the New Zealand Public Service Association (PSA) remains constructive, with engagement at operational and strategic levels. We engage with around 350 delegates and national delegates at local and national levels, including Ngā Kaitūhono representatives⁶⁶ and the PSA convenor. Rūnanga delegates in sites have almost doubled since the 2019 PSA delegate elections.

Our High Performance High Engagement (HPHE) relationship agreement with the PSA was signed in August 2019. The agreed objectives for HPHE are to:

- enhance the quality of working life for all our people, so MSD is a positive place to work
- value employees and their contribution
- enable our people and all New Zealanders so everyone has a voice
- improve the wellbeing of whānau, clients and New Zealanders.

We are working on a number of HPHE initiatives in partnership with the PSA. One of these is the co-design of the new Performance and Remuneration framework, covering all our staff roles.

An increase in staffing numbers has seen a slight increase in PSA membership over the past year: 4,622 employees (57 percent of all employees as at 30 June 2020) are members of the PSA, the highest proportion of this number being in frontline roles.

We have a good foundation on which to enter into collective bargaining for three PSA agreements in 2020:

- National Office and MYD, covering around 488 employees, who made up 32 percent of employees in the roles covered⁶⁷
- Service Delivery, covering around 3,914 frontline employees, who made up 69 percent of employees in the roles covered⁶⁸
- Managers and Senior Specialists Collective – our first collective agreement for this group of people, covering around 169 managers and senior specialists who are PSA members and make up about 38 percent of the people in the roles covered⁶⁹.

We will also be entering into collective bargaining with Work and Income Northland staff later in 2020. Their collective agreement, which covers 64 staff, expires on 30 November 2020.

We are working with the PSA to create a new pay and progression framework that fairly reflects the great work our people do, based on four principles:

- encouragement of fair recognition for all people
- simplicity, flexibility and transparency
- supporting our strategic direction (Te Pae Tawhiti, Te Pae Tata and Pacific Prosperity)
- affordability, consistency, and evidence-based.

Once the final design is agreed, and provided this is ratified by the PSA members in roles affected by this work, the new progression and remuneration framework will help narrow the Gender Pay Gap.

MSD is also subject to an equal pay claim for administration and clerical roles including customer service and contact centre staff from the PSA on behalf of their members in the core Public Service.

66 Ngā Kaitūhono is the structure for Māori PSA members in MSD.

67 The agreement expired in April 2020. Bargaining was deferred to July because of the COVID-19 outbreak. A new rollover agreement was ratified in September 2020, expiring on 31 October 2020. Bargaining for a new agreement started in November 2020.

68 The agreement expired, and bargaining for a new agreement started, in October 2020.

69 The agreement expired in June 2020. Bargaining for a new agreement started in August 2020.

Embedding good practices for health, safety and security

In the past year we have increased our focus on the wellbeing of our people, particularly around their mental health. We have:

- introduced new ways for our people to access counselling and psychosocial support services and a wider range of information on self-care and personal wellbeing, through our Wellbeing Portal
- made it easier for our people to give us feedback around wellbeing issues at any time through a dedicated monitored email, and the Sensitive Events module in our new health and safety reporting system
- developed new strategies to increase our worker participation through an updated Worker Participation Agreement, and created an Excellence Award for our Health and Safety Representatives.

We developed and trialled access management options in client-facing site offices using technology and guard configurations. We are constantly evolving our security ecosystem to enhance safety, security and privacy. We completed 20 physical security fitouts of client-facing site offices this year in conjunction with enhancements to our front-of-house areas to provide safe, warm and welcoming spaces for clients and staff. The continuation of physical security fitouts was stopped due to COVID-19 restrictions. We are integrating resulting changes to our future operating model into the design principles for future security fitouts.

Health, safety and security governance

We have established a regular cycle of comprehensive reporting risks to our Leadership Team, who are all Officers under the Health and Safety at Work Act 2015, on health, safety and security risks. Several governance committees across the organisation ensure that we are making a cohesive response to emerging trends and learning from health, safety and security events. We have a steadily maturing and evolving safety management system in place, which includes a set of core frameworks.

Following the Christchurch mosque attacks in March 2019 we reviewed our security levels and threat assessment process. This review resulted in the development of a robust risk assessment model we can use in the future. We have also reviewed our annual assessment process for identifying site-by-site security vulnerabilities across the country.

We have developed a worker engagement strategy that includes an annual award to recognise health and safety representatives' contributions.

Our Leadership Team is supported by a robust governance structure

Our internal governance system ensures effective stewardship

It sets out where we are going and how we are going to get there, takes a strong leadership role in our organisational culture, and ensures effective compliance with our legislative and regulatory obligations.

The following principles serve as a foundation for our governance system:

- openness and transparency
- integrity and accountability
- effectiveness and delivery
- leadership
- strong decision-making
- strategic thinking
- working with agility.

Our governance discussions and decisions actively consider the impact on and outcomes for Māori, acknowledging our role as a partner in Te Tiriti o Waitangi.

A centralised declarations of interest register is maintained for all those in a governance role. The Leadership Team also completes annual Related Parties Transactions declarations, and a standing item on all governance meeting agendas supports acknowledgement of any emerging interests.

The Leadership Team is our primary governance body

The Leadership Team sets our strategic direction and organisational priorities and oversees organisational risk. It consists of the Chief Executive and her direct reports. A brief summary of the work of each member of the Leadership Team can be found on pages 24 and 25.

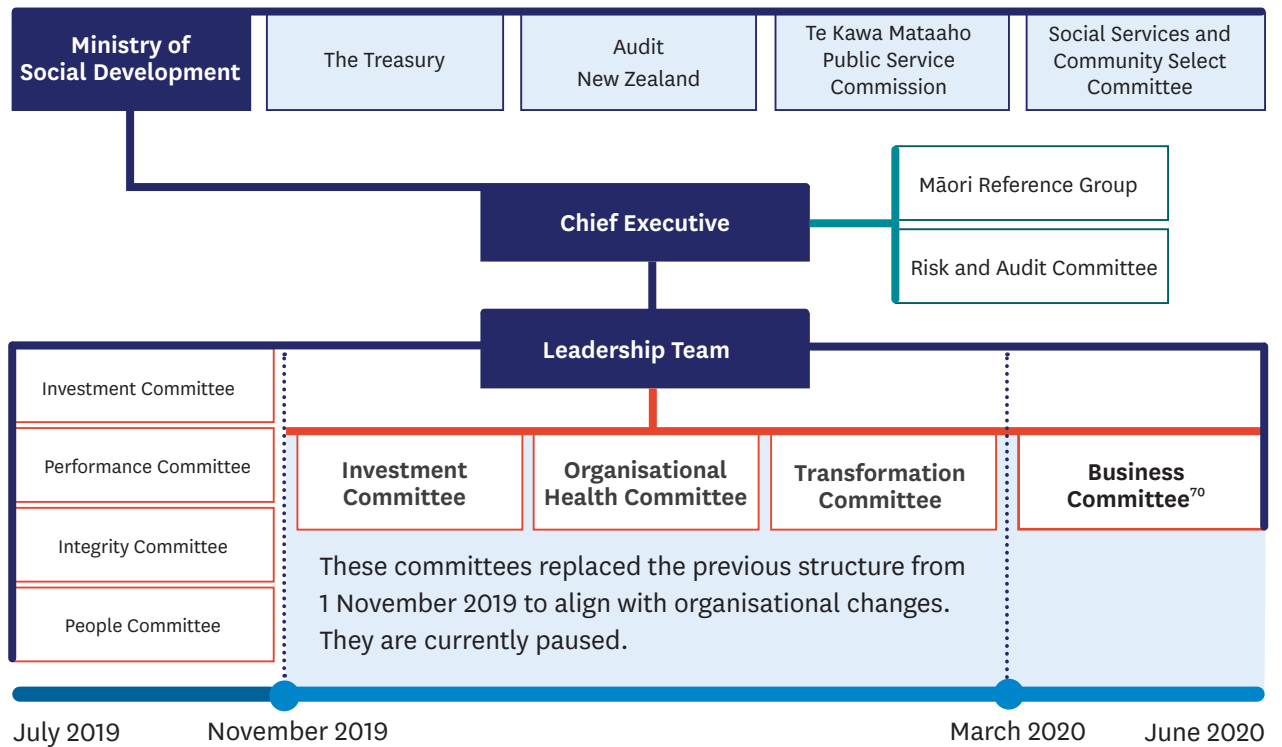
In 2019/20 Leadership Team meetings were arranged on a weekly basis, complemented by quarterly strategic meetings. Key responsibilities and priorities have included:

- stewardship of Te Pae Tawhiti, Te Pae Tata and Pacific Prosperity
- our future state and operating model
- approving new MSD Values
- establishing and embedding our organisational changes
- prioritising flexibility and adaptiveness to meet changing needs.

The Leadership Team is supported to deliver on its long-term strategic vision by governance committees. Each committee is chaired by a member of the Leadership Team, is made up of senior managers from across the organisation, and acts as a sub-committee of the Leadership Team with oversight of particular areas of responsibility. Decision-making and risk oversight are from a whole-of-organisation point of view.

Our governance structure has evolved to help us deliver on our strategic direction and respond to the impact of COVID-19

The chart below shows how the committee structure has changed during 2019/20.



⁷⁰ In October 2020 the Leadership Team agreed to suspend the Business Committee and to move to a new two-committee structure from a future date.

Until 31 October 2019 we had four committees in place supporting the Leadership Team:

- The Investment Committee was responsible for ensuring our investments were robust, strategic and effective, and supported delivery on our strategic objectives, purpose and outcomes.
- The Performance Committee was responsible for setting, tracking and understanding our performance, with a continual focus on how performance can be lifted.
- The Integrity Committee was responsible for ensuring we met our responsibilities, complied with requirements, and functioned optimally in the present and into the future.
- The People Committee was responsible for ensuring that we had the people capability and culture we needed to meet current and future challenges and expectations.

In September 2019 we took the opportunity to align our governance structure with the new organisational structure that took effect at that time. Three new committees came into being from 1 November 2019.

- The Investment Committee took responsibility for ensuring our investments were robust, strategic and effective, and that organisational performance supported delivery of our strategic objectives, purpose and outcomes. The Committee met fortnightly before COVID-19. Key areas of responsibility and focus included:
 - setting direction and priority for investment, including agreeing new investment principles to support robust investment choices
 - overseeing organisational performance and accountability
 - driving investment and performance maturity and capability
 - overseeing the external and internal budget processes.
- The Organisational Health Committee took responsibility for ensuring people, capability, systems and infrastructure were strategically aligned and functioning optimally. The Committee met fortnightly before COVID-19. Key areas of responsibility and focus included:
 - ensuring people are at the core of what we do
 - overseeing development of the new MSD Values
 - managing organisational integrity and risk
 - overseeing our assets and infrastructure
 - providing governance of our corporate strategies and policies framework.
- The Transformation Committee took responsibility for ensuring the effective and efficient delivery of our strategies and priorities. The Committee met fortnightly before COVID-19. Key areas of responsibility and focus included:
 - providing advice and direction on the delivery of our strategies and change management
 - ensuring that the high-level design of services and capabilities (e.g. people, process, organisation, information, systems) is effective in delivering the required performance.

The initial COVID-19 response made it necessary to reset our governance arrangements

Following the move to Alert Level 4 in March 2020, we paused our committees and centralised governance in the Leadership Team, which met daily throughout Levels 4 and 3. This enabled fast, responsive decision-making during the immediate COVID-19 response period, when MSD played a pivotal role.

From March 2020 we paused our three fortnightly committees and set up a centralised Business Committee to share governance with the Leadership Team. This allowed us to maintain efficiencies in the way we governed through the immediate response and take a concerted approach to our new COVID-19-related work programme, in addition to addressing broader governance responsibilities. The Business Committee comprises all Deputy Chief Executives and key leads from across the organisation. There is crossover from the three paused committees, ensuring continuity and institutional knowledge for these interim arrangements.

The Business Committee met weekly from April 2020. Key responsibilities and priorities have included:

- MSD's operating model and work programme
- emerging issues and risks
- staff wellbeing
- sound investment decisions
- organisational performance and accountability
- an integrated portfolio of activity across MSD that will progressively deliver the strategies and near-term priorities.

Two independent advisory groups support the Chief Executive and Leadership Team

Risk and Audit Committee

We operate in a complex, changing environment that requires us to ensure effective risk management while maintaining and improving our services to New Zealanders. Our Risk and Audit Committee provides independent advice to the Chief Executive on risk management, internal controls, internal assurance, external audit, financial and performance matters, and governance frameworks and processes.

The Committee comprises the following independent external members, who collectively have risk management, financial, public sector and wider commercial or private sector experience:

- **Kristy McDonald ONZM QC (Chair)** – Kristy is an experienced Barrister and Queen's Counsel in Wellington with a wide range of legal, governance and regulatory experience. Kristy is the Chair of Kiwifruit New Zealand, Director of the Accident Compensation Corporation, Director of the Racing Industry Transition Authority, and Deputy Chair of the Wairarapa Building Society.
- **Donna Flavell** – Donna is the Chief Executive of Te Whakakitenga o Waikato Inc, the iwi organisation for Waikato-Tainui where she holds key responsibilities for providing leadership on a wide range of complex issues. Prior to this, Donna led the Waikato-Tainui team that provided technical and administrative support to the co-negotiators for the Waikato River Claim and subsequent settlement with the Crown.
- **Ian Fitzgerald** – Ian is a Blenheim-based company director and advisor and is a Chartered Fellow of the Institute of Directors. Ian's current governance roles include Chair of Public Trust, Chair of the Niue Development Bank, Director of World of Wearable Arts, member of the Ngāti Apa ki te Rā Tō Investment Committee, and a trustee of the Marlborough Hospice Trust.
- **David Smol** – David was Chief Executive of the Ministry of Economic Development from 2008 to 2012 and of the Ministry of Business, Innovation and Employment from 2012 to 2017. He currently holds a number of governance roles in the public and private sectors.

The Committee met quarterly in 2019/20 and provided advice and assurance on the following key areas of our work:

- risk management policy
- risk and assurance reporting
- the ACC Accredited Employers Programme
- financial reporting
- health, safety and security
- internal and external fraud
- legislative compliance
- emerging COVID-19-related risks.

Membership fees paid to the independent members of the Risk and Audit Committee fall under the category Group 4, Level 3 body of the Cabinet Fees Framework.

The annualised daily fee for independent members of the Committee is considered as an exception to the Framework with ministerial approval.

Māori Reference Group

The Māori Reference Group was established to provide a strategic reference point and advice on the design and implementation of social strategies and policies that impact Māori.

The Reference Group advises the Leadership Team on matters relating to positively transforming outcomes for Māori and the implementation of our policies, services and initiatives that impact Māori.

The Group comprises the following Māori leaders who have specialist skills, knowledge and expertise in areas such as Kaupapa Māori/Te Reo Māori, family violence, policy, legal and social service infrastructure:

- **Roku Mihinui (Chair)** – Roku is an independent contractor at the Te Arawa Lakes Trust, the post-settlement entity established to manage the 14 lakes returned to Te Arawa under the Te Arawa Lakes Settlement Act 2006. Roku has held senior management positions in the forestry, tourism, justice and education sectors and in social services organisations in the community, public and private sectors.
- **Tā Mark Solomon KNZM** – Tā Mark is an experienced and respected leader of his hapū, his iwi and the wider New Zealand business community. As a strong supporter of the E Tū Whānau kaupapa since its inception, Tā Mark is an outspoken advocate for violence-free whānau.
- **Katie Murray** – Katie is the Kai Arahi of Waitomo Papakāinga, a whānau-based and focused kaupapa Māori-based social service agency in Kaitiāia. Katie is actively involved in her community of Te Hiku o Te Ika and is Chair of Te Hiku Social Accord.
- **Toa Faneva** – Toa is the CEO of Te Rūnanga o Whangaroa, which provides a range of services to the community including emergency housing, financial capability and social services. Under his leadership, the rūnanga has developed an innovative emergency and transitional housing complex on Whangaroa Harbour and an ambitious ‘Violence-Free Whangaroa/Kaeo’ kaupapa.
- **Donna Matahaere-Atariki** – Donna chairs the Otakou Rūnanga and the Ministry of Health NGO Council. She is also a member of the University of Otago Council, Trustee of Well South Primary Health Network, Alternate for Te Rūnanga o Ngāi Tahu, and a Gambling Commissioner.
- **Richard Steedman** – Richard has over many years held a number of governance and management roles for the furtherance of the rangatiratanga of hapū and iwi o Mōkai Pātea. He is Chair of Te Rūnanga o Ngāti Whitikaupeka, and a member of three iwi councils – Te Rūnanga o Ngāti Hauiti, Te Rūnanga o Ngāti Tamakōpiri, and Te Rūnanga o Ngāti Te Ohuake.

- **Haami Piripi** – Haami has spearheaded key Māori development projects in the public sector and served as Chief Executive of Te Taura Whiri i te Reo Māori (the Māori Language Commission). He is an inaugural member of the Hiku-o-Te-Ika Social Wellbeing and Development Accord, which monitors the delivery of social services in the Far North by 16 statutory agencies.
- **Merepeka Raukawa-Tait** – Merepeka is an elected member of the Rotorua District Council and the Lakes District Health Board and a trustee of her hapū, Te Mana o Ngāti Rangitahi. She has been actively involved with the establishment of Whānau Ora as the Deputy Chair of the Te Arawa Whānau Ora Regional Leadership Group.
- **Ruahine (Roni) Albert** – Roni is CEO of Waikato Women's Refuge, Te Whakaruruhau. She is one of a group of Māori women who helped to set up the first Māori Women's Safehouse in 1986, which still operates today.

Membership fees for the Māori Reference Group fall under the category Group 4, Level 2 body of the Cabinet Fees Framework.

Managing risk in a challenging environment

Our internal Risk and Assurance team supports the Leadership Team by:

- overseeing the process for managing Ministry-wide risks
- providing support and advice in applying the risk management framework across all business groups
- providing objective advice that enhances our organisational risk management and assurance capability
- maintaining our organisational relationship with Audit New Zealand and the Office of the Auditor-General.

This year we:

- reviewed and updated our Risk Management Policy and Risk and Assurance Charter to provide a fit-for-purpose risk framework that supports consistency in its approach and assessments and supports informed decision-making
- supported the initial response to COVID-19 by ensuring that a record of identified risks and mitigations was maintained – the pace, scale and complexity of responding to the pandemic meant that getting the fundamentals right, which includes robust risk management, was and remains important.

We take privacy and security of information seriously

We have taken significant steps towards implementing a privacy- and security-by-design approach to the way we look after the information we hold. Our information privacy and security teams work with project teams throughout the organisation to ensure that risks are identified and mitigated as early as possible.

The benefits of this new model were particularly obvious during the initial COVID-19 response. We integrated privacy and security experts into multidisciplinary teams (together with IT, service delivery, legal, data and analytics, communications, and fraud) so we could deliver the required complex initiatives at pace, and with real-time advice and direction to ensure privacy and security risks were well understood and managed safely.

Making sure we use information responsibly

With information collection and use comes the responsibility to respect the rights of individuals whose information is collected, and to apply consistent legal and ethical standards. Our 'by design' approach to project development has enabled us to build further on our Privacy, Human Rights and Ethics (PHRaE) framework⁷¹.

Even though we have been under pressure to deliver new services at pace, we worked hard to ensure that we are open and transparent with clients and the public about how we use information.

We are one of the five foundation agencies⁷² for the Data Protection and Use Policy (DPUP), which Cabinet endorsed in December 2019. We are now starting to take active steps to implement the DPUP in some of our core activities, such as our contractual arrangements with community service providers.

Reviewing privacy protections in serious fraud investigations

Following the Privacy Commissioner's publication in early 2019 of the results of an inquiry into our use of powers in relation to serious fraud investigations, we initiated a programme of work to implement the inquiry's recommendations, and to ensure we are respecting the rights of clients under investigation.

That work is now well advanced, but not yet completed as there was a delay while key staff were redeployed to deal with the COVID-19 response.

Approved information-sharing agreements

As lead agency, we are responsible for reporting against two approved information-sharing agreements (AISAs) with other agencies. One AISA is with the Ministry of Education and Oranga Tamariki for providing services to help disengaged youth move into education, employment or training, and the other is with the New Zealand Customs Service for the supply of information regarding arrivals into and departures from New Zealand.

The reports on these AISAs can be found at Appendix 3.

⁷¹ The PHRaE framework enables projects to meet legal and ethical responsibilities by ensuring that the privacy, human rights and ethical risks associated with personal information use are appropriately identified and managed early on in the development of new initiatives. It comprises an interactive tool and a team of specialists who work alongside development teams.

⁷² The others are the Ministries of Education and Health, Oranga Tamariki, and the Social Wellbeing Agency. See <https://swa.govt.nz/assets/Documents/Data-Protection-and-Use-Policy-Proactive-Release.pdf>.

Building our data, analytics and insights capability

Better insights, better decisions, better lives

Our Insights team delivers several types of data and analytics that help us achieve our purpose by aiding effective decision-making, focusing resources on the right investments, and understanding and evaluating performance.

We generate a variety of products and insights to support key frontline operations (such as case manager and service centre reporting and client service matching), performance measurement, external performance reporting, ministerial servicing, responses to official information requests, research and evaluation, policy advice, data feeds to partners, and Statistics New Zealand's Integrated Data Infrastructure.

We provide tools to improve the effectiveness of frontline decision-making and services to clients. We have developed and improved smart tools that help our case managers in their discussions with clients about employment aspirations and skill gaps, as well as in recommending services that may help them meet their employment goals.

This year we produced a best practice guide for the development of operational algorithms, in line with the Statistics New Zealand Algorithm Charter⁷³. The guide enables us to maximise the value of our analytics while appropriately managing risks and harms.

We have developed a tool that expands the reach of the Youth Service to include people who have not had contact with a youth service coach or are unaware of what the Service can offer them. In collaboration with Youth Service providers, we have improved the way we identify young people who are at greater risk of becoming NEET (not in education, employment or training) after they leave school. Providers use the information they get from this model to help support decisions about which young people to prioritise into the Service.

We have developed products to provide benefit reporting directly to iwi. These will help iwi to understand data in the context of their rohe, and will support local decision-making.

Our evaluation programme has helped improve our understanding of the impacts of our services and programmes on clients' lives and how to support evidence-based policy and service design.

We have taken steps to incorporate kaupapa Māori approaches into our research and evaluation work programme. We have adopted the Whānau Rangatiratanga Framework, which was developed as part of the Families and Whānau Wellbeing work programme, to take a Māori world view. Within our research and evaluation work we use the He Awa Whiria/Braided Rivers approach as a way of reconciling western science and kaupapa Māori approaches, creating a constructive 'space' in which the two approaches can co-exist.

We created a new research library on our website⁷⁴, with an improved search function and intuitive design, to make our research and other publications much more accessible to the public. We also published our back catalogue, providing a wealth of information to the public.

⁷³ See <https://data.govt.nz/use-data/data-ethics/government-algorithm-transparency-and-accountability/algorithm-charter/#definitions>.

⁷⁴ See <https://www.msd.govt.nz/research-insights/index.html>.

Developing more timely and robust labour market intelligence

We are experiencing a greater need for timely and robust labour market intelligence to inform our policy and delivery efforts to support New Zealanders into work. In response to this demand we have redeveloped our benefit reporting platforms, and we are working closely with other agencies to bring together data and analysis on labour market supply and demand, which is particularly critical in economically uncertain times.

Our data and analysis have proven critical for supporting the all-of-government response to COVID-19, and we continue to make available more fine-grained regional and demographic information and analysis of benefit system flows to support that work. This includes supporting cross-government scenario and modelling efforts.

Our technology strategy

We are refining our technology strategy to ensure it is aligned with the way we deliver our services.

The key focus of the strategy is to enable flexibility in our core systems and simplify our core functions to adapt to changing needs. In refining our technology strategy, we are ensuring alignment with the all-of-government Strategy for a Digital Public Service.

We have continued work on improving the reliability and resilience of our infrastructure and investing in keeping our systems current.

As part of the COVID-19 response we have accelerated our work on improving digital channels, workflow, remote working and collaboration services. The focus is on meeting immediate COVID-19-related demand while managing risk and creating enduring value from investments.

Managing the performance of our departmental assets

Our client services are supported by many assets that assist us and our shared service partners to deliver services like visiting clients, communicating, facilitating face-to-face discussion, and meeting together online.

Maintaining the fitness for purpose and availability of assets through strong asset management practice and performance monitoring is essential to optimising the value of our significant asset portfolio. This includes asset management planning at strategic and operational levels and a structured approach to assessing the condition and performance of our assets with a strong base of reliable asset information.

We manage more than \$333 million in departmental capital assets, made up of \$158 million of property, plant and equipment and \$174 million of intangible assets. This year we received a capital injection of \$11 million, which included funding to improve the resilience of critical systems. We spent almost \$90 million on capital expenditure to maintain and upgrade our asset base. Strong capital asset management is crucial to our long-term success.

Our asset performance framework groups monitoring and reporting into Property and Technology asset portfolios. This breakdown, as further described below, reflects the different management approaches required to manage and monitor our significant assets.

Asset performance measures and standards are approved at executive level at the start of each financial year. Our asset performance results and standards are set out in Appendix 4.

Asset portfolios

Property

These assets provide more than 225,000m² of commercial office space (the majority of which is located within leased rather than owned premises) to house MSD and Oranga Tamariki staff. These property assets are key to enabling us to facilitate face-to-face engagement with clients and the back-office support necessary for a large government agency. The assets within the leased space are primarily fitouts, furniture and security assets. We relocated four client-facing offices into new improved premises this year.

In future years, the Oranga Tamariki commercial office space will largely move under Oranga Tamariki's management and will be removed from MSD reporting.

We are introducing flexible workspaces in our National Office campus to better reflect the way our people work and to make better use of the space that we have.

We are also working on improving long-term property investment planning, including options to leverage tenure at strategic sites.

We are actively working with the Government Property Group to optimise government office accommodation throughout New Zealand.

Technology

We monitor asset performance within two broad categories: software and computer equipment. These play a critical role in ensuring that we can provide services in a timely, reliable and efficient way and in accordance with current government policy and legislation. The services provided through these assets are significant, with over 380 different technology services across a range of applications.

Most of our core applications are now at least 15 years old, with the core payments engine (SWIFTT) nearly 30 years old. The age of these systems means it is increasingly difficult to maintain and support these applications or to deliver policy changes in a timely manner. Some of our software assets are no longer fully supported by the supplier and will need to be enhanced or replaced.

We received funding in 2019 to reduce the risk of critical systems (such as client-facing systems) failing, and in 2020 initial funding was received to begin work on our financial management information and payroll systems and to begin modernising our income support system.

Statement of responsibility

As Chief Executive of the Ministry of Social Development (the Ministry), I am responsible for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to produce reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in the Annual Report.

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2020 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2021 and its operations for the year ending on that date.



Debbie Power
Chief Executive
18 November 2020

Independent Auditor's Report

To the readers of the Ministry of Social Development's annual report for the year ended 30 June 2020

The Auditor General is the auditor of the Ministry of Social Development (the Ministry). The Auditor General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 174 to 212, that comprise the statement of financial position, statement of commitments, statement of contingent assets and liabilities as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2020 on pages 76 to 78, 80 to 81 and 114 to 170;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2020 on pages 232 to 242: and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 213 to 231 that comprise:
 - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020;
 - the schedules of expenses; and revenue for the year ended 30 June 2020;
 - the schedule of capital receipts for the year ended 30 June 2020;
 - the statement of trust monies for the year ended 30 June 2020; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 174 to 212:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- the performance information of the Ministry on pages 76 to 81 and 114 to 170:
 - presents fairly, in all material respects, for the year ended 30 June 2020:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

- the statements of expenses and capital expenditure of the Ministry on pages 232 to 242 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non departmental activities which are managed by the Ministry on behalf of the Crown on pages 213 to 231 present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2020; and
 - expenses; capital receipts and revenue for the year ended 30 June 2020; and
 - the statement of trust monies for the year ended 30 June 2020.

Our audit was completed on 18 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on the Ministry and the activities it manages on behalf of the Crown. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the Ministry as set out in Note 21 to the financial statements, Notes 1 and 5 of the non-departmental statements and schedules and page 80 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Estimates, Supplementary Estimates of Appropriations 2019/20 and addition to the Supplementary Estimates of Appropriations 2019/20, and the 2019/20 forecast financial figures included in the Ministry's 2018/19 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 2 to 268, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.



John Whittal
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand







Assessing our performance

Vote Social Development

Output expense: Administering support for the Mental Health and Employment Social Bond pilot

This multi-year appropriation commenced on 1 February 2017 and was due to expire on 30 June 2021.

This appropriation was limited to the costs of administering and providing business support to the Mental Health and Employment Social Bond pilot.

This appropriation was intended to achieve efficient and effective administrative support to the Mental Health and Employment Social Bond pilot.

The appropriation was disestablished during the year following the cancellation of the Mental Health and Employment Social Bond pilot. Funding was transferred to a better-performing service, Work to Wellness, in the Improved Employment and Social Outcomes multi-category appropriation (see page 161).

Summary of performance

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000 ⁷⁵	\$000 ⁷⁶	\$000
Revenue				
60	Crown	140	-	-
-	Department	-	-	-
-	Other	-	-	-
60	Total Revenue	140	-	-
60	Total Expense	140	-	-
-	Net Surplus/(Deficit)	-	-	-

⁷⁵ As set out in the 2019/20 Estimates of Appropriations for Vote Social Development.

⁷⁶ Revised budget figures include any changes made in the 2019/20 Supplementary Estimates of Appropriations for Vote Social Development.

Output expense: Administration of service cards

This appropriation is limited to assessing entitlement for and issuing the Community Services Card, SuperGold Card and Veteran SuperGold Card, and providing information about the Community Services Card.

This appropriation is intended to achieve financial assistance to low-income New Zealanders and older people by the accurate and timely assessment and issuing of discount service cards.

Summary of performance

Non-financial performance

The efficient and accurate administration of discount cards enables more New Zealanders, including seniors, to take a fuller part in society.

In 2019/20:

- the number of Community Services Card recipients increased from 954,822 to 1,026,831 (7.5 percent), reflecting the extension of automatic card eligibility to those in public housing or receiving an Accommodation Supplement
- the total number of SuperGold Cardholders increased from 761,008 to 784,592 (3.1 percent).

The number of SuperGold Cards and Veteran SuperGold Cards issued is determined by the number of new card applicants and card renewals. In 2019/20 the number of cards issued was 275,807, compared with 267,429 in 2018/19.

In the December 2019 and March 2020 quarters there was a decrease of around 0.5 percent in the uptake of Community Services Cards, while the June quarter saw an increase in uptake of 5.7 percent on the March quarter. This is likely linked to the impact of COVID-19 and subsequent reductions in income making more people eligible.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
97.6%	The percentage of card entitlement assessments completed accurately ⁷⁷ will be no less than	95%	98.9%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 99.0%, and for the COVID period (April to June 2020) 98.7%.			
87.4%	The percentage of card entitlement assessments completed within five working days ⁷⁸ will be no less than	90%	95.0%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 95.6%, and for the COVID period (April to June 2020) 93.3%.			

⁷⁷ Accuracy measures the percentage of all client assessments that are processed correctly. The reported performance is based on a sample of tested applications that is considered representative of actual performance over all applications. The same principle is used for accuracy measures reported on pages 133, 134, 145, 150 and 163. For all accuracy measures we have reported year-to-date results at 31 March 2020 as well as the full-year results, to show how our COVID-19 response work affected performance in the final quarter of 2019/20.

⁷⁸ Timeliness measures the length of time in working days to complete an action. The reported performance is based on a sample of applications that is considered representative of actual performance over all applications. The same principle is used for timeliness measures reported on pages 133, 134, 145, 150 and 163. For all timeliness measures we have reported year-to-date results at 31 March 2020 as well as the full-year results, to show how our COVID-19 response work affected performance in the final quarter of 2019/20.

The following information is provided for context⁷⁹:

	2016/17	2017/18	2018/19	2019/20
Cardholders				
• SuperGold Cards	712,251	734,553	761,008	784,592
• Veteran SuperGold Cards (subset of the above)	5,805	5,197	4,797	4,329
• Community Services Cards	842,711	832,085	954,822	1,026,831
Cards processed per annum				
• SuperGold Cards	248,413	254,197	267,429	275,807
• Veteran SuperGold Cards (subset of the above)	1,551	3,349	1,354	1,167
• Community Services Cards	786,317	777,534	841,510	758,082
SuperGold cardholders who also hold a Community Services Card	295,516	294,415	319,775	323,230

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
3,490	Crown	5,731	5,931	5,931
-	- Department	-	-	-
-	- Other	-	-	-
3,490	Total Revenue	5,731	5,931	5,931
3,429	Total Expense	5,731	5,931	5,581
61	Net Surplus/(Deficit)	-	-	350

⁷⁹ Information provided for context has not been audited.

Output expense: Claims resolution

This multi-year appropriation commenced on 1 April 2017 and was due to expire on 30 June 2021.

This appropriation was limited to resolving claims of abuse and neglect for people who were under the supervision or in the care, custody or guardianship of the State or who had come to the notice of the State prior to 2008.

This appropriation was intended to provide a redress process to people who believe they were harmed while in the care, custody, guardianship or oversight of the State, as well as responding to the Royal Commission of Inquiry on the redress and rehabilitation processes and the historic child welfare system.

The appropriation was disestablished in 2019/20 and remaining funding transferred to the new Historic Claims multi-year appropriation (see page 124) due to the similar output and scope of the two appropriations.

Summary of performance

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
6,094	Crown	1,007	-	-
-	- Department	-	-	-
-	- Other	-	-	-
6,094	Total Revenue	1,007	-	-
6,094	Total Expense	7,846	-	-
-	Net Surplus/(Deficit)	(6,839)	-	-

Output expense: Corporate support services

This appropriation is limited to the provision of corporate support services to other agencies.

This appropriation is intended to achieve quality and efficient corporate support services.

Summary of performance

Non-financial performance

We provide a range of purchased and transitional services, mainly to Oranga Tamariki, but also to the Social Wellbeing Agency, the Ministry of Housing and Urban Development and the Office of the Children's Commissioner. Services provided vary by agency and can include services such as information technology, finance, human resources, property and facilities, and information privacy and security.

An exemption to reporting was granted under section 15D(1) of the Public Finance Act 1989 as this appropriation relates exclusively to outputs supplied by MSD to other departments.

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
-	Crown	-	-	-
72,970	Department	74,970	67,519	67,459
-	Other	-	-	-
72,970	Total Revenue	74,970	67,519	67,459
72,970	Total Expense	74,970	67,519	67,459
-	Net Surplus/(Deficit)	-	-	-

Output expense: Data, analytics and evidence services

This appropriation is limited to providing data, analytics and evidence services to better inform government decision-making.

This appropriation is intended to improve the design and delivery of policy and services through more effective use of data and analytics. This includes public reporting of research, evaluation and performance information and data.

Summary of performance

Non-financial performance

This year we launched a new Insights web presence and enhanced search function to improve the availability of our research, evaluation and statistical insights. We also published a back catalogue of previously unpublished evidence.

To provide case managers with better information to help them support clients into training and employment, we expanded the Analytics to the Frontline application⁸⁰ to include the Menu of Contracted Services⁸¹ and Pathway to Employment⁸² tools.

We increased self-service reporting across MSD. This provides data in a range of forms and empowers our people to complete their own analysis for evidence-based decisions. We also completed the initial phase of the Te Hāoroa Programme, which seeks to replace the MSD Data Warehouse and to establish new governance arrangements to support the new data platform.

As part of our work to monitor and evaluate the impacts of Families Package initiatives, we published the Families Package First-Year Monitoring Report. We also measured the impact of the Supporting Offenders into Employment initiative, and published the Supporting Offenders into Employment Formative Evaluation.

The increase in the volume of Parliamentary questions, particularly in July and December 2019, was a significant factor in MSD's data request numbers more than doubling from last year.

The second half of the year focused on the response to COVID-19, providing support to the all-of-government response and producing daily, weekly and monthly reporting to Ministers and the public. We also made the underlying data available to enable members of the public to produce their own analysis, and published a number of COVID-19-related rapid evidence briefs on our website. The value of this increase in availability of data and insights is reflected in the notable increase in document downloads on the website.

80 Analytics to the Frontline aims to capture the experience and insight that different agencies hold to understand what really works for people.

81 The Menu of Contracted Services supports staff in their day-to-day work by showing a list of contracted services that might be suitable for clients based on their details, and the target groups for the service.

82 Pathway to Employment is a simple five-step process for case managers to help clients bridge the gap from becoming work-ready through to getting sustainable employment.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
96%	The percentage of products and services provided that consistently reflect the Quality Framework principles ⁸³ will be no less than	90%	95%
New measure in 2019/20	The percentage of internal customers surveyed that responded that they 'agree' or 'strongly agree' that the product(s) they received enabled them to make better decisions	80%	75%
<p>COVID-19 has impacted MSD's ability to meet this measure.</p> <p>An issue was identified with the surveys sent out to collect this response, which caused lower scores. This was fixed in December 2019 but due to staff resources being redeployed to urgent COVID-19 work, no surveys were sent out for periods after this. We were therefore unable to raise this result to meet the performance standard.</p>			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Key publication documents on MSD's website ⁸⁴	36	15 ⁸⁵	36	47
Key publication document views/downloads from MSD's website	12,869	14,648	16,151	23,090
Data requests	1,580	1,596	1,550	3,639

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
18,393	Crown	23,599	36,940	36,940
-	Department	-	-	-
-	Other	-	-	-
18,393	Total Revenue	23,599	36,940	36,940
16,049	Total Expense	23,599	36,940	29,388
2,344	Net Surplus/(Deficit)	-	-	7,552

83 The Quality Framework principles are: well commissioned, methodologically sound, client-focused, builds knowledge and capability, and ethical.

84 See www.msd.govt.nz. The count is limited to key publications funded by this appropriation and found within the Statistics, Research and Evaluation Reports pages located within the Publications and Resources content on the website. This consists of:

- official government statistics that we are obligated to publish both to the Minister for Social Development and on our website
- reports about research that our Research and Evaluation team has conducted
- reports that evaluate the effectiveness of our services.

85 There were three main reasons why the 2017/18 figure was lower than for the previous year: responsibility for some reports passed to Oranga Tamariki in 2017, some reports ceased to be funded within this appropriation or were merged into other existing reports, and some reports ceased to be produced quarterly.

Output expense: Enhancement and promotion of SuperGold Cards

This appropriation is limited to promoting, enhancing and delivering information about the SuperGold and Veteran SuperGold Cards, and enlisting businesses to provide discounts to SuperGold cardholders.

This appropriation is intended to recognise the valued contribution of older New Zealanders by providing easy access to discounted products and services, and information about the use of the cards.

Summary of performance

Non-financial performance

The provision of easy access to discounted products and services is an effective way of recognising the valued contribution of older New Zealanders to society.

In 2019/20:

- we signed up 326 new SuperGold Card business partners
- we launched the new SuperGold mobile app and website to make it easier for cardholders to find offers relevant to them and to help them stretch their dollar further
- there were 124,936 app downloads
- the cumulative count of website users was 429,951
- the total number of website page views for the entire year was more than 2.5 million.

We also developed functionality to allow businesses to update their SuperGold Card offers directly into the website and app⁸⁶.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
365	The number of new businesses joining the SuperGold Card programme will be no less than	250	326
The relaunch of the SuperGold website and mobile app helped us to exceed the target for new businesses joining the programme, even though the business enrolment campaign planned for April and May 2020 was suspended due to COVID-19.			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Providers offering concessions/discounts on SuperGold Cards (at 30 June)	8,583	9,213	9,630	5,478 ⁸⁷
Visits ⁸⁸ to the SuperGold website	1,088,974	1,384,758	1,511,984	2,540,666
Searches on the SuperGold business directory	286,361	339,174	364,476	277,317 ⁸⁹

⁸⁶ This new function was launched in July 2020. Uploads are activated by MSD validation.

⁸⁷ The decline in the number of providers offering concessions/discounts in 2019/20 arises from a check of providers' details before the launch of the new SuperGold website and app. This check revealed that a significant number of providers had ceased to operate.

⁸⁸ The count is of page views.

⁸⁹ The decline in the number of searches of the business directory in 2019/20 is indicative of improved navigation on the new SuperGold website and app. Cardholders can more easily find what they are looking for via the category and location filters and so have less need to make general directory searches.

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
162	Crown	3,180	3,180	3,180
-	Department	-	-	-
-	Other	-	-	-
162	Total Revenue	3,180	3,180	3,180
114	Total Expense	3,180	3,180	2,693
48	Net Surplus/(Deficit)	-	-	487

Output expense: Establishment of independent monitor of the Oranga Tamariki system

This appropriation is limited to establishing an independent monitor and assurance function to provide oversight of the Oranga Tamariki system.

This appropriation is intended to achieve the establishment of a strengthened independent monitoring and assurance function to support objective assessment of the quality and extent of compliance with, and delivery of, the Oranga Tamariki Act 1989 and related regulations and standards.

Summary of performance

Non-financial performance

An identity for the Independent Monitor has been established and early work has been completed to set up the function, including the Monitor's high-level operating model. Establishing the Monitor has included:

- actively engaging with stakeholders, Māori and local communities, including through hui held throughout New Zealand
- developing an assessment approach, including establishing an outcomes framework that has been informed by stakeholder engagement
- recruiting for operational monitoring roles
- completing the first two monitoring reports, which assess agencies' compliance with Regulations 69 and 85 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	Report to the Minister for Social Development and other key Ministers, including the Minister of Māori Development and the Minister for Whānau Ora, on progress with establishment of the monitoring function by 30 June 2020	Achieved	Achieved

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
1,200	Crown	5,660	5,660	5,660
-	- Department	-	-	-
-	- Other	-	-	-
1,200	Total Revenue	5,660	5,660	5,660
608	Total Expense	5,660	5,660	4,156
592	Net Surplus/(Deficit)	-	-	1,504

Output expense: Historic claims

This multi-year appropriation commenced on 1 July 2019 and expires on 30 June 2024.

This appropriation is limited to resolving claims of people over the age of 18 who report experiencing abuse or neglect while in the care, custody or guardianship of, or who came to the notice of, the State (but are not currently under the sole guardianship of the State), including assisting and responding to reviews and inquiries of the historic child welfare system and the redress and rehabilitation process.

This appropriation is intended to provide a redress process to people who believe they were harmed while in the care, custody, guardianship or oversight of the State, as well as responding to the Royal Commission of Inquiry on the redress and rehabilitation processes and the historic child welfare system.

Summary of performance

Non-financial performance

The new streamlined model for assessing historic claims has been implemented in an environment of competing demands. Rapid growth of the team, at all staffing levels, over the past 18 months (from 30 to over 100) has required a strong focus on building capability at the same time as implementing the new service design. This has taken longer than anticipated, partly because of the impact of COVID-19 and partly because of the work required to support the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

We were not able to assess all of the 450 claims we were aiming to complete in 2019/20 due to staff being redeployed during Alert Levels 4 and 3.

The average time to close a claim is currently 4.3 years.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	The number of assessments completed will be no less than	450 ⁹⁰	288
	The year-end standard was not met because: <ul style="list-style-type: none"> • COVID-19 impacted our ability to complete assessments and build staff capability • the work and resource required to support the Royal Commission resulted in staff being diverted from their usual work • complex legal issues have required external support. 		
New measure for 2019/20	The average time taken to resolve a claim will continue to reduce, taking no more than	3.5 years by 30 June 2022 ⁹¹	On track
	In 2018/19 the average time to resolve a claim had reached 5.5 years. In 2018 we implemented a new operating model, which has seen improved results, with the average time now down to 4.3 years. Our ability to progress claims has been impacted by COVID-19. During the lockdown period, travel restrictions prevented us from investigating newly-received claims. However, we were able to complete several older claims; this slightly increased the overall average time for completing claims during the year but was a positive result for those whose claims were completed.		
New measure for 2019/20	Percentage of personal information requests completed within 90 days	75%	78%
New measure for 2019/20	The percentage of claimants that the Ministry will seek feedback from regarding the quality of our interaction and service ⁹² will be no less than	100%	100%

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Claims received ⁹³	359	577	765	402
Claims closed ⁹⁴	385	162	88	125
Claims in process at 30 June ⁹⁵	970	1,385	2,062	2,339

90 We estimate that a total of 1,864 assessments will be completed and approved by 30 June 2022. This measure counts each assessment, so that if a claimant has both a claims assessment and a detailed assessment, this will be counted as two assessments to represent the volume and workflow.

91 Wait times are subject to dependencies that relate to volume of claims, staff availability, and where the claimant chooses to delay the process. The result excludes claims that are on hold because of the claimant's choice not to proceed at the time.

92 Feedback is online and is sought at different points through the claims process following direct engagement with the claimant. The result excludes claimants who we know are unable to access online services, and those for whom we have no direct contact (e.g. represented claimants). Includes inquiries that did not go on to become a claim that were captured historically.

93 Financial year data. We previously reported on calendar years, so these figures differ from earlier reporting. Claims that are inactive and have progressed have been removed from these figures to reflect the fact that they remain unresolved.

94 Includes claims where payment was made, or no payment was made, or the claim did not progress.

95 These figures differ from those previously reported to reflect the decision that unresolved claims should remain open and inactive.

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
	- Crown	27,311	28,763	17,804
	- Department	-	-	-
	- Other	-	-	-
	- Total Revenue	27,311	28,763	17,804
	- Total Expense	27,311	28,763	17,804
	- Net Surplus/(Deficit)	-	-	-

Output expense: Income support and assistance to seniors

This appropriation is limited to processing and administering New Zealand Superannuation payments, social security entitlements and international social security agreements to older persons, providing advice to older persons, and assessing financial entitlement to residential subsidies.

This appropriation is intended to achieve the accurate and timely assessment and payment of entitlements to older people.

Summary of performance

Non-financial performance

In 2019/20:

- the number of people on New Zealand Superannuation increased from 781,438 to 809,001 (3.5 percent)
- we provided entitlement assessments to 62,628 applicants for New Zealand Superannuation to help them maintain independence
- the number of people receiving a New Zealand benefit overseas increased from 57,915 to 61,217 (5.7 percent)
- the number of people living in New Zealand but receiving a pension from an overseas country increased from 99,843 to 101,101 (1.3 percent).

Performance results were impacted by the response to COVID-19, which included redeployment of staff to assist in areas of hardship payments.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
93.4%	The percentage of entitlement assessments for payment of entitlements to older people completed accurately will be no less than	95%	94.6%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 94.5%, and for the COVID period (April to June 2020) 94.9%.			
76.5%	The percentage of entitlement assessments for payment of entitlements to older people finalised within standard timeframes will be no less than	90%	79.2%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 77.7%, and for the COVID period (April to June 2020) 83.9%.			
COVID-19 has impacted our ability to meet this measure due to staff resources being redeployed to urgent COVID-19 work. New processes have been put in place, and performance results for May (89.7%) and June (93.3%) suggest these processes are having a positive effect.			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
New Zealand Superannuation (NZS) applications received				
• Qualified ⁹⁶	56,635	54,692	59,340	57,314
• Non-qualified	5,030	4,843	4,776	5,314
Percentage of applications made online	31.1%	38.8%	39.8%	45.8%
Number of NZS clients	729,445	752,767	781,438	809,001

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
49,339	Crown	57,997	59,540	59,540
-	- Department	-	-	-
-	- Other	-	-	-
49,339	Total Revenue	57,997	59,540	59,540
48,225	Total Expense	57,997	59,540	57,320
1,114	Net Surplus/(Deficit)	-	-	2,220

96 'Qualified' means an application that does not include a request for payment to a spouse who is under the age to qualify in their own right for New Zealand Superannuation. 'Non-qualified' has a corresponding meaning. From 9 November 2020 the New Zealand Superannuation and Veteran's Pension Legislation Amendment Act 2020 removed the right of non-qualified spouses to be included.

Output expense: Independent monitoring and assurance of the Oranga Tamariki system

This appropriation is limited to independent monitoring of compliance with, and delivery of, the Oranga Tamariki Act 1989 and related regulations and standards.

This appropriation is intended to achieve a strengthened independent monitoring and assurance function to provide oversight of the Oranga Tamariki system.

Summary of performance

Non-financial performance

The Monitor's independent monitoring function is being phased in over time. The Monitor commenced its Phase One monitoring on 1 July 2019, and on 6 December 2019 delivered its first monitoring report to the Minister for Children. The report covered the first three months of monitoring (1 July to 30 September 2019), and provided a baseline understanding of policies, processes and procedures and assessed basic compliance with regulations 69 and 85 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018.

On 25 June 2020 the Monitor provided the Minister for Children with its second monitoring report, which builds on the first and extends the period of monitoring regulations 69 and 85 through to 31 December 2019. The Monitor expected this report to include validation and testing of the information provided by agencies through fieldwork engagements with agency national offices and frontline staff. However, due to the COVID-19 response, the planned fieldwork was not able to be completed.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	A report will be provided to the Minister for Children by 30 June 2020 on the Monitor's findings in relation to compliance with Regulations 69 and 85 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations	Achieved	Achieved

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	Revenue			
	- Crown	999	999	999
	- Department	-	-	-
	- Other	-	-	-
	- Total Revenue	999	999	999
	- Total Expense	999	999	835
	- Net Surplus/(Deficit)	-	-	164

Output expense: Investigation of overpayments and fraudulent payments and collection of overpayments

This appropriation is limited to services to minimise errors, fraud and abuse of the benefit system and income-related rent, and services to manage the collection of overpayments, recoverable assistance loans and other balances owed by former clients.

This appropriation is intended to achieve a welfare system that operates with fairness and integrity by ensuring that the right people receive the right entitlements and assistance, and identifies and resolves overpayments.

Summary of performance

Non-financial performance

Our debt management strategy focuses on prevention and early intervention to:

- minimise the creation of excessive levels of individual debt, which create barriers to clients achieving independence
- avoid further hardship for current and future clients while optimising the recovery of amounts owed.

Alongside this we are focusing on strengthening systems and processes to help identify fraud early and to respond quickly to the risk of clients accumulating excessive levels of debt.

COVID-19 was an exacerbating factor in not meeting the performance standard for the non-current debt arrangements measure, in that some payers may have found it more difficult to sustain payments, if for example their wages reduced. However, there had already been a risk of not meeting the standard prior to COVID-19, as outlined below.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
59.0%	The percentage of investigations ⁹⁷ that result in an entitlement change or identification of an overpayment ⁹⁸ will be no less than	55%	57.1%
95.3%	The percentage of prosecutions that are successful will be no less than	95%	98.5%
69.1%	The percentage of non-current debt arrangements that remain in place for at least 60 days ⁹⁹ will be no less than	66%	63.1%
Multiple factors have contributed to the year-end standard not being met, including the impact of the economic effect of COVID-19 on people's ability to make repayments, the involvement of staff in COVID-19-related work, and operational changes.			

⁹⁷ This refers to the number of people that are subject to an investigation by specialist fraud staff. One investigation can involve multiple people.

⁹⁸ This includes the increase, reduction or cessation of entitlement to benefit as a direct result of the investigation.

⁹⁹ We work with clients to arrange a rate of repayment that they can sustain based on their income levels.

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Data-matching/information-sharing activities undertaken with other government agencies ¹⁰⁰	206,594	208,659	211,175	152,221
Cases completed by Fraud Intervention Services	5,268	4,755	5,385	5,234
Non-current debtors ¹⁰¹	201,931	206,913	203,619	196,871
Completed prosecutions ¹⁰²	453	291	127	65

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
49,005	Crown	51,592	52,981	52,981
-	- Department	-	-	-
-	- Other	-	-	-
49,005	Total Revenue	51,592	52,981	52,981
47,850	Total Expense	51,592	52,981	51,183
1,155	Net Surplus/(Deficit)	-	-	1,798

100 We currently work with six other government agencies and most of the process is automated.

101 Non-current debtors are people who are no longer in receipt of a main benefit but still have an open debt that they need to repay.

102 The overall decline in prosecutions in recent years reflects an increased focus on prevention and early intervention, along with an enhanced process for deciding which cases are referred for prosecution. The further fall in 2019/20 has also been significantly influenced by delays in prosecutions due to reviews of current prosecutions following the review by the Office of the Privacy Commissioner into the Ministry's use of schedule 6 of the Social Security Act 2018 (previously section 11 of the Social Security Act 1964 before it was repealed), and by the reduction of Court services due to COVID-19.

Output Expense: Management of Student Loans

This appropriation is limited to assessing, administering, processing and reviewing entitlements for Student Loan payments and providing guidance to students making financial and study decisions.

This appropriation is intended to achieve reduced financial barriers to tertiary study by providing accurate and timely assessment and payment of Student Loans.

Summary of performance

Non-financial performance

We processed 200,124 Student Loan applications, with all entitlement assessments completed accurately, and 99 percent of initial entitlement assessments completed within five working days of application.

Timely and accurate assessment and payment of Student Loans helps reduce financial barriers for students, enabling them to access tertiary study.

COVID-19 has had a number of impacts on students, which are being managed under existing and new policy settings. The most notable change is that Student Loan borrowers who are eligible for course-related costs for study in 2020 are able to borrow up to \$1,000 extra. Between April and June 2020 we processed 93,599 course-related costs claims, nearly 56,000 more than during the same period in 2019.

Claims are made online and the process is largely automated, reducing the impact on staff resources. Education providers making changes to study arrangements for some learners to accommodate the impacts of COVID-19 has resulted in some additional processing work.

Up to 31 March 2020 Student Loan application volumes were similar to the same point in 2019 (down 0.1 percent). Over April and May applications were slightly higher (1.7 percent) compared with last year, while in June applications were up by more than 20 percent on 2019¹⁰³.

It is likely that this increase is primarily in response to the impact of the COVID-19 pandemic; in times of economic uncertainty and increasing unemployment more young people choose to enter tertiary study when they finish high school. The number of mature students also increases, as those who have lost their jobs or had their hours reduced seek to upskill and improve their employment options.

¹⁰³ The increase in application volumes continued into July.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
98.4%	The percentage of entitlement assessments for a Student Loan completed accurately ¹⁰⁴ will be no less than	95%	100%
100%	The percentage of entitlement assessments for a Student Loan completed within five working days ¹⁰⁵ will be no less than	95%	99.1%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 98.8% and for the COVID period (April to June 2020) 100%.			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Student Loan applications received	220,374	208,932	198,017	200,124
	2016	2017	2018	2019
Student Loan borrowers we have made payments to (by calendar year)	176,938	170,037	154,608	149,229

Financial performance

2018/19 Actual \$000	Financial performance (Figures are GST exclusive)	2019/20		Actual \$000
		Budgeted \$000	Revised \$000	
Revenue				
17,403	Crown	18,757	18,668	18,668
-	- Department	-	-	-
-	- Other	-	-	-
17,403	Total Revenue	18,757	18,668	18,668
16,799	Total Expense	18,757	18,668	17,966
604	Net Surplus/(Deficit)	-	-	702

104 This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

105 The initial entitlement assessment is the first assessment to occur on the application – it does not include any subsequent action required, e.g. where the application is incomplete and further information is received. Timeliness is counted from the date the application is received to the date the application is first assessed.

Output expense: Management of student support

This appropriation is limited to managing non-recoverable financial support to students, involving assessing, administering and processing Student Allowance payments and other income support to eligible secondary and tertiary students.

This appropriation is intended to achieve reduced financial barriers to tertiary study by providing accurate and timely assessment and payment of non-recoverable financial support for students.

Summary of performance

Non-financial performance

We processed 108,549 Student Allowance applications, with over 96 percent of entitlement assessments completed accurately, and over 98 percent of initial entitlement assessments completed within five working days of application.

Timely and accurate assessment and payment of Student Allowances helps reduce financial barriers for students, enabling them to access tertiary study.

COVID-19 has had a number of impacts on students. For Student Allowance recipients these are being managed under existing policy settings. Education providers making changes to study arrangements for some learners to accommodate the impacts of COVID-19 has resulted in some additional processing work. Applications for reassessment due to a reduction in parents' income have also increased.

Up to 31 March 2020 application volumes were down 5.2 percent on the period ending March 2019. In April and May 2020 volumes were 9.6 percent lower than during the same months in 2019; however in June applications were up nearly 23 percent on June 2019.

It is likely that these differences are primarily in response to the impact of COVID-19.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
94.1%	The percentage of entitlement assessments for a Student Allowance completed accurately ¹⁰⁶ will be no less than	95%	96.6%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 95.9% and for the COVID period (April to June 2020) 98.8%.			
100%	The percentage of entitlement assessments for a Student Allowance completed within five working days ¹⁰⁷ will be no less than	95%	98.5%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 97.4% and for the COVID period (April to June 2020) 99.4%.			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Student Allowance applications processed	118,204	114,982	113,146	108,549
	2016	2017	2018	2019
Student Allowance recipients	71,028	65,352	64,728	62,495

¹⁰⁶ This refers to the assessment that advised the student of a finalised outcome of the application (whether it was approved or declined).

¹⁰⁷ The initial entitlement assessment is the first assessment to occur on the application – it does not include any subsequent action required, e.g. where the application is incomplete and further information is required. Timeliness is counted from the date the application is received to the date the application is first assessed.

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
16,793	Crown	18,868	18,783	18,783
-	- Department	-	-	-
-	- Other	-	-	-
16,793	Total Revenue	18,868	18,783	18,783
16,564	Total Expense	18,868	18,783	17,974
229	Net Surplus/(Deficit)	-	-	809

Output expense: Place-based initiatives – South Auckland Social Wellbeing Board

This appropriation is limited to the delivery of services by and operational support of the South Auckland Social Wellbeing Board.

This appropriation is intended to achieve the successful implementation and functioning of place-based initiatives to improve outcomes for at-risk children, young people and their families.

Summary of performance

Non-financial performance

The South Auckland Social Wellbeing Board (SASWB), which is hosted by the Counties Manukau District Health Board, is taking a whānau-centred early support and prevention approach to improving outcomes for at-risk children, young people and their families.

The SASWB maintains five focus areas:

- family harm, incorporating two Whāngaia Ngā Pā Harakeke triage tables
- housing support, to reduce transiency and increase social connection
- the Start Well initiative, providing intensive home visiting in the early years
- partnership with early childhood centres, to improve practice
- more responsive mental health and alcohol/drug support.

This year the SASWB developed a combined agency/NGO hub (opened in April 2020) and multi-disciplinary cross-agency team approach focused on the immediate triage, planning, and collective response for families experiencing family harm.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	An independent evaluation concludes that the place-based initiatives approach is effective in testing new ways of working that will result in system improvements to improve outcomes for South Auckland's most at-risk children and families	Achieved	Achieved
<p>An independent evaluation published in December 2019 found that the place-based initiative was:</p> <ul style="list-style-type: none"> • enabling collaboration and collective action across government agencies • showing positive service experience and short-term outcomes for whānau • identifying and influencing practice and system improvements • valued by local stakeholders. 			

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	Revenue			
1,075	Crown	2,150	2,940	2,940
-	- Department	-	-	-
-	- Other	-	-	-
1,075	Total Revenue	2,150	2,940	2,940
1,017	Total Expense	2,150	2,940	2,793
58	Net Surplus/(Deficit)	-	-	147

Output expense: Place-based initiatives: Tairāwhiti Local Leadership

This appropriation is limited to the provision of operational support for the place-based approach being led by the Tairāwhiti Social Impact Collective.

This appropriation is intended to achieve a new way of working together in Tairāwhiti in order to achieve an improvement in the outcomes of at-risk children, young people and their families.

Summary of performance

Non-financial performance

Manaaki Tairāwhiti is a Gisborne-based place-based initiative comprising iwi, government and NGO leaders. It aims to improve local collaborative practice and services for at-risk families.

A range of different programmes has been brought together under the Manaaki Tairāwhiti governance structure so that social sector agencies and NGOs can work together in better ways to improve outcomes for those needing support.

Manaaki Tairāwhiti has five key result areas:

- child wellbeing
- family violence (incorporating the local Whāngaia Ngā Pā Harakeke triage tables)
- housing
- addiction
- government contracting (focused on improving cross-sector effectiveness).

This year Manaaki Tairāwhiti revised its governance structure in response to its growing range of activities, oversight and budget, and became a legal entity to enable a broader work programme. It also incorporated local Children's Team trials originating from Oranga Tamariki (from 1 December 2019), and developed a locally-led housing stocktake and strategy in response to the region's increasingly urgent and acute housing issues.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	Manaaki Tairāwhiti builds capability and expands services to whānau by building on system improvement and continuing to optimise local data collection, information-sharing and the initiative's operational hub	Achieved	Achieved
<p>We intended to evidence performance for this measure through use of representative case studies. Due to COVID-19 it was not possible to complete development of these case studies. Instead we have referred to an independent evaluation to evidence performance achievement.</p> <p>The independent evaluation, which was finalised in December 2019, found that the place-based initiative was:</p> <ul style="list-style-type: none"> • enabling collaboration and collective action across government agencies • showing positive service experience and short-term outcomes for whānau • identifying and influencing practice and system improvements • valued by local stakeholders. 			

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
941	Crown	1,016	1,969	1,969
-	Department	-	-	-
-	Other	-	-	-
941	Total Revenue	1,016	1,969	1,969
941	Total Expense	1,016	1,969	1,819
-	Net Surplus/(Deficit)	-	-	150

Output expense: Planning, correspondence and monitoring

This appropriation is limited to providing planning, reporting, monitoring and statutory appointment advice (other than policy decision-making advice) on Crown entities, and correspondence services to support Ministers¹⁰⁸ to discharge their portfolio responsibilities.

This appropriation is intended to achieve effective and efficient ministerial, advisory and administrative services to support Ministers to discharge their portfolio responsibilities.

Summary of performance

Non-financial performance

The role of this appropriation is to ensure MSD's accountability and transparency.

We provided 22 reports to the Minister for Social Development in relation to monitoring of Crown entities, achieving the timeliness target even though staff worked remotely during the COVID-19 lockdown period. We also supported six appointment processes, with 11 appointments gazetted¹⁰⁹.

Our Ministerial and Executive Services team covers three specialised areas of work: official and Parliamentary information, correspondence, and Complaints Management Insights and Improvement (CMII).

The core functions of CMII include overseeing and monitoring our Review of Decision process¹¹⁰. We developed national standards to assist staff with improving the quality of processes associated with Review of Decisions and Benefit Review Committees. These reflect our key risk areas and help to provide transparency in decision-making, fair process, professionalism, and timeliness.

In 2019/20, we:

- received 4,400 Review of Decision applications
- resolved 4,052 review applications, 70 percent of them prior to progressing to a formal Benefit Review Committee
- held 915 Benefit Review Committee hearings, as a result of which 82 percent of cases were upheld, 7 percent were partially upheld, and 11 percent were overturned.

CMII also co-ordinates responses to complaints against MSD that are received through the Offices of the Ombudsman and the Privacy Commissioner. Official statistics for complaints received from these respective offices are published on the Ombudsman and Privacy Commissioner websites.

¹⁰⁸ Excluding the Minister for Seniors, whose ministerial services are provided under the *Promoting Positive Outcomes for Seniors* appropriation (see page 148).

¹⁰⁹ The appointments were to the Social Workers Complaints and Disciplinary Tribunal, the New Zealand Artificial Limb Service, the Social Workers Registration Board, the Student Allowance Appeal Authority and the Social Security Appeal Authority.

¹¹⁰ A client who disagrees with a decision we make may apply to a Benefit Review Committee for a Review of Decision. The application must be in writing within three months after notification of the decision being received.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
Crown Entity Monitoring			
New measure for 2019/20	The percentage of all reports provided to responsible Ministers within agreed timeframes in relation to either the accountability of Crown entities or appointments to Crown entities and/or statutory tribunals will be no less than	100%	100%
Ministerial and Executive Services			
New measure for 2019/20	The percentage of draft written Parliamentary questions, ministerial correspondence and Official Information Act replies provided to Ministers that meet the agreed quality and timeliness standards ¹¹¹ will be no less than	95%	99%

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Crown Entity Monitoring				
Crown entities monitored	4	4	3 ¹¹²	3
Crown entity accountability documents assessed for monitoring purposes	28	28	21	21
Ministerial appointment processes supported ¹¹³	12	9	6	2
Ministerial and Executive Services				
Ministerial correspondence replies drafted	1,220	1,096	1,170	1,197
Written Parliamentary question replies drafted	1,477	1,467	815	4,807 ¹¹⁴
Official Information Act replies drafted	103	71	100	71
Information requests from Ministers' Offices completed	1,313	1,244	1,360	2,556
On behalf of MSD's Chief Executive				
Official Information Act request replies	511	462	566	648
Letters (including electronic)	1,042	1,051	1,054	1,153

111 The quality standard is that a draft provided for the Minister's signature is factually accurate, meets any legislative requirements and contains no avoidable errors. Agreed timeframes are:

- ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed
- responses to written Parliamentary questions provided to the Minister's Office so that answers can meet the timeframe set in Parliamentary Standing Orders
- replies to ministerial Official Information Act requests completed five working days prior to the statutory time limit, unless otherwise agreed.

112 The Families Commission (Superu) was disestablished on 30 June 2018. However, we continued to manage its residual assets until 30 June 2019.

113 This excludes support of appointment processes relating to statutory tribunals that are not Crown entities, such as the Social Security Appeal Authority, the Student Allowance Appeal Authority and the Social Workers Complaints and Disciplinary Tribunal. From 2020/21 the appropriation scope statement has been expanded to include these tribunals.

114 This includes 2,364 questions received in July 2019 alone that sought information on benefit and grant receipt across all service centres.

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
6,193	Crown	6,044	7,244	7,244
-	- Department	-	-	-
-	- Other	-	-	-
6,193	Total Revenue	6,044	7,244	7,244
6,010	Total Expense	6,044	7,244	6,600
183	Net Surplus/(Deficit)	-	-	644

Output expense: Policy advice

This appropriation is limited to providing advice (including second-opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government social policy and related matters, including social sector issues.

This appropriation is intended to achieve high-quality policy advice to support decision-making.

Summary of performance

Non-financial performance

We provided high-quality policy advice to support Ministers to make decisions on social policy matters. This included advice on:

- employment and income support issues
- the overhaul of the welfare system
- public housing
- community and family policy
- issues faced by disabled people, people with a health condition and older New Zealanders
- international social policy matters.

Our Policy group also supported the MSD response to the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	The score for the Minister's satisfaction with the services provided by the policy function, based on the common Ministerial Policy Satisfaction Survey and on a five-point scale, will be no less than	4	4.7
New measure for 2019/20	In relation to the quality of policy advice, the average score for policy papers assessed using the common Policy Quality Framework, on a five-point scale, will be at least	3.75	3.73
	In relation to the quality of policy advice, the distribution of scores for policy papers assessed using the common Policy Quality Framework		
New measure for 2019/20	• score 4 or higher	55%	50%
New measure for 2019/20	• score 3 or higher	90%	90%
New measure for 2019/20	• score 2.5 or lower	10%	10%
A new quality framework was used to assess performance in relation to these new measures. Standards were based on translations between the old and new quality frameworks. Results will be used to set future standards.			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Cabinet papers, briefings and aides memoire provided by the Policy group	741	694	532 ¹¹⁵	704

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
16,036	Crown	14,635	16,335	16,335
-	- Department	-	-	-
-	- Other	-	-	-
16,036	Total Revenue	14,635	16,335	16,335
15,051	Total Expense	14,635	16,335	15,207
985	Net Surplus/(Deficit)	-	-	1,128

¹¹⁵ Some responsibilities were transferred to the Ministry of Housing and Urban Development on 1 October 2018.

Output expense: Processing of Veterans' Pensions

This appropriation is limited to the processing and administrative aspects of payment of Veterans' Pensions and related allowances.

This appropriation is intended to achieve the accurate and timely assessment and payment of Veterans' Pensions and related allowances.

Summary of performance

Non-financial performance

In 2019/20 we granted 172 pensions to veterans to support them to maintain their independence and social participation, compared with 228 in 2018/19.

COVID-19 had no impact on performance in this area, as this service has a very small client base with the majority of interactions taking place by phone.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
95.0%	The percentage of Veterans' Pensions entitlement assessments completed accurately will be no less than	95%	96.9%
93.0%	The percentage of Veterans' Pensions entitlement assessments completed within timeframes ¹¹⁶ will be no less than	90%	95.8%

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Applications for Veteran's Pension	205	210	260	198
Veteran's Pension clients at 30 June	8,272	7,573	6,967	6,390

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
Revenue				
675	Crown	680	734	734
-	Department	-	-	-
-	Other	-	-	-
675	Total Revenue	680	734	734
619	Total Expense	680	734	625
56	Net Surplus/(Deficit)	-	-	109

¹¹⁶ Six working days for Veteran's Pension entitlement assessments for payment in New Zealand, and 20 working days for payment overseas.

Output expense: Promoting positive outcomes for disabled people

This appropriation is limited to providing services to promote and monitor the implementation of the New Zealand Disability Strategy (NZDS), to monitor and implement the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD), and to provide information to Ministers and external agencies on disability matters.

This appropriation is intended to achieve the increased participation and contribution of disabled people by providing advice and support to the Minister for Disability Issues and external agencies, and by co-ordinating and monitoring against the UNCRPD, the NZDS and the Disability Action Plan (DAP).

Summary of performance

Non-financial performance

In 2019/20 the Office for Disability Issues continued to work towards improving the identification and removal of barriers that disabled people experience, and ensuring they have the same opportunities and outcomes as other New Zealanders. Initiatives we progressed included:

- in respect of the 2019–2023 DAP and the 2016–2026 NZDS:
 - work with Disabled People’s Organisations (DPOs) and government agencies to get agreement from Cabinet on the cross-agency programmes that constitute the DAP and are aligned with the outcomes in the NZDS, which together contribute to the Government’s progressive realisation of the UNCRPD
- in respect of New Zealand Sign Language (NZSL):
 - allocating community funding and implementing projects on behalf of the NZSL Board
 - appointing and inducting new members to the Board
 - reviewing the Board’s Terms of Reference in support of achieving the outcomes in its five-year strategy for 2018–2023
- in respect of providing information:
 - responding to 819 queries/requests for advice (compared with 678¹¹⁷ in 2018/19 and 334 in 2017/18)
- in respect of other disability issues:
 - continuing support for Sir Robert Martin’s participation on the UNCRPD and his re-election campaign
 - supporting government agencies to access advice from the DPO Coalition.

During COVID-19 we worked with other agencies and with disabled people and the disability sector to ensure the needs of disabled people were monitored, understood and responded to. This included providing resourcing to enable the development of COVID-19 communications and information in accessible formats for disabled people.

¹¹⁷ Corrected from the number reported on page 135 of our 2018/19 Annual Report.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
	The minimum satisfaction rating ¹¹⁸ received by the Office for Disability Issues from the following stakeholders ¹¹⁹ for the quality of support it provides:		
New measure for 2019/20	• Disabled People's Organisations (DPOs) ¹²⁰	7	8.1
New measure for 2019/20	• the Minister for Disability Issues	7	10
New measure for 2019/20	• other stakeholders ¹²¹	7	7.4

The following information is provided for context:

	2017/18	2018/19	2019/20
Queries/requests for advice processed from the Minister for Disability Issues, government and other agencies, and the public	334	678	819

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
	Revenue			
4,179	Crown	6,059	5,659	5,659
1,200	Department	-	1,250	1,250
-	Other	-	-	-
5,379	Total Revenue	6,059	6,909	6,909
5,239	Total Expense	6,059	6,909	6,140
140	Net Surplus/(Deficit)	-	-	769

118 The satisfaction rating is based on a scale from 1 to 10, where 1 is considered poor quality and 10 excellent quality.

119 Stakeholders are surveyed annually.

120 Representative organisations of disabled people that are governed by disabled people. We work with seven DPOs.

121 Other stakeholders include disabled people, DPOs who are not part of the Disabled People's Organisations Coalition, non-government organisations (around 80 of these are surveyed), government agencies, and members of the public with an interest in disability.

Output expense: Promoting positive outcomes for seniors

This appropriation is limited to providing information and facilitation to protect the rights and interests of older people, to promote local community involvement in senior issues, and ministerial services.

This appropriation is intended to achieve positive outcomes for seniors through supporting their inclusion in a society where older people can age positively, are highly valued and recognised as an integral part of families and communities, and by supporting greater advocacy of their issues by Ministers.

Summary of performance

Non-financial performance

The Minister for Seniors' feedback in the first half of the year reflected the very successful launch of the SuperGold app in October 2019 and the proficiency of the development, consultation and promotion of the new strategy for the ageing population, *Better Later Life – He Oranga Kaumātua 2019 to 2034*. In the second part of the year the Minister perceived that engagement over the provision of essential support for vulnerable New Zealanders took longer than expected to gain momentum.

He Oranga Kaumātua has been positively received following its launch in November 2019. Government agencies are already delivering initial actions included in the strategy. Work started on the development of the first action plan, but was put on hold to enable the Office for Seniors to support the COVID-19 response.

In the Office for Seniors' annual stakeholder survey in June 2020, 80 percent of respondents said they found the website and the SuperSeniors newsletter informative and useful, while others indicated the importance of communicating with those who are digitally excluded.

During the second half of the financial year, two three-year contracts were let for the Digital Literacy for Seniors programme. While the start of the programme was delayed due to COVID-19, the pandemic highlighted the need to support older people to acquire and increase their digital skills.

COVID-19 also impacted plans to deliver an event to promote and raise awareness of the issue of elder abuse for World Elder Abuse Awareness Day/Week in June 2020. After consideration the event went ahead and, although more low key, was still successful.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	The average service quality rating for support provided to the Minister for Seniors ¹²²	7	7.5
73%	The percentage of stakeholders who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Seniors ¹²³ will be no less than	75%	75%
New measure for 2019/20	<i>Better Life – He Oranga Kaumātua 2019 to 2034</i> will be finalised by the end of December 2019	Achieved	Achieved

¹²² Each six months the Minister for Seniors and the Office for Seniors discuss the quality of service provided to the Minister in the previous half-year, and agree a service quality rating. These conversations are used to drive performance improvements in the following six months. The ratings are averaged across the financial year to produce the annual result. The scale is from 1 to 10, where 1 is considered poor quality and 10 excellent quality.

¹²³ Stakeholders are selected and surveyed annually from the following groups: seniors, sector organisations, and central and local government. The survey uses a five-point scale from 'very dissatisfied' to 'very satisfied'.

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
People visiting the SuperSeniors website ¹²⁴	207,728	286,022	365,755	189,455 ¹²⁵
People on the SuperSeniors newsletter mailing list at 30 June	241,266	299,866	339,232	384,890
Number of page views for the SuperGold card website ¹²⁶	1,088,974	1,384,758	1,511,984	2,540,666

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
1,043	Crown	1,047	1,247	1,247
-	- Department	-	-	-
-	- Other	-	-	-
1,043	Total Revenue	1,047	1,247	1,247
1,021	Total Expense	1,047	1,247	1,145
22	Net Surplus/(Deficit)	-	-	102

¹²⁴ See: <http://www.superseniors.msd.govt.nz/>.

¹²⁵ The reduction in the number of site visits reflects the launch of the SuperGold website <https://www.supergold.govt.nz/> in October 2019. This impact was predicted – the traffic to SuperGold now flows directly to that site rather than via the SuperSeniors website as previously. Every second month, when the SuperSeniors newsletter is released, we have a peak in website visits: when the August 2019 newsletter was released (before the launch of the SuperGold site) there were 13,522 users on the SuperSeniors website. When the December newsletter was released there were only 1,154 users on the site.

¹²⁶ See: <https://www.facebook.com/OfficeforSeniors/>.

Output expense: Services to support people to access accommodation

This appropriation is limited to assessing and reviewing eligibility for public, transitional and emergency housing and income-related rent, and managing the Public Housing Register.

This appropriation is intended to achieve accurate and efficient operation of the Public Housing Register so that more people who are eligible for public housing have their housing needs met, and those who are capable of housing independence move closer towards that.

Summary of performance

Non-financial performance

In 2019/20 we operated the Public Housing Register in an accurate and efficient manner. We processed 184,033 income-related rent assessments, annual reviews, circumstance changes and tenant changes, and 31,339 housing needs applications.

We have contributed, along with partner agencies, to the Aotearoa/New Zealand Homelessness Action Plan. We have embedded Intensive Case Manager roles and contracted Navigator and support services. These roles work directly with people who need more support to engage with the wider system and stay connected with their community, health services and other necessary agencies. We have also introduced the housing broker function to increase access to private rental housing and help people in emergency housing.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
98.5%	The percentage of income-related rent assessments (for tenants with verified income) that are calculated accurately will be no less than	95%	98.6%
	<p>The result for the pre-COVID period (July 2019 to 31 March 2020) was 98.3% and for the COVID period (April to June 2020) 99.6%.</p> <p>From 26 March 2020 income-related rent (IRR) reviews were limited to cases where client income had reduced. Cases where income had increased, meaning IRR would have been higher during the rent freeze period, were not activated. In these cases IRR will be reassessed when the client has a new change in circumstances after 26 September 2020 or at the annual review.</p>		
91.7%	The percentage of housing needs assessments completed within five working days will be no less than	90%	90.7%
	<p>The result for the pre-COVID period (July 2019 to 31 March 2020) was 90.6% and for the COVID period (April to June 2020) 90.9%.</p> <p>We continued to provide emergency housing assistance to eligible people throughout the April/May lockdown, but placed new public housing assessments on hold from 26 March 2020 to allow staff to focus on delivery of COVID-19 assistance. Public housing assessments resumed on 28 April for those in emergency housing, and on 1 July for all other clients.</p>		

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Applications on the Public Housing Register ¹²⁷ at 30 June	6,773	10,589	14,891	21,879
Applications on the Housing Register ¹²⁸ at 30 June	5,353	8,704	12,311	18,520
Applications on the Transfer Register ¹²⁹ at 30 June	1,420	1,885	2,580	3,359
Entries to the Public Housing Register (12 months ending 30 June)	15,134	18,388	20,642	22,864
Exits from the Public Housing Register (12 months ending 30 June)				
Applications housed	5,364	7,472	8,676	9,850
Exits for reasons other than being housed	6,949	6,644	6,615	7,201
Total exits	12,313	14,116	15,291	17,051

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
Revenue				
26,583	Crown	36,382	55,030	55,030
-	- Department	-	-	-
-	- Other	-	-	-
26,583	Total Revenue	36,382	55,030	55,030
25,970	Total Expense	36,382	55,030	48,764
613	Net Surplus/(Deficit)	-	-	6,266

¹²⁷ The Public Housing Register comprises the Housing Register and the Transfer Register.

¹²⁸ The Housing Register is prioritised by need and consists of applicants who have been assessed as being eligible for public housing.

¹²⁹ The Transfer Register is prioritised by need and consists of applicants who are already in public housing but have requested and are eligible for a transfer to another public housing property.

Capital Expense: Ministry of Social Development – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Social Development, as authorised by section 24(1) of the Public Finance Act 1989.

This appropriation is intended to achieve the replacement or upgrade of assets in support of the delivery of the Ministry's services.

Summary of performance

Non-financial performance

All current and prior year capital expenditure has supported the delivery of our long-term capital plan.

For further details of departmental capital expenditure incurred against appropriations, refer to Notes 9 and 10 in the Departmental financial statements (pages 197 to 200). For details of departmental capital injections, refer to the Departmental Statement of Financial Position (page 188).

2018/19		2019/20	2019/20
Result	Measure	Standard	Result
Achieved	Expenditure is in accordance with the Ministry's long-term capital plan	Achieved	Achieved

Financial performance

2018/19		2019/20		
Actual	Financial performance	Budgeted	Revised	Actual
\$000	(Figures are GST exclusive)	\$000	\$000	\$000
64,463	Capital Expenditure (PLA)	75,585	130,372	89,831

Multi-category Expense Appropriation: Community support services

The single overarching purpose of this appropriation is to prevent and reduce vulnerability and harm for individuals, families and communities.

This appropriation is intended to improve access for families and whānau to services that address hardship and adverse life outcomes.

This appropriation contains one departmental and six non-departmental expense categories

Departmental output expense: Developing and managing community services

This category is limited to approving, monitoring, contracting and managing the relationships with community-based service providers, engaging with communities, and developing services.

This category is intended to achieve effective and efficient customer and community services that meet community needs and reduce vulnerability.

Non-departmental output expense: Community support and advice

This category is limited to services that build financial capability, develop community and provider capability, and provide targeted advice and support for vulnerable individuals and families.

This category is intended to achieve increased financial capability and improved wellbeing of vulnerable individuals and families.

Non-departmental output expense: Expansion of Kāinga Whānau Ora pilot

This category is limited to the expansion and continuation of the Kāinga Whānau Ora pilot.

This category is intended to achieve improvements for families who are living in public housing, using a Whānau Ora navigation approach.

Non-departmental output expense: Improving children's participation in education

This category is limited to programmes and services that enable children to better engage and participate in education.

This category is intended to achieve an improvement in children's engagement and participation in education.

Non-departmental output expense: Participation and support services for seniors

This category is limited to services that address isolation, abuse and neglect of older people, and support participation in communities.

This category is intended to achieve a reduction in the number of abused and neglected older people.

Non-departmental output expense: Supporting victims and perpetrators of family and sexual violence

This category is limited to services that support victims of family and sexual violence and address perpetrator behaviour.

This category is intended to achieve a reduction in the number of victims and perpetrators of family and sexual violence.

Non-departmental other expense: Community response to adverse or emergency events

This category is limited to financial support for communities that have been impacted by an adverse or emergency event.

This category is intended to achieve increased local resilience through the use of community grants or essential community-led solutions.

Summary of performance in the appropriation and in each category

Non-financial performance

In 2019/20 we enabled and supported a wide range of services to improve social outcomes for individuals, whānau, families and communities, including support through the COVID-19 Alert Levels.

For example, we worked alongside whānau, families and communities to address or prevent family violence through initiatives such as E Tū Whānau and the It's Not OK campaign. We also continued to develop, redesign and pilot services that respond to family violence and sexual violence. This included co-design and procurement of Whānau Resilience services that will provide long-term healing and recovery support to people affected by family violence.

During the nationwide Alert Level 4 lockdown, and the subsequent move down through Alert Levels 3 and 2, we provided support to:

- build community resilience and wellbeing across New Zealand
- ensure that disability providers could remain operational
- boost funding for essential social sector services, including family and sexual violence services and Building Financial Capability services, to ensure that communities remained supported and safe.

As New Zealand moved into the immediate response and medium-term recovery phase, when Alert Level 1 was announced, we shifted our focus to supporting the social sector to return to business as usual within a 'new normal', and to continue to work with communities who were likely to be impacted by economic change and increased uncertainty as a result of COVID-19.

Over time the work funded through this appropriation will reduce the number of people and families that experience hardship and adverse life outcomes, including benefit dependency, family violence and sexual violence.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
Overarching measure			
New measure for 2019/20	The number of people accessing community support services	84,100	95,859
Departmental output expenses			
Developing and managing community services			
Social Services Accreditation			
New measure for 2019/20	The percentage of providers who rate their accreditation as a fair and professional service will be no less than	80%	92.5%
This was the first year that we have undertaken a survey, so we are not sure if the variance is representative of our services. We will track this over a further year to ascertain if the target needs to be adjusted.			
New measure for 2019/20	The percentage of assessments completed within the specified timeframe will be no less than	80%	75.0%
COVID-19 has impacted our ability to meet this standard. Provider availability and on-site visits were impacted by COVID-19. Because of this we agreed with other parts of the sector (Oranga Tamariki, Ministry of Justice, Department of Corrections) to suspend active monitoring activities until June 2020. We continued to work with new applicants and willing providers and to carry out work that could be done using a desk-based process and/or online tools over this period.			
Result Measurement Framework			
78%	The percentage of contracted services that achieved or exceeded the target for their primary contracted measure will be no less than	75%	93.9%
We continue to engage with funded providers as part of an ongoing programme of service development and improvement. This has resulted in contracts with measures that better reflect service delivery and providers' understanding of reporting requirements. This has played a key role in the improvement in performance.			
Non-departmental output expenses			
Community support and advice			
Building financial capability			
55%	The percentage of clients who report having greater financial confidence and capability (comparing before and after intervention) will be no less than ¹³⁰	80%	72.1%
This measure of financial confidence is likely impacted by increased financial uncertainty among service users because of the economic impacts of COVID-19. We invested in better guidance and training to the sector to support integration of the Client Outcomes Measurement Tool. Use of the tool has improved. We are now undertaking a review of the measures in the tool and its fit with service provision.			
Sector umbrella groups			
91%	The percentage of member agencies who report that they are better able to deliver their services as a result of the support offered by the umbrella organisation will be no less than ¹³¹	90%	98.7%
The high positive survey response rate likely reflects the increased positive relationships between MSD, umbrella bodies and providers arising from increased investment and engagement over several years.			

130 Provider-administered client-based surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every quarter. The year-end result is an average of total surveys within the financial year.

131 Provider-administered client-based surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken annually.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
	Microfinance partnership ¹³²		
28%	The percentage of loans approved during the reporting period will be no less than	25%	27%
	Expansion of Kāinga Whānau Ora pilot An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of the annual appropriation for this non-departmental output expense was less than \$5 million.		
	Improving children's participation in education An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of the annual appropriation for this non-departmental output expense was less than \$5 million.		
	Participation and support services for seniors		
	Elder Abuse Response Service ¹³³		
79%	The percentage of clients who indicate they have greater control over their lives after receiving the service will be no less than ¹³⁴	80%	80%
	Supporting victims and perpetrators of family and sexual violence		
New measure for 2019/20	The number of people accessing family and sexual violence services ¹³⁵	30,500	36,113
	E Tū Whānau		
No survey completed	The percentage of those surveyed who report that the use of E Tū Whānau resources ¹³⁶ has led to a change in beliefs and attitudes in their community will be no less than	80%	No survey completed this year
	As a result of COVID-19 the production of new E Tū Whānau resources was delayed, which in turn affected the implementation of this survey.		
	It's Not OK		
No survey completed	The percentage of surveyed community groups that say the campaign has increased their ability to address or prevent family violence will be no less than	90%	No survey completed this year
	The Campaign for Action on Family Violence (It's Not OK) has a renewed strategic focus on men who use violence, particularly those for whom violence is more 'normalised' or intergenerational. As a result, no community surveys were carried out. This measure has been replaced for 2020/21 reporting with measures that reflect the quality of family violence services rather than that of the It's Not OK campaign itself.		
	Non-departmental other expense		
	Community response to adverse or emergency events		
New measure for 2019/20	The number of grants provided through the Community Awareness and Preparedness Grant Fund will be no less than	768	914
	Demand exceeded forecast for this new measure.		

132 MSD contracts with the Community Finance partnership to provide a network of microfinance loan workers, who arrange low- and zero-interest loans for essential goods and services for eligible (low- to medium-income) people. The providers obtain their lending capital from private sector partners. This programme fills a market gap for people who cannot obtain fair, safe and affordable loans from other lenders.

133 This is a relatively new service. We are working with the sector to embed good practice around related results measurement and reporting.

134 Provider-administered client-based surveys (wherein the results are aggregated by the provider and reported to MSD as per contractual requirements) are undertaken every six months. The year-end result is an average of total surveys within the financial year.

135 For MSD, Oranga Tamariki, the Department of Corrections, the Ministry of Justice, the Ministry of Housing and Urban Development, and (from 2019/20) the Ministry for Pacific Peoples.

136 E Tū Whānau resources are targeted at supporting the positive influences that reduce the likelihood of and/or exposure to violence and its impact.

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Developing and managing community services				
<i>Social Services Accreditation</i>				
Accredited providers ¹³⁷	N/A	1,984	1,985	1,946
Assessments completed	1,278	1,339	1,330	1,503
Special Investigations ¹³⁸	6	2	2	1
<i>Microfinance partnership</i>				
Loan applications received			1,073	1,420
<i>Participation and support services for seniors</i>				
<i>Elder Abuse Response Services</i>				
People accessing elder abuse response services	709 ¹³⁹	990 ¹⁴⁰	2,368	2,773

¹³⁷ For MSD, Oranga Tamariki, the Department of Corrections, the Ministry of Justice, the Ministry of Housing and Urban Development, and (from 2019/20) the Ministry for Pacific Peoples.

¹³⁸ Our Social Services Accreditation team may carry out a Special Investigation (outside the normal accreditation cycle) where it seems possible that the provider's services are not meeting the Social Services Accreditation Standards or where a provider has not adequately addressed matters that have arisen from a complaint.

¹³⁹ Calendar year 2017.

¹⁴⁰ Calendar year 2018.

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	<i>Departmental output expenses</i>			
	Revenue from Crown			
25,570	Developing and managing community services	26,339	32,426	32,426
	Revenue from Departmental			
-	Developing and managing community services	-	-	-
	Revenue from Others			
-	Developing and managing community services	-	-	-
25,570	Total Revenue	26,339	32,426	32,426
25,340	Total Expense	26,339	32,426	31,385
230	Net Surplus/(Deficit)	-	-	1,041

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	<i>Non-departmental output expenses</i>			
22,009	Community support and advice	25,078	27,521	26,296
-	- Expansion of Kāinga Whānau Ora pilot	-	2,315	2,315
1,550	Improving children's participation in education	1,550	1,550	1,648
2,952	Participation and support services for seniors	3,103	3,103	2,817
52,676	Supporting victims and perpetrators of family and sexual violence	79,523	91,018	88,672
	<i>Non-departmental other expense</i>			
-	- Community response to adverse or emergency events	-	7,900	9,922
79,187	Total Expense	109,254	133,407	131,670

Multi-category Expense Appropriation: Housing support assistances

The single overarching purpose of this appropriation is to support people to access or retain housing.

This appropriation is intended to support people into a non-public housing solution. This includes people who are on the Housing Register or in public housing, or have otherwise contacted the Ministry of Social Development for support.

This appropriation contains three non-departmental expense categories

Non-departmental output expense: Provision to Better Prepare People for Private Rental Programme

This category is for the provision of programmes to help prepare people to obtain and sustain private rental accommodation.

This category is intended to better prepare people for private rental accommodation, providing education and support to enable people to access and/or retain a housing tenancy.

Non-departmental other expense: Non-recoverable Housing Support Assistances

This category is limited to non-recoverable Housing Support Assistances, which help people access and/or retain housing tenancies, paid in accordance with criteria set out in delegated legislation under the Social Security Act 2018.

This category is intended to better prepare people for private rental accommodation, providing non-recoverable support that can reduce barriers that people may face in accessing and/or retaining a housing tenancy.

Non-departmental capital expenditure: Recoverable Housing Support Assistances

This category is limited to recoverable Housing Support Assistances, which help people access and/or retain housing tenancies, paid in accordance with criteria set out in delegated legislation under the Social Security Act 2018.

This category is intended to better prepare people for private rental accommodation, providing recoverable support that can reduce barriers that people may face in accessing and/or retaining a housing tenancy.

Summary of performance in the appropriation and in each category

Non-financial performance

Although the full-year standard for the overarching measure was met, performance in the COVID-19 response period from March to June 2020 declined. During this time restrictions on physical contact meant that household bubbles were not allowed to be merged, and therefore it was harder for people without secure housing to avoid emergency housing by taking up other options.

This impact was counteracted to some extent by the pause on public housing assessments and placements during the COVID-19 period. This meant that there was a lower percentage of Housing Support Product (HSP) recipients entering the Public Housing Register or starting a public housing tenancy, which is seen as a negative outcome. This was due to the inability to move into or be assessed for public housing, rather than the absence of need for this service.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
	Overarching measure		
New measure for 2019/20	The percentage of people who are not on the Housing Register or in public housing ¹⁴¹ , or who have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a recoverable or non-recoverable Housing Support Product (HSP) will be no less than	70%	74.0%
	Non-departmental output expense		
	Provision to Better Prepare People for Private Rental programme		
	An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.		
	Non-departmental other expense		
	Non-recoverable Housing Support Assistances		
New measure for 2019/20	The percentage of people who are not on the Housing Register or in public housing, or who have not received an Emergency Housing Special Needs Grant, 90 calendar days after receipt of a non-recoverable Housing Support Product ¹⁴² will be no less than ¹⁴³	70%	83.0%
	Non-departmental capital expenditure		
	Recoverable Housing Support Assistances		
	An exemption was granted under section 15D(2)(b)(iii) of the Public Finance Act 1989 as the amount of this annual appropriation for a non-departmental output expense is less than \$5 million.		

Financial performance

2018/19 Actual \$000	Financial performance (Figures are GST exclusive)	2019/20		
		Budgeted \$000	Revised \$000	Actual \$000
	<i>Non-departmental output expense</i>			
-	Provision to Better Prepare People for Private Rental Programme	-	140	-
	<i>Non-departmental other expense</i>			
-	Non-recoverable Housing Support Assistances ¹⁴⁴	-	4,006	1,822
	<i>Non-departmental capital expenditure</i>			
-	Recoverable Housing Support Assistances	-	1,206	1,097
-	Total Expense	-	5,352	2,919

¹⁴¹ To avoid double counting, people who have gone onto the Housing Register and have moved into public or emergency housing in the 90-day period are counted only as being in public or emergency housing.

¹⁴² Non-recoverable HSPs include Bond Grants, Rent in Advance, Transition to Alternative Housing, Letting Fees (no longer available) and Tenancy Costs. These products are designed to assist clients moving into private rentals and often out of emergency housing and public housing. Rent Arrears, which is a recoverable HSP and where there is a higher proportion of unfavourable outcomes, is not included in this measure.

¹⁴³ This measure has been transferred to this appropriation from the disestablished non-departmental other expense Housing Support Package.

¹⁴⁴ The 2018/19 actual spend and the 2019/20 budgeted amounts for this category were recorded in the Housing Support Package non-departmental output expense, which has now been disestablished with the funds transferred to this MCA.

Multi-category Expense Appropriation: Improved employment and social outcomes support

The single overarching purpose of this appropriation is to operate the benefit system and associated interventions in such a way as to improve client outcomes (employment and social) by moving them closer to independence, with a focus on those at risk of long-term benefit receipt.

This appropriation is intended to achieve improved employment and social outcomes.

This appropriation contains three departmental output expense categories

Departmental output expense: Administering income support

This category is limited to assessing, paying, reviewing entitlements and collecting balances owed by clients for income support, supplementary assistance, grants and allowances, and administering international social security agreements relating to disabled people, sole parents, and widows and widowers.

This category is intended to achieve accurate and efficient operation of the benefit system so that the correct amount is paid to the correct people on time.

Departmental output expense: Improving employment outcomes

This category is limited to providing specified assistance, including services, to eligible people to help them move into and retain sustainable employment, in accordance with criteria set out in, or in delegated legislation made under, the Social Security Act 2018.

This category is intended to achieve an increase in the number of people (from those who are currently receiving or are likely to receive working-age benefits and are work-ready) moving into sustainable employment.

Departmental output expense: Improving work-readiness outcomes

This category is limited to providing services to eligible people to address barriers to employment to help them become work-ready, in accordance with criteria set out in, or in delegated legislation made under, the Social Security Act 2018.

This category is intended to improve the skills and capabilities of people who are receiving or are likely to receive working-age benefits and reduce barriers to employment, to assist them to become work-ready and increase their chances of entering into sustainable work.

Summary of performance

Non-financial performance

The overall increase in benefit numbers in 2019/20 was largely the result of the COVID-19 pandemic.

Prior to the pandemic, at 28 February 2020, 305,129 people were on a working-age benefit. This was an increase of 13,160 (4.5 percent) since June 2019. There had been a steady increase in the number of main benefit applications processed each month: between July 2019 and February 2020 applications were up 10,033 (6 percent) compared with the same period in 2018/19. Since the pandemic began, benefit numbers increased by a further 48,311 (15.8 percent) between March and June 2020. This is unprecedented growth in such a short period, not seen even during the global financial crisis.

Month-on-month:

- in March 2020 applications were up over 39 percent compared with March 2019
- in April applications were up over 175 percent from April 2019
- in May and June, applications were comparable to the same months in 2019.

Over the full 2019/20 year, there were 45,964 more applications than the previous year – an increase of 18.6 percent.

Despite the pandemic we supported 74,715 working-age people into work, 6.4 percent more than in 2018/19. This includes 21,621 people we assisted through an employment or work-readiness intervention, of whom 59.3 percent had not returned to benefit six months later.

Performance will be assessed by:

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	The proportion of clients who have exited the main benefit during the calendar year ¹⁴⁵ for reason of employment	45%	51.1%
New measure for 2019/20	The number of exits ¹⁴⁶ from the main benefit during the calendar year for reason of employment following an employment intervention will be no less than	18,000	23,569
New measure for 2019/20	Of those clients who have exited the main benefit during the calendar year for reason of employment, the proportion that did not access the main benefit again in the following six months		
New measure for 2019/20	• overall	60%	65.2%
New measure for 2019/20	• following an employment intervention	Baseline year	60.5%
We have set a performance standard of 55% for this measure for 2020/21.			

¹⁴⁵ 'Calendar year' refers to the calendar year that ends during the fiscal year; for example, in 2019/20 this is 31 December 2019.

¹⁴⁶ Clients are counted multiple times if they exit the main benefit multiple times and are assessed for pre-exit activity each time.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
Departmental output expenses			
Administering income support			
91.4%	The proportion of benefit entitlement assessments completed accurately will be no less than	95%	89%
<p>The result for the pre-COVID period (July 2019 to 31 March 2020) was 89.4% (slightly down on 2018/19) and for the COVID period (April to June 2020) 87.9%. During the lockdown months there was a further fall in performance (April 87.7%, May 85.8%), largely due to a significant increase in application numbers. However, the June result of 90.1% indicates that performance is returning to pre-COVID-19 levels.</p> <p>We continue to make a considerable investment in the capability of our staff in order to improve accuracy over time. The year-end result is also likely to have been impacted by the Annual General Adjustment¹⁴⁷, which coincided with the months of greatest impact, when staff may have had to calculate two benefit rates and also negotiate the introduction of income abatement changes.</p> <p>This measure does not cover assessments for COVID-19 Wage Subsidy payments, for which similar data can be found on page 37.</p>			
91.3%	The proportion of benefit entitlement assessments completed within five working days will be no less than	90%	92.5%
The result for the pre-COVID period (July 2019 to 31 March 2020) was 92.7% and for the COVID period (April to June 2020) 92.0%.			
Improving employment outcomes			
New measure for 2019/20	The number of exits from the main benefit during the calendar year for reason of employment following an employment outcomes intervention will be no less than ¹⁴⁸	17,000	22,282
New measure for 2019/20	Of those clients who have exited the main benefit during the calendar year for reason of employment following an employment outcomes intervention, the proportion that did not access the main benefit again in the following six months	Baseline year	60.5%
We have set a performance standard of 55% for this measure for 2020/21.			
New measure for 2019/20	The percentage of employment assistance programmes related to employment outcomes funding rated 'effective' ¹⁴⁹	90%	99.7%

147 Rates of benefits, allowances and New Zealand Superannuation and income thresholds for the Community Services Card and other assistance are adjusted on 1 April each year to ensure that they keep pace with wage movements.

148 'Employment outcomes intervention' refers to vacancy placement, contracted service (including wage subsidies) and employment-related case management.

149 Of the programmes that we can evaluate. 'Effective' spend includes those programmes rated as either 'effective' or 'promising'. 'Effective' means that the intervention has significant positive overall impacts on one or more outcome domains specified in the report, and no negative impacts for any other domain. 'Promising' means that the trend in impacts across outcome domains indicates that the intervention is expected to have a significant positive overall impact over the medium-to-long term. Employment outcomes interventions are assessed against income and employment outcomes.

Improving work-readiness outcomes			
New measure for 2019/20	The number of exits from the main benefit during the calendar year for reason of employment following a work-readiness intervention will be no less than ¹⁵⁰	2,000	3,270
New measure for 2019/20	Of those clients who have exited the main benefit during the calendar year for reason of employment following a work-readiness intervention, the proportion that did not access the main benefit again in the following six months	Baseline year	59.7%
We have set a performance standard of 55% for this measure for 2020/21.			
New measure for 2019/20	The percentage of employment assistance programmes related to work-readiness funding rated 'effective' ¹⁵¹	90%	31.3%
<p>Under-performance in this measure occurs through expenditure on interventions not being rated as effective. While this result is low, a further 33.9% of expenditure was rated as making 'no difference'.</p> <p>The low performance of this measure is primarily driven by the effectiveness rating for the Youth Service (Young Parent Payment rated as making 'no difference'; NEET rated as 'negative effectiveness') and Limited Services Volunteer (rated as making 'no difference') programmes. Both of these programmes have been redesigned in recent years to improve performance, but there has not yet been enough time to observe the impact of these changes.</p>			

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Administering income support				
Main benefit applications processed	236,108	255,435	247,141	293,105
Hardship applications processed	1,096,123	1,268,400	1,738,710	2,630,332
Hardship grants approved	1,055,986	1,221,754	1,689,530	2,533,822
Accommodation Supplement recipients	284,572	284,686	300,741	348,754
Improving employment outcomes				
Percentage of main benefit recipients who go into employment outcome-related case management	24.6%	28.0%	18.2%	11.0%
People attending employment programmes	27,842	28,944	23,477	23,715
People exiting a main benefit and going into work	78,608	77,466	70,218	74,715
Improving work-readiness outcomes				
People attending work-readiness programmes	5,550	6,002	9,268	8,516

150 'Work-readiness intervention' refers to an external service.

151 Of the programmes that we can evaluate. 'Effective' spend includes those programmes rated as either 'effective' or 'promising'. 'Effective' means that the intervention has significant positive overall impacts on one or more outcome domains specified in the report, and no negative impacts for any other domain. 'Promising' means that the trend in impacts across outcome domains indicates that the intervention is expected to have a significant positive overall impact over the medium-to-long term. Work-readiness interventions are assessed against employment, education and training outcomes.

Financial performance

2018/19 Actual \$000	Financial performance (Figures are GST exclusive)	2019/20		
		Budgeted \$000	Revised \$000	Actual \$000
	<i>Departmental output expenses</i>			
	Revenue from Crown			
317,210	Administering income support	329,236	351,690	351,690
293,154	Improving employment outcomes	337,227	347,412	347,412
91,879	Improving work-readiness outcomes	94,948	100,889	100,889
	Revenue from other departments			
463	Administering income support	1,600	1,600	3
-	- Improving employment outcomes	-	-	-
-	- Improving work-readiness outcomes	-	-	-
	Revenue from Other			
2,194	Administering income support	1,523	2,523	1,863
-	- Improving employment outcomes	-	-	-
-	- Improving work-readiness outcomes	-	-	-
704,900	Total Revenue	764,534	804,114	801,857
690,276	Total Expense	764,534	804,114	749,937
14,624	Net Surplus/(Deficit)	-	-	51,920

Multi-Category Expense Appropriation: Partnering for youth development

The single overarching purpose of this appropriation is to improve outcomes for young people through youth development.

This appropriation is intended to promote the use of a positive youth development approach to help support an increase in the wellbeing of rangatahi across Aotearoa New Zealand so that they are better able to succeed in, contribute to and enjoy life.

This appropriation contains one departmental and one non-departmental output expense category

Departmental output expense: Administering youth development

This category is limited to developing, promoting and funding a positive youth development approach in partnership with businesses, iwi and the philanthropic and youth sectors.

This category is intended to champion positive youth development as an approach to support rangatahi across Aotearoa New Zealand to improve their wellbeing and to increase the accessibility of quality positive youth development initiatives, particularly for those from the identified priority cohorts¹⁵².

Non-departmental output expense: Delivering youth development

This category is limited to purchasing youth development outcomes.

This category is intended to achieve an improvement in the wellbeing of young people through their participation in quality positive youth development (including through partnerships with business and philanthropic sectors, iwi and other government organisations), and an improvement in young people's preparedness for the future work environment through enterprise education and skills development.

¹⁵² The identified priority cohorts are young Māori, young Pacific people, young women, young people from the Rainbow community, young disabled people, young people from ethnic communities (in particular those from a refugee and migrant background), and young people living in the regions (defined as the non-urban, more rural and often isolated regions across New Zealand).

Performance will be assessed by:

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
New measure for 2019/20	The percentage of participants who report that they have seen a significant improvement in their outcomes ¹⁵³ through participation in a Ministry of Youth Development-funded initiative ¹⁵⁴ will be no less than ¹⁵⁵	85%	86%

Summary of performance

Non-financial performance

The Ministry of Youth Development contracted 150 provider organisations to deliver over 200 different youth development and youth enterprise programmes or services to over 70,000 rangatahi.

Survey feedback from over 7,500 rangatahi whom we asked what they thought about the programmes or services they took part in was overwhelmingly positive: 86 percent of participants reported that they had seen a significant improvement in their outcomes.

The number of young people supported was lower than in 2018/19 because several initiatives were cancelled in the wake of the restrictions on gatherings under COVID-19 Alert Levels, including Nga Kapa Haka Kura Tuarua o Aotearoa (the National Secondary Schools Kapa Haka Competition), ASB Polyfest, Shakespeare Globe Company productions and the New Zealand Choral Federation Big Sing festivals.

153 The core outcome that MYD seeks for young people is increased wellbeing. Increased wellbeing is being achieved when young people are:

- participating in, engaging with and contributing to something they value in their community or society
- feeling more connected, having a greater sense of belonging, and feeling comfortable and aware of their identity
- learning or developing their skills (these may be social, emotional, physical, autonomy, work or intimacy skills)
- developing strong and healthy relationships with their peers and with adults, and feeling accepted, respected, understood and listened to
- optimistic about the future, believing that they have choices about their future and are prepared for the future work environment.

154 Through youth enterprise funding there is a focus on improved preparedness for the future work environment. Improved preparedness is being achieved when young people report that they are achieving outcomes such as:

- increased entrepreneurship, business and financial acumen
- increased decision-making and problem-solving skills
- development of innovation and original thinking
- increased awareness of information and digital technologies
- increased leadership skills, career opportunities and career management skills.

155 Data for these measures is collected through participant feedback surveys completed by young people who have attended MYD-funded initiatives. Questions are designed to explore which outcomes the young person believes they have achieved through taking part in the initiative.

2018/19 Result	Measure	2019/20 Standard	2019/20 Result
Departmental output expense			
Administering youth development			
New measure for 2019/20	The percentage of total funding for youth development opportunities targeted at young people from the priority cohort will be no less than ¹⁵⁶	50%	68%
New measure for 2019/20	The percentage of providers reporting that interacting with the Ministry of Youth Development (MYD) was a 'good' or 'very good' experience will be no less than ¹⁵⁷	80%	94%
New measure for 2019/20	The percentage of partners ¹⁵⁸ involved in funding initiatives through the Partnership Fund reporting that partnering with MYD was a 'good' or 'very good' experience will be no less than	80%	100%
Non-departmental other expense			
Delivering youth development			
New measure for 2019/20	The percentage of participants who report that they have seen a significant improvement in their wellbeing through participation in a MYD-funded youth development initiative will be no less than	85%	86%
New measure for 2019/20	The percentage of participants who report that they have improved their preparedness for the future work environment through participation in a MYD-funded youth enterprise initiative will be no less than	85%	96%

¹⁵⁶ Data for this measure is collected through information provided when providers are contracted to deliver a programme or service.

¹⁵⁷ Data for this measure is collected through annual provider reporting. The ratings are 'very bad', 'bad', 'neither bad nor good', 'good' and 'very good'.

¹⁵⁸ 'Partners' refers to those partners who are contributing funds and resources (either in cash or in kind) alongside MYD to support the youth development initiatives that have been approved by the Partnership Fund Board. Providers (those actually delivering the youth development projects) are not considered 'partners' in respect of this measure (even though they may be contributing funds and resources themselves). Data for this measure is collected through annual surveying of all Partnership Fund partners. The ratings are 'very bad', 'bad', 'neither bad nor good', 'good' and 'very good'.

The following information is provided for context:

	2016/17	2017/18	2018/19	2019/20
Administering youth development¹⁵⁹				
Positive Youth Development Promotion funded opportunities				
Providers funded	140	153	101	125
Opportunities funded	63,779	61,423	64,363	61,793
Expanding Youth Enterprise and Education funded opportunities				
Providers funded	17	55	40	30
Opportunities funded	5,000	5,794	10,973	4,163
Partnership Fund funded opportunities				
Providers funded	24	28	51	49
Opportunities funded	7,317	6,703	11,301	4,554
Partners contributing funding	31	85	97	119
Totals for all funded opportunities				
Providers funded ¹⁶⁰	181	236	159	150
Opportunities funded	76,096	73,920	86,637	70,690

Financial performance

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	<i>Departmental output expenses</i>			
	Revenue from Crown			
4,396	Administering youth development	3,396	5,134	5,134
	Revenue from other departments			
-	- Administering youth development	-	-	-
	Revenue from Other			
-	- Administering youth development	-	-	-
4,396	Total Revenue	3,396	5,134	5,134
3,258	Total Expense	3,396	5,134	3,056
1,138	Net Surplus/(Deficit)	-	-	2,078

¹⁵⁹ Within the Delivering Youth Development non-departmental output expense category there are three sub-categories:

- Positive Youth Development Promotion, which is focused on funding opportunities to improve young people's wellbeing
- Expanding Youth Enterprise and Education, which is focused on funding opportunities to prepare young people for the future work environment
- Partnership Fund, which is focused on funding opportunities in partnership with business, philanthropic, iwi and other government agencies.

¹⁶⁰ In 2018/19 and 2019/20 the total number of providers funded is less than the totals for the three categories of opportunities as some providers have contracts in more than one category.

2018/19		2019/20		
Actual \$000	Financial performance (Figures are GST exclusive)	Budgeted \$000	Revised \$000	Actual \$000
	<i>Non-departmental output expenses</i>			
8,100	Administering youth development	8,562	8,839	8,722
8,100	Total Expense	8,562	8,839	8,722







Financial statements



Ministry of Social Development

Statement of accounting policies: departmental

These financial statements are for the year ended 30 June 2020 and include unaudited forecast financial statements for the year ending 30 June 2021. The statements have been combined to provide a single view of budget, actual and forecast information.

References to the financial statements incorporate the financial statements and the unaudited forecast financial statements, unless otherwise stated.

Reporting entity

The Ministry of Social Development (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 (PFA) and is domiciled in New Zealand. The Ministry's ultimate parent is the New Zealand Crown.

The primary objective of the Ministry is to provide services to the public rather than to make a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Ministry are for the year ended 30 June 2020. The financial statements were authorised for issue by the Chief Executive of the Ministry on 18 November 2020.

In addition, the Ministry has reported on Crown activities.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA, which includes the requirements to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with Tier 1 New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS).

These financial statements comply with PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and certain financial instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of the Ministry is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year apart from early adoption of PBE IPSAS 21 and 26 Impairment of Non-cash and Cash-Generating Assets.

Significant accounting policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

COVID-19 impacts

An assessment of the impact of COVID-19 on the Ministry's balance sheet is set out below, based on the information available at the time of preparing these financial statements.

Cash

No impact to carrying value. All cash is held with Westpac Bank with Standard & Poor's credit rating of AA.

Property, plant and equipment

The Ministry's land and buildings are held at fair value. A full revaluation of freehold land and buildings was undertaken at 30 June 2020. The Ministry has no evidence that there has been a decline in the value of these assets post COVID-19 (refer to Note 9).

Refer to Note 21 for an explanation of the impact of COVID-19 on the Ministry's financial statements.

Budget and forecast figures

Basis of the budget and forecast figures

The 2020 budget figures are for the year ended 30 June 2020 and were published in the Ministry's 2018/19 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update for the year ended 30 June 2020.

The 2021 forecast figures are for the year ending 30 June 2021, and are consistent with the best estimate financial forecast information submitted to the Treasury for the Pre-election Fiscal Update (PREFU) year ending 30 June 2021.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2021 forecast figures have been prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and comply with PBE FRS 42.

The forecast financial statements were approved for issue by the Chief Executive on 22 July 2020. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2021 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions of what may occur during the 2020/21 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the PREFU was finalised.

The main assumptions, which were adopted as at 22 July 2020, were as follows.

- The Ministry's activities and output expectations will remain substantially the same as those for the previous year, focusing on the Government's priorities
- Personnel costs were based on 8,163 full-time-equivalent staff positions
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred. Remuneration rates are based on current salary costs, adjusted for anticipated remuneration changes.
- Land and buildings are not revalued as we cannot reliably determine the outcome of such valuation and believe there would be no significant variation if they were.
- Estimated year-end information for 2019/20 was used as the opening position for the 2020/21 forecasts.

The actual financial results achieved for 30 June 2021 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, no significant change or event has occurred that would have a material impact on the forecasts.

Revenue

The specific accounting policies for significant revenue items are explained below.

Revenue Crown

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Cost allocation

The Ministry accumulates and allocates costs to departmental output expenses using a three-staged costing system, outlined below.

The first stage allocates all direct costs to output expenses as and when they are incurred. The second stage accumulates and allocates indirect costs to output expenses based on cost drivers, such as full-time equivalent (FTE) staff and workload information obtained from surveys and/or other data sources, which reflect an appropriate measure of resource consumption/use.

The third stage accumulates and allocates overhead costs to output expenses based on resource consumption/use where possible, such as the FTE staff ratio, or where an appropriate driver cannot be found then in proportion to the cost charges in the previous two stages.

Criteria for direct and indirect costs

Direct costs are costs that vary directly with the level of activity and are causally related, and readily assignable, to an output expense. Overhead costs are costs that do not vary with the level of activity undertaken. Indirect costs are costs other than direct costs or overhead costs.

For the year ended 30 June 2020 direct costs accounted for 86.2 percent of the Ministry's costs (2019: 84.9 percent).

Expenses

General

Expenses are recognised in the period to which they relate.

Capital charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine the interest expense for each period.

Foreign currency

Foreign currency transactions (including those for which foreign exchange forward contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Revenue and Expense.

Financial instruments

Financial assets

PBE IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under PBE IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Compared to PBE IAS 39, the standard imposes stricter requirements for determining those financial assets that can be recognised at amortised cost or fair value.

Under PBE IFRS 9, the Ministry's financial assets consist of cash and short-term deposits and trade receivables, measured at amortised cost.

A receivable is considered impaired when there is evidence that the Ministry will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Financial liabilities

Under PBE IFRS 9, the Ministry's financial liabilities are creditors and other payables, measured at amortised cost.

Property, plant and equipment

Property, plant and equipment consist of land, buildings, furniture and fittings, computer equipment, motor vehicles, and plant and equipment.

Property, plant and equipment items are shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$2,000.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds of disposal with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves for those assets are transferred to general funds.

Subsequent costs

Costs incurred after the initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset type	Estimated life	Depreciation rate
Buildings (including components)	10–80 years	1.25%–10%
Leasehold improvements	up to 18 years	>6%
Furniture and fittings	3–5 years	20%–33%
Computer equipment	3–5 years	20%–33%
Motor vehicles	4–5 years	20%–25%
Plant and equipment	3–5 years	20%–33%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter, with a maximum period of 18 years.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Land and buildings are revalued at least every three years to ensure the carrying amount does not differ materially from the fair value. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure those values are not materially different from fair value. Additions to assets between revaluations are recorded at cost.

Accounting for revaluations

The Ministry accounts for revaluations of property, plant and equipment on a class-of-asset basis.

The results of revaluations are recorded in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, the balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase in value after revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into use.

Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs and any directly attributable overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with the development and maintenance of the Ministry's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rate of our major class of intangible assets have been estimated as follows:

Asset type	Estimated life	Amortisation rate
Developed computer software	3–8 years	12.5%–33%

Impairment of non-financial assets

The Ministry does not hold any cash-generating assets. Assets are considered cash generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Intangible assets not yet available for use at the balance date are tested for impairment annually.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Ministry would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Revenue and Expense, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

Impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Comprehensive Revenue and Expense.

Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses previously recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Goods and services tax (GST)

All items in the financial statements, including the appropriation statements, are stated exclusive of GST except for receivables and payables, which are stated inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the Statement of Financial Position.

The net GST paid to or received from IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases where the Ministry is the lessee are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Ministry will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. A provision is recognised when it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Commitments

Expenses yet to be incurred on non-cancellable contracts entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalties or exit costs explicit in the agreement on exercising the option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

Contingent assets and liabilities

Contingent assets and liabilities are disclosed at the point the contingency is evident.

Employee entitlements

Short-term employee entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Ministry recognises a liability for sick leave to the extent absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent the Ministry anticipates they will be used by staff to cover future absences.

The Ministry recognises a liability and an expense for performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows.

Statement of Cash Flows

Cash means cash balances on hand and held in bank accounts.

Operating activities are those activities where the Ministry receives cash from its income sources and makes cash payments for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections or the repayment of capital to the Crown.

Equity

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds and property revaluation reserves.

Property revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

Critical accounting estimates and assumptions

In preparing these financial statements the Ministry has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement and long service leave

An analysis of the Ministry's exposure to estimates and uncertainties around its retirement and long service leave liability is contained in the notes (refer Note 14).

Fair value of land and buildings

The significant assumptions applied in determining the fair value of land and buildings are disclosed in the notes (refer Note 9).

Useful life of software

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licenses, the useful life represents management's view of the expected period over which the Ministry will receive benefits from the software, but not exceeding the license term. For internally generated software developed by the Ministry, the life is based on historical experience with similar systems as well as anticipation of future events that may impact their useful life, such as changes in technology.

Critical judgements in applying the Ministry's accounting policies

Operating and finance leases

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Ministry. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether to include renewal options in the lease term, and an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property, plant and equipment. With an operating lease no such asset is recognised.

The Ministry has exercised its judgement on the appropriate classification of leases and has determined that it has no finance leases.

There were no other significant items for which management had to exercise critical judgement in applying the Ministry's accounting policies for the year ended 30 June 2020.

Ministry of Social Development

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Forecast 2021 \$000
Revenue					
966,215	Revenue Crown		1,149,195	1,080,839	1,509,214
76,826	Revenue other	1	70,576	78,093	72,319
9	Gain on foreign exchange	2	12	-	-
1,043,050	Total revenue		1,219,783	1,158,932	1,581,533
Expenses					
496,123	Personnel costs	3	551,852	479,675	515,049
64,322	Depreciation and amortisation expenses	9,10	68,265	83,362	85,467
13,727	Capital charge	4	14,172	16,492	19,527
447,399	Other operating expenses	5	506,467	579,056	961,490
2,691	Loss on disposal of property, plant and equipment	2	740	347	-
1,024,262	Total expenses		1,141,496	1,158,932	1,581,533
18,788	Net surplus/(deficit)		78,287	-	-
Other comprehensive revenue and expense					
<i>Item that will not be reclassified to net surplus/(deficit)</i>					
-	Loss on property revaluations	9	709	-	-
18,788	Total comprehensive revenue and expense		77,578	-	-

Explanations of significant variances against the original 2019/20 budget are detailed in Note 21.

Ministry of Social Development

Statement of Financial Position

As at 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Forecast 2021 \$000
Equity					
206,260	Taxpayers' funds	15	217,703	210,137	269,850
29,943	Revaluation reserve	15	29,234	29,943	29,234
236,203	Total equity		246,937	240,080	299,084
Assets					
Current assets					
121,666	Cash and cash equivalents	6	179,776	39,629	167,509
5,781	Accounts receivable	7	3,354	16,506	102
30,647	Prepayments		33,879	25,540	33,882
158,094	Total current assets		217,009	81,675	201,493
Non-current assets					
148,728	Property, plant and equipment	9	158,341	146,168	162,778
165,057	Intangible assets	10	174,470	206,910	180,314
313,785	Total non-current assets		332,811	353,078	343,092
471,879	Total assets		549,820	434,753	544,585
Liabilities					
Current liabilities					
110,383	Accounts payable and accruals	11	118,719	96,097	115,471
18,788	Return of operating surplus to the Crown	12	76,637	-	-
41,482	Provision for employee entitlements - current	14	49,328	39,375	51,813
15,804	Other provisions	13	15,846	21,677	15,846
5,070	Crown payable	8	12,603	-	12,603
191,527	Total current liabilities		273,133	157,149	195,733
Non-current liabilities					
44,149	Provision for employee entitlements - non-current	14	29,750	37,524	49,768
44,149	Total non-current liabilities		29,750	37,524	49,768
235,676	Total liabilities		302,883	194,673	245,501
236,203	Net assets		246,937	240,080	299,084

Explanations of significant variances against the original 2019/20 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 174 to 186 and Notes 1 to 23 on pages 193 to 212 form part of these financial statements.

Ministry of Social Development

Statement of Changes in Equity

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Forecast 2021 \$000
227,392	Balance at 1 July		236,203	236,205	245,287
18,788	Total comprehensive revenue and expense		77,578	-	-
	Owner transactions				
(18,788)	Return of operating surplus to the Crown	12	(76,637)	-	-
11,712	Capital injections		11,181	3,875	53,797
843	Capital injections - non cash		-	-	-
(3,744)	Capital withdrawal - cash		(1,388)	-	-
236,203	Balance at 30 June		246,937	240,080	299,084

Explanations of significant variances against the original 2019/20 budget are detailed in Note 21.

Ministry of Social Development

Statement of Cash Flows

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000	Unaudited Forecast 2021 \$000
Cash flows from operating activities					
971,285	Receipts from Crown revenue		1,156,728	1,080,839	1,509,214
82,187	Receipts from other revenue		72,522	78,093	72,319
(461,845)	Payments to suppliers		(511,166)	(579,056)	(960,500)
(488,796)	Payments to employees		(550,745)	(479,675)	(516,039)
(13,727)	Payments for capital charge		(14,172)	(16,492)	(19,527)
1,608	Goods and services tax (net)		8,504	-	-
22,922	Intercompany cash flow with Oranga Tamariki—Ministry for Children		(5,975)	-	-
113,634	Net cash flow from operating activities	16	155,696	83,709	85,467
Cash flows from investing activities					
1,454	Receipts from sale of property, plant and equipment		1,240	1,679	1,500
(35,524)	Purchase of property, plant and equipment		(37,066)	(40,050)	(44,065)
(28,939)	Purchase of intangible assets		(52,765)	(35,535)	(53,184)
(63,009)	Net cash flow from investing activities		(88,591)	(73,906)	(95,749)
Cash flows from financing activities					
11,712	Capital injections		9,793	3,875	53,797
(3,743)	Capital withdrawal from the Crown		-	-	-
(27,742)	Return of operating surplus		(18,788)	(10,000)	(55,782)
(19,773)	Net cash flow from financing activities		(8,995)	(6,125)	(1,985)
30,852	Net increase/(decrease) in cash		58,110	3,678	(12,267)
90,814	Cash at the beginning of the year		121,666	35,951	179,776
121,666	Cash at the end of the year		179,776	39,629	167,509

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component is presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes, and to be consistent with the presentation basis of the other primary financial statements.

Refer to Note 16 for reconciliation of net surplus/(deficit) to net cash from operating activities. Explanations of significant variances against the original 2019/20 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 174 to 186 and Notes 1 to 23 on pages 193 to 212 form part of these financial statements.

Ministry of Social Development

Statement of Commitments

As at 30 June 2020

Actual 2019 \$000		Actual 2020 \$000
	Operating commitments	
	Non-cancellable accommodation leases	
46,584	Not later than one year	47,153
107,791	Later than one year and not later than five years	110,996
121,175	Later than five years	123,836
275,550	Total non-cancellable accommodation leases	281,985
275,550	Total operating commitments	281,985
275,550	Total commitments	281,985

Capital commitments

The Ministry has no capital commitments at balance date (2019: nil).

Non-cancellable accommodation leases

The Ministry has long-term leases on premises, which are subject to regular reviews. The amounts disclosed above as future commitments are based on the current rental rates.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

In addition to the above costs the Ministry has sub-lease rental recoveries of \$0.565 million expected to be received in 2020/21. Refer to Note 1 for actual sub-lease rental recoveries for 2019/20.

Ministry of Social Development

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2020

Unquantifiable contingent liabilities

There is legal action against the Crown relating to historical abuse claims. At this stage the number of claimants and the outcomes of these cases are uncertain. The disclosure of an amount for these claims may prejudice the legal proceedings.

Quantifiable contingent liabilities

Actual 2019 \$000	Actual 2020 \$000
15 Personal grievances claims	10
550 Other claims	380
565 Total contingent liabilities	390

Personal grievances

Personal grievances claims represent amounts claimed by employees for personal grievances cases. There are two personal grievances claims (2019: two).

Other claims

Other claims are represented by a property dispute and outstanding grievances claims from our clients for unpaid benefit entitlements and other disputes. Altogether there are six claims in this category (2019: five).

Contingent assets

The Ministry has no contingent assets (2019: nil).

Ministry of Social Development

Notes to the Financial Statements

Note 1: Revenue other

Actual 2019 \$000		Actual 2020 \$000
720	Sub-lease rental recoveries	1,163
76,106	Other recoveries	69,413
76,826	Total revenue other	70,576

The Ministry received other revenue from Oranga Tamariki—Ministry for Children for corporate support services (\$66.874 million), Promoting positive outcomes for disabled people (\$1.250 million), IT operating leases (\$0.557 million), the Social Wellbeing Agency for corporate support services (\$0.431 million), and other revenue (\$0.301 million). The Ministry also received revenue from sub-leased premises (\$1.163 million).

Note 2: Gains and losses on disposal of property, plant and equipment and foreign exchange

Actual 2019 \$000		Actual 2020 \$000
(2,691)	Gain/(loss) on disposal of fixed assets	(740)
9	Net foreign exchange gains	12
(2,682)	Total gains/(losses)	(728)

During the year the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net gain on vehicle disposals was \$0.003 million (2019: \$0.791 million loss). The net loss on the disposal of non-residential buildings was \$0.743 million (2019: nil). The Ministry conducted impairment tests on internally generated software this year and found that there was no impairment for the year (2019: \$1.900 million loss).

Note 3: Personnel costs

Actual 2019 \$000		Actual 2020 \$000
465,344	Salaries and wages	531,957
9,672	Increase/(decrease) in employee entitlements	(5,657)
240	Increase/(decrease) in restructuring costs	1,712
14,972	Defined superannuation contribution scheme	15,437
5,895	Other personnel expenses	8,403
496,123	Total personnel costs	551,852

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined superannuation contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Note 4: Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each year. The capital charge rate for the financial year ended 30 June 2020 was 6 percent (2019: 6 percent).

Note 5: Operating expenses

Actual 2019 \$000		Actual 2020 \$000
770	Audit fees ¹⁶¹	779
72,317	Rental, leasing and occupancy costs	77,516
65	Bad debts written off	249
180,845	Employment support and subsidies	197,426
40,519	Office operating expenses	41,777
91,805	IT-related operating expenses ¹⁶²	111,897
6,134	Travel expenses	5,305
14,670	Consultancy and contractors' fees	18,264
23,735	Professional fees	30,710
16,539	Other operating expenses	22,544
447,399	Total operating expenses	506,467

161 Audit fees include statutory audit fees only.

162 IT-related operating expenses include \$20.259 million expenditure on contractors and consultants (2019: \$11.075 million).

Note 6: Cash and cash equivalents

Actual 2019 \$000		Actual 2020 \$000
121,666	Cash at bank and on hand	179,776
121,666	Total cash and cash equivalents	179,776

Note 7: Accounts receivable

Actual 2019 \$000		Actual 2020 \$000
By type		
5,781	Trade and other receivables	3,354
5,781	Total receivables	3,354
By maturity		
5,781	Expected to be realised within one year	3,354
-	Expected to be held for more than one year	-
5,781	Total receivables	3,354
Trade and other receivables		
6,480	Gross trade and other receivables	4,215
(699)	Impairment of trade and other receivables	(861)
5,781	Total trade and other receivables	3,354
5,781	Receivables from exchange transactions	3,354
-	Receivables from non-exchange transactions	-
Impairment of trade and other receivables		
874	Balance at beginning of the year	699
(175)	Impairment losses recognised on receivables	162
699	Balance at end of the year	861
699	Collective impairment allowance	861
699	Balance at end of the year	861

The carrying value of debtors and other receivables approximates their fair value. The above are all exchange transactions.

Debtors impairment

As at 30 June 2020 (and 30 June 2019) impairment of trade and other receivables has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

As at 30 June 2020, the Ministry had no debtors deemed insolvent (2019: nil).

Ageing profile of receivables

as at 30 June 2019				as at 30 June 2020		
Gross \$000	Impairment \$000	Net \$000		Gross \$000	Impairment \$000	Net \$000
5,560	-	5,560	Not past due	3,734	(394)	3,340
60	-	60	Past due 1–30 days	2	(2)	-
2	-	2	Past due 31–60 days	3	(3)	-
113	-	113	Past due 61–90 days	8	(6)	2
745	(699)	46	Past due >91 days	468	(456)	12
6,480	(699)	5,781		4,215	(861)	3,354

Note 8: Crown payable

Crown payable represents extra cash drawn down from the Treasury which is higher than Revenue Crown recognised. As at 30 June 2020 Crown payable was \$12.603 million (2019: \$5.070 million). This is due to an early drawdown of cash funding for the multi-year appropriations.

Actual 2019 \$000		Actual 2020 \$000
5,070	Crown creditor	12,603
5,070	Total crown payable	12,603

Note 9: Property, plant and equipment

	Land \$000	Buildings \$000	Furniture and Fittings \$000	Computer Equip- ment \$000	Motor Vehicles \$000	Plant and Equip- ment \$000	Total \$000
Cost or revaluation							
Balance as at 1 July 2018	22,820	21,265	139,190	108,567	27,262	10,116	329,220
Additions by purchase	-	1,257	3,108	5,763	5,151	192	15,471
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	3,617	5,347	11,312	(210)	(13)	20,053
Asset transfers	-	-	(359)	2,220	(1)	(1,072)	788
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(692)	(6,215)	(5,273)	(4,839)	(17,019)
Balance as at 30 June 2019	22,820	26,139	146,594	121,647	26,929	4,384	348,513
Balance as at 1 July 2019	22,820	26,139	146,594	121,647	26,929	4,384	348,513
Additions by purchase	-	-	28,893	5,662	4,880	56	39,491
Revaluation increase/(decrease)	(1,529)	(1,872)	-	-	-	-	(3,401)
Work in progress movement	-	2,176	(1,634)	(4,496)	28	1,501	(2,425)
Asset transfers	-	-	(393)	-	-	-	(393)
Other asset movement	-	-	-	-	-	-	-
Disposals	-	(840)	(3)	-	(4,231)	-	(5,074)
Balance as at 30 June 2020	21,291	25,603	173,457	122,813	27,606	5,941	376,711
Accumulated depreciation and impairment losses							
Balance as at 1 July 2018	-	1,141	90,388	80,722	12,715	8,702	193,668
Depreciation expense	-	872	8,610	8,744	3,108	293	21,627
Eliminate on disposal	-	-	(467)	(6,071)	(3,458)	(4,827)	(14,823)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	(839)	610	28	(486)	(687)
Other asset movement	-	-	-	-	1	(1)	-
Balance as at 30 June 2019	-	2,013	97,692	84,005	12,394	3,681	199,785
Balance as at 1 July 2019	-	2,013	97,692	84,005	12,394	3,681	199,785
Depreciation expense	-	777	11,683	9,322	2,839	291	24,912
Eliminate on disposal	-	(97)	(3)	-	(2,994)	-	(3,094)
Eliminate on revaluation	-	(2,693)	-	-	-	-	(2,693)
Asset transfers	-	-	(540)	-	-	-	(540)
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	-	108,832	93,327	12,239	3,972	218,370
Carrying amounts							
At 1 July 2018	22,820	20,124	48,802	27,845	14,547	1,414	135,552
At 30 June and 1 July 2019	22,820	24,126	48,902	37,642	14,535	703	148,728
At 30 June 2020	21,291	25,603	64,625	29,486	15,367	1,969	158,341
Unaudited forecast carrying amount at 30 June 2021	21,291	24,190	67,609	33,119	15,323	1,246	162,778

Valuation

A full valuation of land and buildings owned by the Ministry was completed by Quotable Value Limited as at 30 June 2020. Registered valuer David Cornford ANZIV from Quotable Value Limited was the project manager.

The full valuation involved a restricted physical inspection of all the Ministry's land and buildings assets due to the coronavirus outbreak and has been completed in compliance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and in particular PBE IPSAS 17 – Property, Plant and Equipment and PBE IPSAS 16 – Investment Property.

As a result of the full valuation, land and buildings decreased in value by \$0.709 million.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

Buildings

Non-specialised buildings are valued at fair value using market-based evidence. Market rents and capitalisation rate methodologies were applied in determining the fair value of buildings.

Work in progress

	Land \$000	Buildings \$000	Furniture and Fittings \$000	Computer Equip- ment \$000	Motor Vehicles \$000	Plant and Equip- ment \$000	Total \$000
Cost or revaluation							
Balance as at 1 July 2018	-	3,801	24	7,242	210	13	11,290
Work in progress movement	-	3,617	5,347	11,312	(210)	(13)	20,053
Balance as at 30 June 2019	-	7,418	5,371	18,554	-	-	31,343
Balance as at 1 July 2019	-	7,418	5,371	18,554	-	-	31,343
Work in progress movement	-	2,176	(1,634)	(4,496)	28	1,501	(2,425)
Balance as at 30 June 2020	-	9,594	3,737	14,058	28	1,501	28,918

The total amount of property, plant and equipment under construction and work in progress is \$28.918 million (2019: \$31.343 million).

Restrictions

There are no restrictions over the title of the Ministry's property, plant and equipment assets. No property, plant and equipment assets are pledged as security for liabilities.

Note 10: Intangible assets

	Internally generated software \$000	Total \$000
Cost or revaluation		
Balance as at 1 July 2018	498,037	498,037
Additions by purchase and internally generated	45,093	45,093
Work in progress movement	(16,436)	(16,436)
Asset transfers	(1,407)	(1,407)
Other asset movement	26	26
Disposals	(40,162)	(40,162)
Balance as at 30 June 2019	485,151	485,151
Balance as at 1 July 2019	485,151	485,151
Additions by purchase and internally generated ¹⁶³	40,660	40,660
Work in progress movement	12,105	12,105
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2020	537,916	537,916
Accumulated amortisation and impairment losses		
Balance as at 1 July 2018	315,800	315,800
Amortisation expense	42,695	42,695
Disposals	(38,207)	(38,207)
Asset transfers	(195)	(195)
Other asset movement	1	1
Impairment losses	-	-
Balance as at 30 June 2019	320,094	320,094
Balance as at 1 July 2019	320,094	320,094
Amortisation expense	43,352	43,352
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Impairment losses	-	-
Balance as at 30 June 2020	363,446	363,446
Carrying amounts		
At 1 July 2018	182,237	182,237
At 30 June and 1 July 2019	165,057	165,057
At 30 June 2020	174,470	174,470
Unaudited forecast carrying amount at 30 June 2021	180,314	180,314

163 Internally generated software includes \$23.373 million of contractors' and consultants' costs capitalised in 2019/20 (2019: \$20.301 million).

Work in progress

	Internally generated software \$000	Total \$000
Cost or revaluation		
Balance as at 1 July 2018	46,633	46,633
Work in progress movement	(16,436)	(16,436)
Balance as at 30 June 2019	30,197	30,197
Balance as at 1 July 2019	30,197	30,197
Work in progress movement	12,105	12,105
Balance as at 30 June 2020	42,302	42,302

The total amount of intangibles in the course of construction is \$42.302 million (2019: \$30.197 million).

Restrictions

There are no restrictions over the title of the Ministry's intangible assets; nor are any intangible assets pledged as security for liabilities.

Note 11: Accounts payable and accruals

Actual 2019 \$000		Actual 2020 \$000
	Payables and accruals under exchange transactions	
32,910	Creditors	25,759
67,968	Accrued expenses	74,951
100,878	Total payables and accruals under exchange transactions	100,710
	Payables and accruals under non-exchange transactions	
9,505	GST payable	18,009
9,505	Total payables and accruals under non-exchange transactions	18,009
110,383	Total payables and accruals	118,719

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of creditors and other payables approximates their fair value.

Note 12: Return of operating surplus

Actual 2019 \$000		Actual 2020 \$000
18,788	Net surplus/(deficit)	78,287
-	Retained surplus	(1,650)
18,788	Total repayment of surplus	76,637

Note 13: Provisions

Actual 2019 \$000		Actual 2020 \$000
2,923	ACC Partnership programme	2,898
564	Restructuring provision	1,746
2,428	Lease reinstatement	2,104
9,889	Other provisions	9,098
15,804	Total provisions	15,846

Provisions by category

	ACC Partnership programme \$000	Lease re- instatement \$000	Re- structuring provision \$000	Operating lease incentive \$000	Holidays Act \$000	Total \$000
2019						
Balance as at 30 June 2018	4,089	2,632	571	9,427	4,958	21,677
Additional provisions made	2,678	320	132	-	-	3,130
Amounts used	(1,049)	-	(139)	(586)	(3,372)	(5,146)
Unused amounts reversed	-	(870)	-	-	(538)	(1,408)
Discount unwind	-	346	-	-	-	346
Transfer to Oranga Tamariki	(2,795)	-	-	-	-	(2,795)
Balance as at 30 June 2019	2,923	2,428	564	8,841	1,048	15,804
2020						
Balance as at 1 July 2019	2,923	2,428	564	8,841	1,048	15,804
Additional provisions made	4,600	147	1,289	-	-	6,036
Amounts used	(1,468)	-	(107)	(586)	(205)	(2,366)
Unused amounts reversed	-	(660)	-	-	-	(660)
Discount unwind	-	189	-	-	-	189
Transfer to Oranga Tamariki	(3,157)	-	-	-	-	(3,157)
Balance as at 30 June 2020	2,898	2,104	1,746	8,255	843	15,846

ACC Partnership programme

The Ministry belongs to the ACC Accredited Employer programme, whereby it accepts the management and financial responsibility of the work-related illnesses and accidents of its employees. The Ministry, under the Full Self Cover Plan (FSCP), has opted for a stop loss limit of 160 percent of the industry premium and a High Cost Claims Cover (HCCC) limit of \$500,000.

The liability for the ACC Partnership programme is measured at the present value of expected future payments to be made for employees' injuries and claims up to the reporting date using actuarial techniques. Consideration is given to the expected future wage and salary levels and the experience of employees' claims and injuries. Expected future payments are discounted using market yields at the reporting date on New Zealand government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The Ministry manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety policies
- providing induction training on health and safety
- actively managing workplace injuries to ensure employees return to work as soon as possible
- recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating actions
- identifying workplace hazards and implementing appropriate safety procedures.

The Ministry is not exposed to any significant concentrations of insurance risk as work-related injuries, which are generally the result of an isolated event to an individual employee.

An external independent actuarial valuer, Melville Jessup Weaver, has calculated the Ministry's liability. The valuation is effective as at 30 June 2020. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuarial valuer's report.

Lease reinstatement

At the expiry of the lease term for a number of its leased premises, the Ministry is required to remove any fixtures or fittings it has installed.

At year-end there were four sites where a lease reinstatement provision had been established with a value of \$2.104 million (2019: nine sites with a value of \$2.428 million). The timing of any future lease reinstatement work is currently up to 14 years and one month in the future.

In many cases the Ministry has the option to renew these leases, which has an impact on the timing of the expected cash outflows for reinstatement of leased premises.

The value of the provision is based on a professional assessment by the Ministry's property group taking into account the cost and past history of lease reinstatement work.

An asset to the value of \$2.400 million (2019: \$2.860 million) was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Operating lease incentive

The lease incentive relates to an initial 12-month rent-free period beginning from August 2017 on the National Office building at 56 The Terrace, Wellington. The lease is over a term of 18 years and the rent-free period is currently being amortised over the term of the lease in accordance with generally accepted accounting standards.

Restructuring provision

Restructuring provision for equalisation allowances is \$0.180 million (2019: \$0.288 million). This comprises severance pay for staff members affected by restructuring and equalisation allowances for staff members affected by restructures in 2009 and 2017 who were reassigned to positions within the Ministry at lower salary levels.

A restructuring provision of \$1.565 million has been made for staff re-alignment where the internal reporting group is reconfigured in order to increase the effectiveness of our support to the Ministry, clients and providers.

The total restructuring provision as at 30 June 2020 is \$1.746 million (2019: \$0.564 million).

Holidays Act provision

The Holidays Act provision accounts for any Ministry payroll compliance issues with regard to the Holidays Act 2003. This is mainly relating to employees and ex-employees who have worked different shifts and hours each week, resulting in underpaid leave over a period of time. The value of the provision of \$0.843 million (2019: \$1.048 million) is based on a professional assessment by the Ministry's human resources group.

Note 14: Employee entitlements

Actual 2019 \$000		Actual 2020 \$000
Current liabilities		
10,585	Retirement and long service leave	9,168
29,096	Provision for annual leave	38,348
1,801	Provision for sickness leave	1,812
41,482	Total current liabilities	49,328
Non-current liabilities		
44,149	Retirement and long service leave	29,750
44,149	Total non-current liabilities	29,750
85,631	Total employment entitlements	79,078

The present value of the retirement and long service leave obligations is determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability are the discount rate and the salary inflation factor. Any changes in these assumptions will have an impact on the carrying amount of the liability.

The Ministry uses the interest rates and the salary inflation factor as supplied and published by the Treasury.

Discount rates and salary inflation applied:

as at 30 June 2019			Employee Entitlement Variables	as at 30 June 2020		
2020 %	2021 %	2022 %		2021 %	2022 %	2023 %
1.26	1.03	2.23	Discount rates	0.22	0.25	1.63
2.92	2.92	2.92	Salary inflation	2.72	2.72	2.72

The financial impact of changes to the discount rates and salary inflation variables:

	Actual 2020 \$000	Salary + 1% 2020 \$000	Salary - 1% 2020 \$000	Discount + 1% 2020 \$000	Discount - 1% 2020 \$000
Current	9,168	29	(29)	(12)	12
Non-current	29,750	2,419	(2,195)	(2,064)	2,316
Total	38,918	2,448	(2,224)	(2,076)	2,328

Note 15: Equity

Actual 2019 \$000		Actual 2020 \$000
Taxpayers' funds		
197,448	Balance at 1 July	206,260
18,788	Surplus/(deficit)	78,287
11,712	Capital injection -cash	11,181
843	Capital injection - non-cash	-
(3,744)	Capital withdrawal - cash	(1,388)
(18,788)	Repayment of surplus	(76,637)
1	Other movements	-
206,260	Balance at 30 June	217,703
Revaluation reserves		
29,944	Balance at 1 July	29,943
(1)	Revaluation gains (losses)	(709)
29,943	Balance at 30 June	29,234
236,203	Total Equity	246,937

Note 16: Reconciliation of net surplus/(deficit) to net cash from operating activities

Actual 2019 \$000		Actual 2020 \$000
18,788	Net surplus/(deficit)	78,287
	Add/(less) non-cash items	
21,627	Depreciation	24,913
42,695	Amortisation	43,353
64,322	Total non-cash items	68,266
	Add/(less) items classified as investing or financing activities	
2,691	(Gains)/losses on disposal property, plant and equipment	740
2,691	Total items classified as investing or financing activities	740
	Add/(less) working capital movements	
10,725	(Increase)/decrease in accounts receivable	2,427
(5,109)	(Increase)/decrease in prepayments	(3,232)
22,436	Increase/(decrease) in accounts payable	15,719
(2,235)	Increase/(decrease) in revenue received in advance	-
1,264	Increase/(decrease) in provision for employee entitlements	7,846
(5,873)	Increase/(decrease) other provisions	42
21,208	Net movements in working capital items	22,802
	Add/(less) movements in non-current liabilities	
6,625	Increase/(decrease) in provision for employee entitlements	(14,399)
6,625	Net movements in non-current liabilities	(14,399)
113,634	Net cash inflow from operating activities	155,696

Note 17: Related party transactions

The Ministry is a wholly-owned entity of the Crown and received funding from the Crown of \$1,149 million to provide services to the public for the year ended 30 June 2020 (2019: \$966 million). The Government significantly influences the role of the Ministry as well as being its major source of revenue. All related party transactions are entered into on an arm's-length basis, except for the property that the Ministry leased to the New Zealand Artificial Limb Service at nominal rental.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

A member of the Senior Management Team holds 3,000 shares of Fronde Systems Group Ltd (Fronde) as at 30 June 2020 (estimated value per share \$3.00). Fronde is a private widely held company headquartered in Wellington, New Zealand. The Ministry had transactions with Fronde to the value of \$3.299 million during the year for IT support services. Fronde has provided support and development services to Student Allowances and Loans applications and e-services applications since 1999 and 2008 respectively.

There have been no related party transactions other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that individual entity at arm's length in the same circumstance.

Transactions with key management personnel

Actual 2019		Actual 2020
Leadership Team, including the Chief Executive		
\$2,603,722	Remuneration	\$2,731,042
6.2	Full-time equivalent members	6.8

The above key management personnel disclosure excludes the Minister for Social Development. The Minister's remuneration and other benefits are received not only for her role as a member of the key management personnel of the Ministry. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, rather than by the Ministry of Social Development.

Note 18: Events after the balance sheet date

No significant events that may have had an impact on the actual results have occurred between year-end and the signing of the financial statements.

Note 19: Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Actual 2019 \$000		Actual 2020 \$000
Loans and receivables		
121,666	Cash and cash equivalents	179,776
5,781	Accounts receivable and Crown receivable	3,354
127,447	Total loans and receivables	183,130
Financial liabilities measured at amortised cost		
100,878	Creditors, accruals and revenue received in advance	100,710
100,878	Total financial liabilities measured at amortised cost	100,710

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets
- valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

In 2019/20 there were no instruments recognised at fair value in the Statement of Financial Position (2019: nil).

Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise its exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from future capital purchases and recognised liabilities that are denominated in a foreign currency. The Ministry purchases some capital equipment internationally and is exposed to currency risk arising from various currency exposures, primarily from the United States and Australian dollars.

The Ministry's Foreign Exchange Management Policy requires it to manage currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts when the total transaction exposure to an individual currency exceeds NZ\$50,000 or the Ministry's net aggregate New Zealand dollar equivalent exposure at any point in time exceeds NZ\$250,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

Sensitivity analysis

As at 30 June 2020 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2019: no significant foreign exchange exposures).

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or that the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of the Ministry's business, credit risk arises from receivables, deposits with banks and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard & Poor's credit rating AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating AA). These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables (refer Note 7), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2019 \$000		Actual 2020 \$000
Creditors and other payables		
100,878	Less than six months	100,710
100,878	Total creditors and other payables	100,710

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2019: nil).

Note 20: Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and the Ministry's compliance with the Government Budget processes, Treasury Instructions and the Public Finance Act.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves the goals and objectives for which it has been established, while remaining a going concern.

Note 21: Major budget variations

Explanations for major variances from the Ministry's estimated figures in the Forecast Financial Statements 2019/20 are as follows:

		Actual 2020 \$000	Unaudited Budget 2020 \$000	Variance 2020 \$000
	Notes			
Statement of Comprehensive Revenue and Expense				
Revenue				
Revenue Crown	a	1,149,195	1,080,839	68,356
Expenses				
Personnel costs	b	551,852	479,675	72,177
Depreciation and amortisation expense	c	68,265	83,362	(15,097)
Other operating expenses	d	506,467	579,056	(72,589)
Statement of Financial Position				
Assets				
<i>Current assets</i>				
Cash and cash equivalents	e	179,776	39,629	140,147
Accounts receivable	f	3,354	16,506	(13,152)
Prepayments	g	33,879	25,540	8,339
Liabilities				
<i>Current liabilities</i>				
Provision for employee entitlements - current	h	49,328	39,375	9,953
<i>Non-current liabilities</i>				
Provision for employee entitlements - non-current	i	29,750	37,524	(7,774)
Statement of Cash flows				
Cash flows from operating activities				
Receipts from Crown revenue	j	1,156,728	1,080,839	75,889
Cash flows from investing activities				
Purchase of intangible assets	k	(52,765)	(35,535)	(17,230)
Cash flows from financing activities				
Return of operating surplus	l	(18,788)	(10,000)	(8,788)

Statement of Comprehensive Revenue and Expense

- a. Revenue Crown is higher than budgeted by \$68.356 million, mainly due to increases in new funding received during the financial year for COVID-19 Response and Recovery (\$35.979 million), Preventing and Reducing Homelessness in New Zealand (\$19.500 million), Reducing Risk in Critical Systems and Implementing Legislative Change (\$8.470 million) and Worker Redeployment Package (\$5.700 million).
- b. Personnel costs is higher than budgeted by \$72.177 million, mainly due to increased full-time equivalents (\$94.681 million) to support new work programmes mentioned above, offset by the reduction of retirement leave provision (\$22.504 million) due to a recent review of retirement leave entitlements.
- c. Depreciation and amortisation expense is lower than budgeted by \$15.097 million, mainly due to delays with major capital projects including property security fitout and maintaining resilience of critical Work and Income applications (Availability and Resilience project).
- d. Other operating expenses is lower than budgeted by \$72.589 million, mainly due to delays in programmes such as COVID-19 Response and Recovery programmes (\$16.085 million), various Service Delivery work programmes (\$12.072 million), Historic Claims (\$10.959 million), Growing Up in NZ longitudinal studies (\$3.400 million), various research and evaluation projects (\$2.800 million), and the Emergency Housing Special Needs Grant policy setting programme (\$2.400 million). The Ministry has applied for expense transfers to shift these underspends from 2019/20 to 2020/21 to ensure that funding is available to complete the work programmes. There was also a decrease in corporate support services for shared services for Oranga Tamariki (\$7.451 million).

Statement of Financial Position

- e. Cash and cash equivalents are higher than budgeted by \$140.147 million, mainly because of the postponement of various work programmes to 2020/21, the timing of cash drawdowns and payments to employees and suppliers, and lower capital expenditure.
- f. Accounts receivable is lower than budgeted by \$13.152 million, due to the timing of the settlement of outstanding invoices.
- g. Prepayments is higher than budgeted by \$8.339 million, mainly due to the timing of IT software licence payments.
- h. Provision for current employee entitlement is higher than budgeted by \$9.953 million, due to less annual leave being taken during the COVID-19 lockdown period.
- i. Provision for non-current employee entitlement is lower than budgeted by \$7.774 million, mainly due to the review of retirement leave clause (\$22.504 million) and offset by a decrease in interest rates (\$14.730 million).

Statement of Cash Flows

- j. Receipts from Revenue Crown is higher than budgeted by \$75.889 million, mainly due to the additional Revenue Crown of \$68.356 million (refer note [a]) and the Crown Payable movement of \$7.533 million which mainly relates to Historic Claims revenue funding.
- k. Purchase of intangible assets is higher than budgeted by \$17.230 million, mainly due to work on the Availability and Resilience capital project.
- l. Return of operating surplus is higher than budgeted by \$8.788 million, mainly due to significant In-principle Expense and Capital Transfers (IPECTs) of funding from 2018/19 to 2019/20, including Intensive Client Support (\$5.700 million), Service Delivery Trials (\$1.356 million) and the Youth and Wellbeing Survey (\$1.138 million), resulting in a larger-than-anticipated operating surplus in 2018/19.

Note 22: Expenditure on contractors and consultants

The Ministry uses contractors and consultants to provide backfill for vacant positions or to cover short-term demand where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee but who provides backfill or extra capacity in a role that exists within the Ministry or acts as an additional resource, for a time-limited piece of work.

A consultant is a person or a firm who is not considered a contractor or an employee but who is engaged to provide expertise in a field not readily available from within the Ministry, for a specific piece of work with a clearly defined scope.

For transparency reasons the Ministry has elected to disclose expenditure on contractors and consultants information separately as below:

Actual 2019 \$000			Notes	Actual 2020 \$000
14,670	Contractors and consultants - general		5	18,264
11,075	Contractors and consultants - ICT projects		5	20,259
25,745	Total contractors and consultants - operating			38,523
20,301	Contractors and consultants - capitalised to assets		10	23,373
20,301	Total contractors and consultants - capital			23,373
46,046	Total contractors and consultants			61,896

Note 23: COVID-19 disclosure

The Ministry has considered the potential impact of COVID-19 on its operations. The operations of the Ministry were considered essential and, as such, continued through all Alert Levels, including through the full Level 4 nationwide lockdown period.

There has been no material impact on the Ministry's contracted services arrangements with providers as a result of COVID-19 Alert Levels.

Statement of accounting policies: non-departmental

Reporting entity

These non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, readers should refer to the Financial Statements of the Government.

Basis of preparation

The non-departmental statements and schedules have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand Generally Accepted Accounting Practice (Tier 1 Public Sector Benefit Entity Accounting Standards) as appropriate for public benefit entities.

These non-departmental statements and schedules are prepared in accordance with PBE accounting standards.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Budget figures

The 2020 budget figures are for the year ended 30 June 2020, which are consistent with the best estimate financial information submitted to the Treasury for the Budget Economic Fiscal Update for the year ended 30 June 2020.

Revenue

The Ministry administers revenue on behalf of the Crown. This revenue includes student loan administration fees, interest revenue, maintenance capitalisation, Income-related Rent Subsidy (IRRS) recoveries and miscellaneous revenue.

Student loan administration fee revenue is recognised when the eligible student loan application has been processed.

Interest revenue is the interest on Major Repairs Advances, which were advances made for the repairs or maintenance of clients' homes. This programme is no longer current.

Maintenance capitalisation relates to the old child support scheme managed by the Department of Social Welfare before 1 July 1992. Up until that date, a person who had custody of a child could seek financial support (ie, maintenance) from the non-custodial parent. The maintenance capitalisation revenue is the re-establishment of historical maintenance debt previously written off. The current child support scheme is managed by the Inland Revenue Department.

IRRS recoveries relate to the recovery of debt established after income related rent reviews, as a result of rental underpayments by clients.

Miscellaneous revenue is all the other non-departmental revenues received by the Ministry.

Expenses

Expenses are recognised in the period they relate to.

Welfare benefits are recognised in the period when an application for a benefit has been received and the eligibility criteria met.

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Wage subsidy

In response to the COVID-19 pandemic, the Government introduced a wage subsidy scheme to support employers adversely affected, so that they could continue to pay their employees and support workers so that they could stay connected to their employer, even if they were unable to work their normal hours.

To achieve its objectives to enable businesses to remain viable and retain staff for the short term, payments under the scheme needed to be facilitated quickly. Internal controls were deliberately designed with that purpose in mind. The resulting 'high-trust' environment, which included a self-declaration by applicants, meant there was little delay between application and payment, and little uncertainty. To ensure payments under the Wage Subsidy Scheme were transparent and that the scheme was accountable to the public, the companies that received payments are identified at <https://www.workandincome.govt.nz/covid-19/wage-subsidy/index.html>.

Foreign currency

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Schedule of Non-Departmental Revenue or in the Schedule of Non-Departmental Expenses. Refer to Note 4 for information on foreign currency risk management.

Financial instruments

Financial assets

Cash and cash equivalents includes cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from the date of acquisition.

Accounts receivable are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate less any provision for impairment, except for social benefit debt receivables.

The impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy and defaults in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (ie, not past due).

Financial liabilities

The major financial liability type is accounts payable. This is designated at amortised cost using the effective interest rate method. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value.

Derivatives

Foreign exchange forward contracts are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or a net loss position respectively. These derivatives are entered into for risk management purposes.

Social benefit receivables

Social benefit debt receivables relate to benefit overpayments, advances on benefits and recoverable special needs grants (refer Note 3). They are initially assessed at fair value. These receivables are subsequently tested for impairment.

Goods and services tax (GST)

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. An input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue at the consolidation of the Financial Statements of the Government.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in their agreements are included in the Statement of Commitments at the value of that penalty or exit cost.

Contingent assets and liabilities

Contingent assets and liabilities are disclosed at the point the contingency is evident.

Critical accounting estimates and assumptions

In preparing these financial statements the Ministry has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Social benefit receivables

Social benefit receivables are initially measured at fair value and are subsequently tested for impairment. Note 3 provides an analysis of the uncertainties relating to the valuation of social benefit receivables.

The Ministry seeks to recover all overpayments where it has the legal basis to do so unless it would cause financial hardship or would not be cost effective. Where recovery is not cost effective, the Ministry writes off overpayments - with the exception of fraud cases and direct payments after death.

The Ministry recognises receivables in the accounts when there is a legal basis to seek recovery. Benefit receivables are valued at the difference between the amount the client has been paid and what they should have been paid, less any impairment of those receivables.

Critical judgements in applying the Ministry's accounting policies

Applying the Ministry's social benefit receivables policy requires judgements to determine a value to place on future repayments of benefit overpayments, advances on benefits and recoverable special needs grants. Judgement is required on various aspects that include, but are not limited to, the use of interest rates, mortality rates, allowance for collection costs and calculation of future rates of default on the receivables.

The Ministry has exercised its judgement on the appropriateness of its valuation of the social benefit receivables (refer Note 3).

There were no other significant items for which management had to exercise critical judgement in applying the Ministry's accounting policies for the year ended 30 June 2020.

Non-departmental Statements and Schedules

For the year ended 30 June 2020

The following non-departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

Schedule of Non-departmental Revenue

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000
1	Interest revenue		1	-
122	Maintenance capitalisation		105	450
8,792	Student loan - administration fee	2	8,530	8,769
3,439	Income Related Rent Subsidy recoveries		1,269	2,791
12,354	Total non-departmental revenue		9,905	12,010

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Student Loan advances, refer to Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

Schedule of Non-departmental Capital Receipts

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000
257,913	Benefit recoveries - current debt		279,918	278,374
673	Benefit recoveries - liable parent contributions		554	676
104,518	Benefit recoveries - non-current debt		94,010	108,892
315,193	Overseas pension recoveries		332,811	344,482
107,288	Student Loans - repayment of principal	2	101,684	92,960
785,585	Total non-departmental capital receipts		808,977	825,384

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Student Loan advances, refer to Note 2.

Benefit recoveries (current and non-current) represents the amounts collected from clients either by way of regular deductions from the client's benefit payments or repayments from former clients and non-beneficiaries. When a debt is established, it is disclosed as a reduction in social benefit expense.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

The Statement of Accounting Policies: Non-departmental on pages 213 to 216 and Notes 1 to 5 on pages 226 to 232 form part of these financial statements.

Schedule of Non-departmental Expenses

For the year ended 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000
449,881	Non-departmental output expenses		232,922	220,104
62,822	Non-departmental other expenses	5	12,284,370	110,237
1,759,310	Non-departmental capital expenditure		1,823,405	1,794,654
23,078,785	Benefits or related expenses		25,294,969	24,469,117
33,249	Other operating expenses		35,994	36,427
25,384,047	Total non-departmental expenses		39,671,660	26,630,539

The Other operating expenses of \$35.994 million is mainly GST on grants and subsidies paid under non-departmental output expenses and non-departmental other expenses. An input tax deduction is not claimed in non-departmental expenditure.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

Schedule of Non-departmental Assets

As at 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000
Current assets				
300,176	Cash and cash equivalents	4	4,262,745	279,177
359,630	Receivables	3	486,380	456,784
693	Prepayments - benefits and allowances		2,011	16,631
660,499	Total current assets		4,751,136	752,592
Non-current assets				
696,699	Receivables	3	822,371	548,213
37	Other advances		36	26
696,736	Total non-current assets		822,407	548,239
1,357,235	Total non-departmental assets		5,573,543	1,300,831

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Accounts receivable – benefits and allowances refer to Note 3.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

The Statement of Accounting Policies: Non-departmental on pages 213 to 216 and Notes 1 to 5 on pages 226 to 232 form part of these financial statements.

Schedule of Non-departmental Liabilities

As at 30 June 2020

Actual 2019 \$000		Notes	Actual 2020 \$000	Unaudited Budget 2020 \$000
Current liabilities				
411,053	Accruals - other than government departments	4	560,993	392,716
103,723	Tax payable		133,977	109,413
2,097	Other current liabilities	4	2,302	6,123
516,873	Total non-departmental liabilities		697,272	508,252

Explanations of significant variances against budget are detailed in Note 1.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

Schedule of Non-departmental Commitments

As at 30 June 2020

The Ministry on behalf of the Crown has no commitments as at 30 June 2020 (2019: nil).

The Statement of Accounting Policies: Non-departmental on pages 213 to 216 and Notes 1 to 5 on pages 226 to 232 form part of these financial statements.

Schedule of Non-departmental Contingent Liabilities and Contingent Assets

As at 30 June 2020

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities as at 30 June 2020 (2019: nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2020 (2019: nil).

Unquantifiable contingent assets

The Ministry on behalf of the Crown has no unquantifiable contingent assets as at 30 June 2020.

Quantifiable contingent assets

The Ministry on behalf of the Crown has no quantifiable contingent assets as at 30 June 2020 (2019: nil).

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

Statement of Trust Monies

For the year ended 30 June 2020

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances as at 30 June 2020 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2020 were as follows:

Actual 2019 \$000	Actual 2020 \$000
Australian Debt Recoveries	
1 Balance at 1 July	-
6 Contributions	7
(7) Distributions	(7)
- Balance at 30 June	-
Australian Embargoed Arrears	
519 Balance at 1 July	852
11,965 Contributions	8,369
(11,648) Distributions	(8,478)
16 Revenue	7
852 Balance at 30 June	750
Maintenance	
31 Balance at 1 July	32
513 Contributions	432
(515) Distributions	(433)
3 Revenue	2
32 Balance at 30 June	33
Netherlands Debt	
- Balance at 1 July	15
113 Contributions	207
(98) Distributions	(204)
15 Balance at 30 June	18
899 Total trust monies	801

The Statement of Accounting Policies: Non-departmental on pages 213 to 216 and Notes 1 to 5 on pages 226 to 232 form part of these financial statements.

Australian Debt Recoveries Trust Account

An agreement exists between the Australian and New Zealand Governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in Australia. The trust account records these transactions and transfers the amounts held in the trust account to the Australian Government on a monthly basis.

Australian Embargoed Arrears Trust Account

Under the reciprocal agreement between the Australian and New Zealand Governments, the New Zealand Government is required to make regular contributions to any former New Zealand residents living in Australia in receipt of a benefit in Australia. The trust account has been established to record any one-off arrears payments.

Maintenance Trust Account

The Ministry is responsible for collecting maintenance arrears owing as at 30 June 1992. Amounts are collected from the non-custodial parent and deposited into the trust account. These amounts are then paid into the custodial parent's bank account.

Netherlands Debt Trust Account

An agreement exists between the Netherlands and New Zealand Governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in the Netherlands. The trust account records these transactions and transfers the amounts held in the trust account to the Netherlands Government on a monthly basis.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2019/20.

Notes to the Non-departmental Statements and Schedules

Note 1: Explanation of major variances against budget

Explanations for major variances from the Ministry's non-departmental budget figures are as follows:

Schedule of revenue and expenses

Non-departmental other expenses were higher than budget by \$12,174 million, mainly due to expenditure on various new appropriations due to the impact of COVID-19, including Business Support Subsidy COVID-19 (\$12,095 million), COVID-19 Leave Support Scheme (\$21.441 million), Essential Workers Leave Support Scheme (\$14.860 million) and Financial Assistance to Support Worker Self-Isolation (\$39.952 million).

Non-departmental capital expenditure was higher than budget by \$28.751 million, mainly due to the Student Loans variance against the unaudited budget (\$30.556 million) and a newly established appropriation Housing Support Assistances MCA -Recoverable Housing Support Assistances (\$1.097 million), offset by the Recoverable Assistance variance against the unaudited budget of \$2.902 million.

Benefits or related expenses were higher than budget by \$825.852 million. This is mainly driven by the impact of COVID-19 on the economy (the number of working-age benefit recipients was much higher than budgeted), the increase in benefit payments by \$25 per week from April 2020, and the doubling of Winter Energy Payments as a response to COVID-19.

Schedule of assets and liabilities

Cash and cash equivalents are higher than budget by \$3,983.568 million. This is mainly driven by the lower-than-expected number of applications for COVID-19 related wage subsidies before 30 June 2020.

Current and non-current receivables were higher than budget by \$303.754 million. This is mainly because of a lower provision for doubtful debts of \$45.618 million due to interest rate remeasurement, \$57.685 million in additional social benefit receivables established during the year, and an increase in accounts receivable of \$107.639 million for contract payments as a result of the Ministry's transitional shared service with the Ministry of Housing and Urban Development.

Prepayments were lower than budget by \$14.620 million, mainly due to the timing of Crown payments.

Accruals were higher than budget by \$168.277 million, mainly due to the timing of superannuation payments (\$133.897 million) and not-yet-processed COVID-19 wage subsidy payments (\$34.380 million).

Note 2: Student Loan advances

Carrying value of Student Loans

As at 30 June 2020

Actual 2019 \$000		Actual 2020 \$000
Student Loans		
-	Opening nominal balance	-
1,458,696	New lending	1,505,907
(107,288)	Repayment	(101,684)
(1,360,200)	Loan balance transfer to IRD	(1,412,753)
8,792	Administration fee	8,530
-	Closing nominal balance	-
-	Net carrying value of Student Loans	-

The Student Loan Scheme is administered by the Ministry in conjunction with the Ministry of Education and the Inland Revenue Department (IRD). The Ministry's role is to assess and make payments to students undertaking tertiary education. Student Loans are transferred to IRD on a daily basis for collection. The interest rate risk and the credit risk on Student Loans are held by IRD.

Note 3: Accounts receivable – benefits and allowances

Balances owed to the Ministry are made up of benefits and allowances overpayments, recoverable assistance and fraud repayments. Interest is not charged on benefit recovery and demands for repayment are restricted to prevent client hardship.

The carrying value and the fair value are the same for these amounts. Since there is no market comparison, the fair value is determined by discounting the expected future cash flows by the appropriate interest rates at year-end. The effective interest rates applied at year-end were between 0.22 percent and 4.21 percent (1.03 percent and 4.30 percent at 30 June 2019).

The fair value of the portfolio as at 30 June 2020 is \$1,214 million (\$1,056 million at 30 June 2019).

Social benefit and other receivables

As at 30 June 2020

Actual 2019 \$000		Actual 2020 \$000
Social benefit receivables		
1,829,818	Nominal value of receivables	1,997,989
1,829,818	Gross value of receivables	1,997,989
(774,442)	less provision for impairment	(784,239)
1,055,376	Net social benefit receivables	1,213,750
953	Other receivables	95,000
1,056,329	Total receivables	1,308,750
Total receivables are represented by:		
359,630	Current	486,380
696,699	Non-current	822,371
1,056,329	Balance at end of the year	1,308,751
Social benefit receivables		
Movements in the carrying value of the loans are as follows:		
806,661	Balance at 1 July	1,055,376
620,310	Face value of new receivables during the year	523,060
(363,104)	Receivables repaid during the year	(374,482)
(8,491)	Subsequent net impairment	9,796
1,055,376	Balance at 30 June	1,213,750

Impairment is calculated on a collective basis, not on an individual basis. There was a positive net movement in impairment of \$9.796 million during the 2019/20 year (2019: negative \$8.491 million).

The fair value is sensitive to the discount rate and the expected future cash flows. An increase in the discount rate of 1 percent would decrease fair value by approximately \$63.322 million. A decrease in the discount rate of 1 percent would increase fair value by approximately \$73.559 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue. These are adjusted for likely negative future events such as death.

Interest rate risk is the risk that the fair value will fluctuate due to changes in interest rates. A range of interest rates is used for every duration year up to 57 years. Different interest rates used for various duration years have reduced between 0.29 percent and 1.04 percent for the 2019/20 financial year. (2019: reduced between 0.45 percent and 1.53 percent).

Credit risk is the risk that a benefit debt is not repaid before the borrower dies. Benefit policy does not require recipients to provide any collateral or security to support advances made. As the total benefit debt is dispersed over a large number of borrowers, there is no material individual concentration of credit risk. The credit risk is reduced by compulsory deductions from benefit and superannuation payments, provided hardship is not caused.

Note 4: Financial instruments

Financial instrument categories

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2019 \$000		Actual 2020 \$000
Loans and receivables		
300,176	Cash and cash equivalents	4,262,745
953	Accounts receivable	95,000
301,129	Total loans and receivables	4,357,745
Financial liabilities measured at amortised cost		
413,150	Creditors and other payables	563,295

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets
- valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable
- valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

In 2019/20 there were no instruments recognised at fair value in the Statement of Financial Position (2019: nil).

Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise its exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At balance date, the Ministry had no foreign exchange forward contracts (2019: nil).

Sensitivity analysis

There were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2019: none).

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or that the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of the Ministry's business, credit risk arises from receivables, deposits with banks and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard & Poor's credit rating of AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables (refer Note 3), and derivative financial instrument assets. No collateral is held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2019 \$000	Actual 2020 \$000
Creditors and other payables	
413,150 Less than six months	563,295
413,150	563,295

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2019: nil).

Note 5: COVID-19 disclosure

Non-departmental other expenses include COVID-19 Wage Subsidy expenditure and other expenditure.

Actual 2019 \$000	Actual 2020 \$000	Unaudited Budget 2020 \$000
COVID-19 Wage Subsidy expenditure		
- Business Support Subsidy COVID-19	12,094,907	-
- COVID-19 Leave Support Scheme	21,441	-
- Essential Workers Leave Support Scheme	14,860	-
- Financial Assistance to Support Worker Self-Isolation	39,952	-
- Total COVID-19 Wage Subsidy expenditure	12,171,160	-
62,822 Other expenditure	113,210	110,237
62,822 Total Non-departmental other expenses	12,284,370	110,237

The recipients of COVID-19 Wage Subsidy have the obligation to repay any amount to which they are not entitled to, and the Ministry has the right to review and audit any subsidy granted. By 30 June 2020, 7,997 refunds (\$229.700 million) of COVID-19 Wage Subsidy had been receipted¹⁶⁴.

An explanation of variances caused by the impact of COVID-19 is given in Note 1 on page 226.

The Ministry has also considered the impact of COVID-19 on the valuation of its assets and liabilities at 30 June 2020. Based on the information at the time of preparing these statements and schedules, COVID-19 has not had a material impact.

For more information on the COVID-19 payments, please refer to page 36 in the Our Story section, which discloses the number of audits and refunds completed.

¹⁶⁴ An additional 9,652 refunds totalling \$281.771 million had been receipted by 18 November 2020.

Appropriation Statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2020.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁶⁵ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation ¹⁶⁶ voted 2020 \$000	Location of end-of-year performance information ¹⁶⁷ 2020 \$000
Vote Social Development					
Departmental output expenses					
3,467 Administration of Service Cards	5,598	(17)	5,581	5,931	1
72,970 Corporate Support Services	67,459	-	67,459	67,519	1
16,196 Data, Analytics and Evidence Services	29,425	(36)	29,388	36,940	1
114 Enhancement and Promotion of SuperGold Cards	2,693	-	2,693	3,180	1
608 Establishment of Independent Monitor of the Oranga Tamariki System	4,156	-	4,156	5,660	1
48,850 Income Support and Assistance to Seniors	57,452	(132)	57,320	59,540	1
- Independent Monitoring and Assurance of the Oranga Tamariki System	835	-	835	999	1
48,313 Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments	51,302	(119)	51,183	52,981	1
2,532 Management of Service Cards	-	-	-	-	
16,803 Management of Student Loans	18,006	(40)	17,966	18,668	1
16,569 Management of Student Support	18,014	(40)	17,974	18,783	1
1,017 Place-Based Initiatives - South Auckland Social Wellbeing Board	2,793	-	2,793	2,940	1
941 Place-Based Initiatives - Tairāwhiti Local Leadership	1,819	-	1,819	1,969	1
6,044 Planning, Correspondence and Monitoring	6,615	(15)	6,600	7,244	1
15,130 Policy Advice	15,243	(36)	15,207	16,335	1
621 Processing of Veterans' Pensions	627	(2)	625	734	1
5,256 Promoting Positive Outcomes for Disabled People	6,145	(5)	6,140	6,909	1

¹⁶⁵ The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

¹⁶⁶ These are the appropriations from the Supplementary Estimates.

¹⁶⁷ The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

1. The Annual Report of the Ministry of Social Development
2. The Annual Report of the Office of the Children's Commissioner
3. The Vote Social Development Non-departmental Appropriations Report
4. The Annual Report of the Social Workers Registration Board
5. No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000		Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁶⁸ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation voted ¹⁶⁹ 2020 \$000	Location of end-of-year performance information ¹⁷⁰ \$000
1,024	Promoting Positive Outcomes for Seniors	1,147	(2)	1,145	1,247	1
26,166	Services to Support People to Access Accommodation	48,855	(91)	48,764	55,030	1
282,621	Total departmental output expenses	338,184	(535)	337,648	362,609	
Departmental other expenses						
430	Management of Residual Obligations arising from the disestablishment of Superu	-	-	-	-	
430	Total departmental other expenses	-	-	-	-	
Departmental capital expenditure						
64,463	Ministry of Social Development – Capital Expenditure Permanent Legislative Authority under section 24(1) of the Public Finance Act	89,831	-	89,831	130,372	1
64,463	Total departmental capital expenditure	89,831	-	89,831	130,372	
Non-departmental output expenses						
3,157	Children's Commissioner	3,157	-	3,157	3,157	2
78,242	Community Participation Services	84,225	-	84,225	85,376	3
-	Implementation and Operation of the Mandatory Registration of Social Workers	1,343	-	1,343	1,343	4
3,336	Student Placement Services	3,336	-	3,336	3,512	5
9,567	Supporting Equitable Pay for Care and Support Workers	10,391	-	10,391	11,001	5
94,302	Total non-departmental output expenses	102,452	-	102,452	104,389	

168 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁷¹ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation ¹⁷² voted 2020 \$000	Location of end-of-year performance information ¹⁷³
Non-departmental other expenses					
- Business Support Subsidy COVID-19	12,094,907	-	12,094,907	15,200,000	5
- COVID-19 Leave Support Scheme	21,441	-	21,441	97,000	5
12,461 Debt Write-downs	26,962	45,806	72,768	78,789	5
- Emergency Housing Support Package	-	-	-	1,300	5
- Essential Workers Leave Support Scheme	14,860	-	14,860	34,500	5
2,200 Extraordinary Care Fund	2,133	-	2,133	2,308	5
- Financial Assistance to Support Worker Self-Isolation	39,952	-	39,952	95,000	5
1,553 Housing Support Package	1,694	-	1,694	1,694	3
18,450 Out of School Care and Recreation Programmes	20,996	-	20,996	26,299	3
2,446 Reimbursement of Income Related Rent Overpayments	3,875	-	3,875	4,000	5
37,110 Total non-departmental other expenses	12,226,820	45,806	12,272,626	15,540,890	
Non-departmental capital expenditure					
277,265 Recoverable Assistance	316,401	-	316,401	387,808	5
1,458,696 Student Loans	1,505,907	-	1,505,907	1,594,383	5
1,735,961 Total non-departmental capital expenditure	1,822,308	-	1,822,308	1,982,191	

171 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁷⁴ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation voted ¹⁷⁵ 2020 \$000	Location of end-of-year performance information ¹⁷⁶ \$000
Multi-category appropriations					
104,582	Community Support Services MCA	163,105	(50)	163,055	165,833
Departmental output expenses					
25,395	Developing and Managing Community Services	31,435	(50)	31,385	32,426 1
Non-departmental output expenses					
22,009	Community Support and Advice	26,296	-	26,296	27,521 1
-	Expansion of Kāinga Whānau Ora pilot	2,315	-	2,315	2,315 5
1,550	Improving Children's Participation in Education	1,648	-	1,648	1,550 5
2,952	Participation and Support Services for Seniors	2,817	-	2,817	3,103 1
52,676	Supporting Victims and Perpetrators of Family and Sexual Violence	88,672	-	88,672	91,018 1
Non-departmental other expenses					
-	Community Response to Adverse or Emergency Events	9,922	-	9,922	7,900 1
-	Housing Support Assistances MCA	2,919	-	2,919	5,352
Non-departmental output expenses					
-	Provision to better prepare people for private rental programme	-	-	-	140 5
Non-departmental other expenses					
-	Non-recoverable Housing Support Assistances	1,822	-	1,822	4,006 1
Non-departmental capital expenditure					
-	Recoverable Housing Support Assistances	1,097	-	1,097	1,206 5

174 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000		Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁷⁷ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation ¹⁷⁸ voted 2020 \$000	Location of end-of-year performance information ¹⁷⁹
694,106	Improved Employment and Social Outcomes Support MCA	751,013	(1,076)	749,937	804,114	
	Departmental output expenses					
319,805	<i>Administering Income Support</i>	353,317	(721)	352,596	355,813	1
282,968	<i>Improving Employment Outcomes</i>	305,411	(308)	305,103	347,412	1
91,333	<i>Improving Work Readiness Outcomes</i>	92,285	(47)	92,238	100,889	1
11,376	Partnering for Youth Development MCA	11,783	(5)	11,778	13,973	
	Departmental output expenses					
3,276	<i>Administering Youth Development</i>	3,061	(5)	3,056	5,134	1
	Non-departmental output expenses					
8,100	<i>Delivering Youth Development</i>	8,722	-	8,722	8,839	1
810,064	Total multi-category appropriations	928,820	(1,131)	927,689	989,272	
	Benefits or related expenses					
1,247,164	Accommodation Assistance	1,923,001	-	1,923,001	2,023,280	5
182,686	Childcare Assistance	143,818	-	143,818	154,565	5
-	COVID-19 Income Relief Assistance	14,729	-	14,729	113,137	5
385,675	Disability Assistance	394,820	-	394,820	403,115	5
13	Family Start/NGO Awards	-	-	-	705	5
300,218	Hardship Assistance	418,437	-	418,437	469,452	5
1,854,403	Jobseeker Support and Emergency Benefit	2,285,728	-	2,285,728	2,477,609	5
14,562,259	New Zealand Superannuation	15,521,475	-	15,521,475	15,522,279	5
-	NZ Beneficiaries Stranded Overseas	2,402	-	2,402	28,380	5
224,946	Orphan's/Unsupported Child's Benefit	248,311	-	248,311	252,537	5
1,114,601	Sole Parent Support	1,230,931	-	1,230,931	1,270,644	5

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁸⁰ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation voted ¹⁸¹ 2020 \$000	Location of end-of-year performance information ¹⁸² \$000
10,977 Special Circumstance Assistance	10,773	-	10,773	12,237	5
582,996 Student Allowances	567,002	-	567,002	607,899	5
14,319 Study Scholarships and Awards	15,495	-	15,495	20,667	5
1,556,497 Supported Living Payment	1,650,543	-	1,650,543	1,665,816	5
43 Transitional Assistance	10	-	10	252	5
153,488 Veterans' Pension	144,773	-	144,773	146,400	5
441,347 Winter Energy Payment	668,555	-	668,555	690,583	5
2,107 Work Assistance	1,781	-	1,781	2,580	5
52,053 Youth Payment and Young Parent Payment	52,385	-	52,385	56,228	5
22,685,792 Total benefits or related expenses	25,294,969	-	25,294,969	25,918,365	
25,710,743 Total annual and permanent appropriations	40,803,384	44,140	40,847,523	45,028,088	
Multi-year appropriations					
Departmental output expenses					
60 Administering Support for the Mental Health and Employment Social Bond Pilot	-	-	-	-	1
6,094 Claims Resolution	-	-	-	-	1
- Historic Claims MYA	17,804	-	17,804	28,763	1
Non-departmental output expenses					
581 Mental Health and Employment Social Bond Pilot	-	-	-	-	5
6,735 Total multi-year appropriations	17,804	-	17,804	28,763	
25,717,478 Total Vote Social Development	40,821,188	44,140	40,865,327	45,056,851	

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁸³ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation voted ¹⁸⁴ 2020 \$000	Location of end-of-year performance information ¹⁸⁵ \$000
Vote Social Housing					
Benefits or related expenses					
392,993 Accommodation Assistance	-	-	-	-	
392,993 Total benefits or related expenses	-	-	-	-	
Multi-category appropriations					
4,499 Community Group Housing MCA	-	-	-	-	
Non-departmental output expenses					
3,473 <i>Community Group Housing Market Rent Top-Up</i>	-	-	-	-	
Non-departmental other expenses					
1,026 <i>Community Housing Rent Relief</i>	-	-	-	-	
46,718 Transitional Housing MCA	-	-	-	-	
Non-departmental output expenses					
14,576 <i>Provision of Transitional Housing Places</i>	-	-	-	-	
8,793 <i>Transitional Housing Services</i>	-	-	-	-	
Non-departmental capital expenditure					
23,349 <i>Acquisition, Development and Construction of Transitional Housing</i>	-	-	-	-	
14,334 Social Housing Outcomes Support MCA	-	-	-	-	
Departmental output expenses					
12,280 <i>Services to Support People to Access Accommodation</i>	-	-	-	-	

183 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

184 These are the appropriations from the Supplementary Estimates.

185 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

1. The Annual Report of the Ministry of Social Development
2. The Annual Report of the Office of the Children's Commissioner
3. The Vote Social Development Non-departmental Appropriations Report
4. The Annual Report of the Social Workers Registration Board
5. No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2020

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2019 \$000	Expenditure including Remeasurements 2020 \$000	Remeasurements ¹⁸⁶ 2020 \$000	Expenditure excluding Remeasurements 2020 \$000	Appropriation voted ¹⁸⁷ 2020 \$000	Location of end-of-year performance information ¹⁸⁸ \$000
Non-departmental output expenses					
1,459 Services Related to Supporting Outcomes for those in need of or at risk of needing Social Housing	-	-	-	-	
Non-departmental other expenses					
595 Housing Support Package	-	-	-	-	
263,504 Social Housing Purchasing MCA	-	-	-	-	
Non-departmental output expenses					
239,263 Part Payment of Rent to Social Housing Providers	-	-	-	-	
150 Services Related to the Provision of Social Housing	-	-	-	-	
Non-departmental other expenses					
24,091 Support for the Provision of Social Housing Supply	-	-	-	-	
329,055 Total multi-category appropriations	-	-	-	-	
722,048 Total annual and permanent appropriations	-	-	-	-	
722,048 Total Vote Social Housing	-	-	-	-	
26,439,526 Total annual, permanent and multi-year appropriations	40,821,188	44,140	40,865,327	45,056,851	

186 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes \$45.806 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

187 These are the appropriations from the Supplementary Estimates.

188 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

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1. The Annual Report of the Ministry of Social Development
2. The Annual Report of the Office of the Children's Commissioner
3. The Vote Social Development Non-departmental Appropriations Report
4. The Annual Report of the Social Workers Registration Board
5. No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.

Transfers approved under section 26A of the Public Finance Act

The approved appropriation includes adjustments made in the Supplementary Estimates. No transfers were made under section 26A of the Public Finance Act.

Statement of Expenses and Capital Expenditure incurred without, or in excess of, appropriation or other authority

For the year ended 30 June 2020

Expenses and capital expenditure approved under section 26B of the Public Finance Act

Nil.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

Expenses and capital expenditure incurred without appropriation or outside scope or period of appropriation

Nil.

Statement of Departmental Capital Injections

For the year ended 30 June 2020

Actual Capital Injection 2019 \$000		Actual Capital Injection 2020 \$000	Approved Appropriation 2020 \$000
11,712	Ministry of Social Development -Capital Injection- cash	11,181	66,232
843	Ministry of Social Development -Capital Injection - non cash	-	-
12,555	Balance at 30 June	11,181	66,232

Statement of Departmental Capital Injections without, or in excess of, authority

For the year ended 30 June 2020

The Ministry has not received any capital injections during the year without, or in excess of, authority.

Appendix 1: Our services

The following catalogue provides a comprehensive list of services that can be accessed through MSD, categorised by type of service, with a brief description of each. Entitlement to these services is governed by the Social Security Act 2018 and other legislation.

Income support services

Main benefits

Jobseeker Support	A weekly payment that helps people until they find work
Sole Parent Support	A weekly payment that helps single parents find part-time work or get ready for future work
Supported Living Payment	A weekly payment for people who have, or are caring for someone with, a health condition, injury or disability
Young Parent Payment	A weekly payment to help young parents aged 16 to 19 years
Youth Payment	A weekly payment to help young people aged 16 or 17 who cannot live with their parents or guardian and aren't supported by them or anyone else
Emergency Benefit	A payment for people who cannot support themselves and do not qualify for any other payment
Orphan's Benefit	A weekly payment that helps carers supporting a child or young person whose parents have died, cannot be found, or cannot look after them because they have a long-term health condition or incapacity
Unsupported Child's Benefit	A weekly payment that helps carers supporting a child or young person whose parents cannot care for them because of a family breakdown
Emergency Maintenance Allowance	Assistance that may be paid to sole parents who do not qualify for any other payment

Housing assistance

Accommodation Supplement	A weekly payment to help people with their rent, board or the cost of owning a home
Income Related Rent (IRR)	A subsidised rent scheme for social housing tenants with low incomes, calculated on the basis of a client's assessable income and their household type
Income-related Rent Subsidy	Payment made to Kāinga Ora and registered community housing providers to meet the difference between the value of a tenant's IRR and the market rent for the property
Advance payment of benefit for essential repairs and maintenance costs	People on a benefit may be able to get help (which may be recoverable) for essential repairs and maintenance to their homes

Housing Support Products

Rent Arrears Assistance	A non-taxable, recoverable payment for clients with overdue rent who are at risk of losing their tenancy due to those arrears
Bond Grant	A non-recoverable payment towards the cost of rental bonds for clients who are considered able to afford and sustain alternative housing
Tenancy costs cover	Payment available to people who would be able to get and stay in private rental housing long-term with additional help - if there are costs owing at the end of a tenancy that amount to more than the bond, these will be paid to the landlord
Transition to alternative housing grant	A one-off payment to support public housing tenants who voluntarily move into private housing
Rent in Advance Assistance	Recoverable assistance to help with bond and advance rent payments when entering a tenancy agreement
Moving Assistance	Recoverable payment to help with the cost of moving household furniture, appliances, and personal effects
Emergency Housing Special Needs Grant	Assistance (paid to the landlord) to get people into emergency housing where there is urgent need
Creating Positive Pathways	A trial in partnership with the Department of Corrections and the Ministry of Housing and Urban Development to provide social housing and a support service for people on their release from prison, with a view to reducing recidivism
Housing Brokers	A service to connect MSD clients with local landlords, property developers and investors to build their confidence and to support the match of suitable clients with appropriate housing opportunities
Housing Navigators	Contracted from community organisations, Navigators work with people living in emergency housing to connect them with the support they need (including from health professionals, social service providers and other agencies) to access and sustain housing

COVID-19 assistance

COVID-19 Wage Subsidy	A lump sum payment to cover a 12-week period paid to employers or self-employed people whose income had been affected by COVID-19 (paid from 27 March to 9 June 2020)
COVID-19 Wage Subsidy extension	A lump sum payment to cover eight weeks from the date of application, as an extension of previous wage subsidies in response to COVID-19 (introduced from 10 June 2020)
COVID-19 Income Relief Payment	A weekly payment paid up to a period of 12 weeks to support those who have lost employment due to COVID-19
COVID-19 Leave Support Scheme	A lump sum payment to cover a four-week period for people who were required to self-isolate and unable to work from home and gain any income (paid from 28 April 2020)

Supplementary assistance

Community Services Card	A service card that allows families to pay less on some health services and prescriptions
Christchurch Mosques Attack Payment	A payment to people and families who were affected by the mosque attacks of 15 March 2019 and cannot earn enough income to pay for the things they need
Temporary Additional Support	A weekly payment that helps people who do not have enough money to cover their essential living costs
Winter Energy Payment	An extra payment to help with the cost of heating a home over the winter months (May to September)
Disability Allowance	A weekly payment for people who have regular, ongoing costs because of a disability, such as visits to the doctor or hospital, medicines, extra clothing or travel
Special Disability Allowance	A weekly payment for people who have a spouse or partner who is in residential care, or has been in a public hospital for over 13 weeks
Residential Care Loan	A payment to help people who are going into residential care and want to keep their home for a while, who may not be able to pay for the cost of care
Residential Care Subsidy	Payment for long-term residential care in a hospital or rest home
Residential Support Subsidy	A payment that helps with the cost of residential support for a person with a physical, sensory, intellectual or psychiatric disability (including drug and alcohol rehabilitation) or disabling chronic health condition who needs residential care as a result
Social Rehabilitation Assistance	A payment that helps people who are in a residential social rehabilitation programme and whose benefit is insufficient to meet the fees
International Custody Dispute Payment	A payment to a parent who is involved in an international custody or access dispute over the care of their child or children and has limited financial support
Community Costs	A weekly payment that helps people in a short-term residential treatment programme meet their essential ongoing costs in the community

Tax credits

Working for Families	Help from MSD and Inland Revenue (IR) to make it easier to work and raise a family
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Hardship assistance

Advance Payment of Benefit	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Recoverable Assistance Payment	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Special Needs Grant	A one-off payment to help you pay an essential or emergency cost if you cannot pay it another way
Driver's license	Help with the costs of getting a driver's license
Steps to Freedom Grant	A payment to help released prisoners get set up in the community

Re-establishment Grant (Special Needs Grant)	A payment to help people in specific circumstances re-establish themselves in the community
Seasonal Work Assistance	Assistance for seasonal workers who are no longer getting a benefit and have lost wages because of work missed due to bad weather
Special Needs (Travel Costs for Visits to Designated Health Practitioners)	A payment to ensure that people who are referred to a designated health practitioner for assessment are not out of pocket for their actual and reasonable travel expenses
Home Help	A payment to help a parent or carer with the cost of home help to complete household tasks or training in parenting skills

One-off assistance

Civil Defence payment	A payment to people or families who are affected by an emergency event
Funeral Grant	To help with some of the funeral costs of someone who has died
Rural Assistance Payments	Financial assistance for farming families following an adverse event or natural disaster
Civilian Amputee Assistance	To help amputees, or those born without a limb(s), with some of their costs when they need to go to an Artificial Limb Centre
Hearing Aid Subsidy	Subsidy available once every six years to cover hearing aids

Support for children and youth

Childcare Subsidy	A payment that helps families with the cost of pre-school childcare
Child Disability Allowance	A fortnightly payment to the main carer of a child or young person with a serious disability, in recognition of the extra care and attention needed for that child
Extraordinary Care Fund	A payment to people who are caring for a child, and getting an Orphan's Benefit or Unsupported Child's Benefit for the child
School and Year Start-up Payment	A grant to a person who is caring for someone else's child and needs help with pre-school or school-related costs at the beginning of the year
Away from Home Allowance	A weekly payment that helps carers with living costs for 16- or 17-year-olds who are living away from home while on a tertiary or training course
Clothing Allowance for Orphan's Benefit and Unsupported Child's Benefit	A weekly payment to people getting Orphan's Benefit or Unsupported Child's Benefit for children in their care, to help pay for their clothing.
Early Learning Payment	To help with the costs of early childhood education for children aged 18 months to three years who are from families enrolled in selected Family Start or Early Start Programmes.
Establishment Grant	A one-off payment to carers of someone else's child to help with the costs when the child first comes into their care, e.g. a bed, bedding and clothing
Guaranteed Childcare Assistance Payment	A payment to assist with the cost of childcare for people who are under 20 years of age and in full-time education, training or work-based learning

Seniors services

New Zealand Superannuation	A fortnightly payment for people aged 65 and over
Veteran's Pension	A fortnightly payment for veterans who have qualifying operational service in the New Zealand Armed Forces

Student support

Jobseeker Support Student Hardship	A weekly payment to help with living expenses during a study break of more than three weeks
Student Allowances	A weekly payment that can help with living expenses while studying
Student Loans	A loan to help pay for course fees (the compulsory fees charged by an education provider), study materials (e.g. books, computer, travel) and living costs
Study scholarships and awards	StudyLink pays scholarships that are awarded through secondary and tertiary institutions
Sole Parent Support – help with study costs	Non-taxable interest-free loan assistance to help with study costs for courses at Level 4 or above on the NZQA Framework.
Student Placement Services	Funding to support tertiary students into employment

Employment services

Digital connection for all New Zealanders

Work the Seasons	A digital service that connects seasonal employers with potential employees
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Training for reskilling, upskilling and career advancement

Skills for Industry	Short-term job-focused training for people on income support who require upskilling for specific requirements identified by industry
Training for Work	Training to help people at risk of long-term benefit receipt to acquire industry-focused skills that are needed to enter employment
Work Confidence	Short-term courses designed to provide the skills, motivation and confidence needed to help participants move into employment or undertake further training or education
Activity in the Community	Projects that offer participants on non-work-obligated benefits the opportunity to gain unpaid work experience in a community organisation
Business Training and Advice Grant	Help for a person starting their own business with developing a business plan, training in business skills, advice and project reports
Youth Service	A Service that helps young people find the best option for education, training or work-based learning
Youth Service NEET	A voluntary targeted service for young people who are not engaged in employment, education or training (NEET), or young people who are at risk of becoming NEET

Tailored employment and career support (work-focused case management and programmes)

Finding or starting work – help with costs	Help for things people may need to find or start a job, such as clothes, travel or living expenses until their first pay
Self-employment start up payment	Assistance for those starting a business who need help with essential start-up costs, eg furniture or stock
Out of School Care and Recreation (OSCAR) Subsidy	A payment that helps families with the costs of before- and after-school care and school holiday programmes
Employment Placement or Assistance Initiative	Employment placement and support services for selected participants
Work to Wellness	A contracted case management service for people with a mental health diagnosis, to assist them to prepare for work, find a job and support them and their employer when they start work
Supporting Offenders into Employment	A cross-agency initiative with the Department of Corrections to improve employment and social outcomes for recently released prisoners, aimed at reducing the risk of reoffending by providing wrap-around supports and services through an intensive case management and a multi-disciplinary service
EmployAbility	A collaborative approach to assist disabled clients and clients with a health condition who want to work, gain or move towards sustainable employment
Work search support	A mandatory one-to-many case management service that provides different levels of support based on benefit duration

Job placement (wage subsidies, products and programmes)

Flexi-wage Project in the Community	The programme allows participants to experience project-based work where they can develop work habits and general on-the-job skills
Flexi-wage for self-employment	A subsidy to help with costs while a person starts up their own business
New Employment Transition Grant	A payment that helps people who are no longer on a benefit and who cannot work because of sickness or a breakdown in childcare arrangements
Mainstream Internship Programme	A wage subsidy to help tertiary students with significant disabilities get work experience and to enable them to gain work skills
New Zealand Seasonal Work Scheme	A scheme that helps people in receipt of a benefit to take up fixed-term employment opportunities in regions that have horticulture or viticulture seasonal work available (e.g. apple harvest or grape pruning)
Enhanced Taskforce Green	A subsidised work experience programme to assist with clean-up after natural disasters
Mainstream Employment Programme	A programme that provides paid work experience to people with a disability or mental health condition who want to work
Productivity Allowance	A wage subsidy available to an employer while the employee gains skills and establishes the type of support that would be available to anyone starting a new job

Education and employment-related training

Course participation assistance	A payment to assist with costs for a client participating in a short-term (not more than 12-weeks duration) employment-related training course
Training Incentive Allowance	A payment to assist with costs for a client participating in a longer employment-related education or training course at Level 3 or lower on the New Zealand Qualifications Framework

Financial work incentives (including cash payments, work bonus, exemptions to debt payments)

3K to Work	A payment to a person who is on a benefit and needs to move to take up a full-time job
Work Bonus	A payment to a person who is on a benefit and chooses to work even though they do not have work obligations
Employment Transition Grant	A weekly payment that helps some people who have completed a Supported Living Payment Employment Trial
Flexible Childcare Assistance	Assistance with childcare costs for sole parents who work during times when childcare programmes are closed, e.g. weekends or nights
Transition to Work Grant	A non-taxable non-recoverable payment that can be made to people on income support that provides assistance to help meet the additional costs of entering into employment
In-Work Support incentive trial	A programme designed to work with people who come on and off benefit frequently, with an average of six spells on benefit over five years.

In-work services (including for disabled people)

Modification Grant	A payment that helps people with disabilities pay for workplace changes or equipment that makes it easier for them to stay in or get work
Vehicle modification funding	Enables people with serious disabilities to purchase or modify a vehicles in order to obtain full-time employment, look after dependent children, or attend study/training
Job Support Fund	A fund to increase disabled people's participation in open employment, by meeting the additional costs incurred as a direct consequence of disability when undertaking the same employment as a person without a disability
Vocational Employment Services	A range of services to support people with disabilities to participate in employment
Targeted Health Interventions	Programmes for people on health- or disability-related benefits who want to work
Providing Access to Health Solutions (PATHS)	An employment programme for people on health- and disability-related benefits who require assistance to return to employment

Employment and wider wellbeing trials for disabled people and people with health conditions

Oranga Mahi	A programme of cross-agency trials in partnership with several District Health Boards (DHBs) and Primary Health Organisations (PHOs) to support disabled people and people with health conditions to find and stay in employment and with their wider wellbeing needs
Individual Placement Support (IPS) – Waitematā	An evidence-based practice that integrates employment and mental health services to support people with severe mental health conditions to find and stay in work (in partnership with the Waitematā DHB)
Rākau Rangatia	A trial delivering an integrated social and health intervention to people with mild to moderate mental health and substance abuse, in partnership with the with Northland DHB, Manaia Health PHO and Te Hau Āwhiowhio ō Otangarei Trust
REACH	A 12-week programme to support clients to set and achieve their goals using cognitive behaviour techniques with the help of a Key Worker and Living Well Coach, in partnership with the Waikato DHB
Step Up	A 12-month navigation and support service provided by Health Navigators to improve the health and wellbeing of clients on any main benefit to enable a return to work, delivered in partnership with Pegasus Health PHO and Canterbury DHB
Mana Taimahi	A trial to provide clients free GP visits and integrated support from GPs and case managers to develop an action plan to manage health and steps to return to work, in partnership with the National Hauora Coalition PHO
WellPlan	A prototype to help clients develop a plan to improve their health and wellbeing while supporting them to work towards or find suitable employment, in partnership with Procure PHO
Take Charge	A trial to support participants to improve their health and wellbeing and find sustainable employment as part of their health plan, in partnership with Odyssey House in Canterbury
Puāwaitanga	A phone- and web-based support service provided by Homecare Medical to improve clients' emotional wellbeing and reduce the likelihood of their health conditions developing or becoming worse

Youth development (including youth services)

Mana in Mahi - Strength in Work	A programme to enable 18- to 24-year-olds to get paid while training
CadetMax	Job-specific training to place young people in South Auckland into an identified job
Red Shirts in the Community	A partnership in which young people aged 18 to 24 years gain work experience through an unpaid placement with The Warehouse

Support for individuals, whānau and communities

Campaign for Action on Family Violence	Grant funding to community projects or initiatives focused on preventing family violence through changing attitudes and social norms
Building Financial Capability Services	Services to empower people to get control of their money, set goals and achieve long-term financial capability and resilience
Domestic Violence and Witness Protection (Relocation) Programme	Financial assistance to enable people under threat of serious violence to relocate and reside overseas
Family and sexual violence services	Community-based social services that support victims and perpetrators of family violence and sexual violence, including women's refuges, services for male survivors of sexual abuse and non-mandated perpetrators of family violence and sexual violence, and the 24/7 sexual harm helpline Safe to talk – Kōrero mai, ka ora (0800 044 334)
Family Services Directory	Online directory providing access to over 6,000 family and community services
E Tū Whānau	Grant funding to support community action that improves wellbeing and reduces or prevents family violence through the application of E Tū Whānau values
Pasefika Proud	A family violence prevention campaign that works with eight key Pacific nationalities in New Zealand, providing grant funding to support community action grounded in Pacific values
Refugee and Migrant Support	Wrap-around services for former refugees and migrants, aimed at supporting community integration and reducing social harms
Social record development	The social record, similar to an academic record, will help young people demonstrate a wide range of skills and experiences that can reflect their community connectedness and support future learning or employment choices, alongside their educational achievements
SuperGold Card	A discounts and concessions card for seniors and veterans, in recognition of their contribution to New Zealand society
Elder Abuse Response	Community-based services responding to elder abuse, including a free help line (0800 EA NOT OK – 0800 32 668 65) for older people who have concerns about the way they are being treated
Limited Service Volunteer	An voluntary six-week residential training course in partnership with the New Zealand Defence Force that provides life skills to, and builds work confidence for, unemployed young people aged between 18 and 25 years
Outward Bound	A programme for people of various ages and abilities who are receiving income support, involving a number of outdoor activities

Appendix 2: Regional data

Northland

Regional Commissioner Eru Lyndon

Regional Office 2nd Floor, 49–53 James Street, Whangarei 0110 (PO Box 947, Whangarei)

Site offices located in Dargaville, Kaikohe, Kaitaia, Kamo, Kawakawa, Kerikeri, Whangarei

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	7,497	45.1%	8,125	45.9%	9,364	46.8%
Female	9,141	54.9%	9,574	54.1%	10,625	53.1%
NZ European	4,656	28.0%	4,874	27.5%	5,586	27.9%
Māori	10,269	61.7%	10,985	62.1%	12,215	61.1%
Pacific	266	1.6%	277	1.6%	331	1.7%
Other	1,033	6.2%	1,083	6.1%	1,245	6.2%
Unspecified	414	2.5%	482	2.7%	615	3.1%
Age 24 years and under	2,356	14.2%	2,632	14.9%	3,281	16.4%
One year or less	4,445	26.7%	4,948	28.0%	6,436	32.2%
More than one year	12,193	73.3%	12,753	72.0%	13,556	
Total	16,638		17,701	+6.4% on June 2019	19,992	+20.1% on June 2019 +12.9% on March 2020

Auckland

Regional Commissioner	Mark Goldsmith ¹						
Regional Office	Private Bag 68911, Newton, Auckland 1141						
Site offices located in	Albany, Avondale, Clendon, Glenfield, Glenmall, Grey Lynn, Helensville, Highland Park, Hunters Corner, Mangere, Manukau, Manurewa, Mt Albert ² , Mt Eden, New Lynn, Onehunga, Orewa, Otahuhu, Otara, Papakura, Papatoetoe, Pukekohe, Queen Street, Takapuna, Tamaki, Three Kings, Waiheke Island, Waitakere, Waitakere Outreach (Henderson), Waiuku, Warkworth, Westgate						
Benefits in force	30 June 2019		31 March 2020		30 June 2020		
Male	35,955	42.0%	39,177	42.6%	47,454	44.2%	
Female	49,690	58.0%	52,753	57.4%	59,750	55.7%	
NZ European	21,582	25.2%	22,657	24.6%	26,304	24.5%	
Māori	26,352	30.8%	28,673	31.2%	31,883	29.7%	
Pacific	16,917	19.8%	18,259	19.9%	21,413	20.0%	
Other	17,614	20.6%	18,519	20.1%	22,250	20.7%	
Unspecified	3,180	3.7%	3,842	4.1%	5,437	5.1%	
Age 24 years and under	12,378	14.5%	13,752	15.0%	18,688	17.4%	
One year or less	24,482	28.6%	27,254	29.6%	38,627	36.0%	
More than one year	61,163	71.4%	64,696	70.4%	68,660	64.0%	
Total	85,645		91,950	+7.4% on June 2019	107,287	+25.3% on June 2019 +16.7% on March 2020	

¹ As part of a 12-month pilot designed to manage the impact of COVID-19 and the significant increase in activity, two additional Regional Commissioners (Lynda Smardon in Auckland South and Tracey Smith in Auckland North) were appointed from 1 July 2020 to work alongside Mark Goldsmith (Auckland Central/East).

² The Mt Albert site office is currently closed for seismic strengthening.

Waikato

Regional Commissioner Te Rehia Papesch

Regional Office 9th Floor, Anglesea Tower, cnr Collingwood and Anglesea Streets, Hamilton 3204 (PO Box 19199, Hamilton)

Site offices located in Cambridge, Dinsdale, Five Cross Roads, Glenview, Hamilton Central, Hamilton East, Huntly, Matamata, Morrinsville, Ngaruawahia, Paeroa, Te Awamutu, Thames, Waihi

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	10,925	43.0%	12,083	44.3%	13,803	45.3%
Female	14,467	57.0%	15,211	55.7%	16,657	54.6%
NZ European	9,691	38.2%	10,206	37.4%	11,402	37.4%
Māori	11,348	44.7%	12,387	45.4%	13,639	44.7%
Pacific	541	2.1%	618	2.3%	706	2.3%
Other	3,018	11.9%	3,105	11.4%	3,500	11.5%
Unspecified	794	3.1%	987	3.6%	1,233	4.0%
Age 24 years and under	4,136	16.3%	4,716	17.3%	5,757	18.9%
One year or less	7,203	28.4%	8,117	29.7%	10,263	33.7%
More than one year	18,189	71.6%	19,186	70.3%	20,217	66.3%
Total	25,392		27,303	+7.5% on June 2019	30,480	+20.0% on June 2019 +11.6% on March 2020

Bay of Plenty

Regional Commissioner Mike Bryant

Regional Office 2nd Floor, 1207 Pukuatua Street, Rotorua 3010 (Private Bag 3016, Rotorua)

Site offices located in Greerton, Kawerau, Mt Maunganui, Murupara, Opotiki, Rotorua, Taupō*, Tauranga, Te Puke, Tokoroa, Turangi, Whakatāne

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	10,715	41.8%	12,426	43.4%	14,401	44.6%
Female	14,947	58.2%	16,187	56.6%	17,893	55.4%
NZ European	7,925	30.9%	8,619	30.1%	9,750	30.2%
Māori	14,554	56.7%	16,346	57.1%	18,219	56.4%
Pacific	622	2.4%	715	2.5%	809	2.5%
Other	1,820	7.1%	1,999	7.0%	2,330	7.2%
Unspecified	741	2.9%	941	3.3%	1,200	3.7%
Age 24 years and under	3,924	15.3%	4,775	16.7%	5,903	18.3%
One year or less	8,190	31.9%	9,681	33.8%	11,920	36.9%
More than one year	17,472	68.1%	18,939	66.2%	20,388	63.1%
Total	25,662		28,620	+11.5% on June 2019	32,308	+25.9% on June 2019 +12.9% on March 2020

East Coast

Regional Commissioner Annie Aranui

Regional Office 1st Floor, Vautier House, cnr Dalton and Vautier Streets, Napier 4110 (Private Bag 6015, Napier)

Site offices located in Flaxmere, Gisborne, Hastings, Napier, Ruatoria*, Taradale, Waipukurau, Wairoa

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	7,281	41.6%	7,764	42.1%	9,051	43.3%
Female	10,242	58.4%	10,658	57.9%	11,827	56.6%
NZ European	5,214	29.8%	5,407	29.3%	6,074	29.1%
Māori	10,364	59.1%	10,961	59.5%	12,393	59.3%
Pacific	409	2.3%	436	2.4%	521	2.5%
Other	1,082	6.2%	1,091	5.9%	1,233	5.9%
Unspecified	454	2.6%	531	2.9%	670	3.2%
Age 24 years and under	2,681	15.3%	2,849	15.5%	3,702	17.7%
One year or less	5,052	28.8%	5,487	29.8%	7,108	34.0%
More than one year	12,471	71.2%	12,939	70.2%	13,783	66.0%
Total	17,523		18,426	+5.2% on June 2019	20,891	+19.2% on June 2019 +13.4% on March 2020

* indicates a Heartland Services site hosted by MSD.

Taranaki, King Country and Whanganui

Regional Commissioner Gloria Campbell

Regional Office Dawson House, 37 Dawson Street, New Plymouth 4310 (Private Bag 2005, New Plymouth)

Site offices located in Hawera, Marton, New Plymouth, Ohakune, Stratford, Taihape*, Taumarunui*, Te Kuiti, Waitara, Whanganui

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	7,644	45.5%	7,998	45.7%	9,108	46.8%
Female	9,163	54.5%	9,501	54.3%	10,335	53.1%
NZ European	7,711	45.9%	7,944	45.4%	8,795	45.2%
Māori	7,234	43.0%	7,574	43.3%	8,348	42.9%
Pacific	221	1.3%	219	1.3%	265	1.4%
Other	1,115	6.6%	1,176	6.7%	1,323	6.8%
Unspecified	526	3.1%	590	3.4%	721	3.7%
Age 24 years and under	2,714	16.1%	2,744	15.7%	3,312	17.0%
One year or less	4,602	27.4%	4,780	27.3%	6,019	30.9%
More than one year	12,205	72.6%	12,723	72.7%	13,433	69.1%
Total	16,807		17,503	+4.1% on June 2019	19,452	+15.7% on June 2019 +11.1% on March 2020

Central

Regional Commissioner	Katie Brosnahan					
Regional Office	32 Victoria Avenue, Palmerston North 4410 (Private Bag 11400, Palmerston North)					
Site offices located in	Dannevirke, Feilding, Foxton, Horowhenua, Kapiti, Otaki, Palmerston North, Wairarapa					
Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	8,687	45.2%	9,025	45.4%	10,049	46.5%
Female	10,550	54.8%	10,850	54.6%	11,557	53.5%
NZ European	9,724	50.5%	9,943	50.0%	10,715	49.6%
Māori	6,459	33.6%	6,694	33.7%	7,259	33.6%
Pacific	449	2.3%	442	2.2%	490	2.3%
Other	2,012	10.5%	2,046	10.3%	2,248	10.4%
Unspecified	593	3.1%	756	3.8%	910	4.3%
Age 24 years and under	3,097	16.1%	3,194	16.1%	3,774	17.5%
One year or less	5,071	26.4%	5,216	26.2%	6,500	30.1%
More than one year	14,166	73.6%	14,665	73.8%	15,122	69.9%
Total	19,237		19,881	+3.3% on June 2019	21,622	+12.4% on June 2019 +8.8% on March 2020

Wellington

Regional Commissioner	Gagau Annandale-Stone, Louise Waaka					
Regional Office	Level 8, 186-190 Willis Street, Wellington 6011 (PO Box 27504, Wellington)					
Site offices located in	Johnsonville, Lower Hutt, Naenae, Newtown, Porirua, Upper Hutt, Wainuiomata, Wellington					
Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	10,656	47.5%	11,217	47.6%	13,006	48.7%
Female	11,798	52.5%	12,343	52.4%	13,662	51.1%
NZ European	8,195	36.5%	8,525	36.2%	9,767	36.6%
Māori	6,999	31.2%	7,293	30.9%	8,036	30.1%
Pacific	2,434	10.8%	2,550	10.8%	2,816	10.5%
Other	3,871	17.2%	4,059	17.2%	4,585	17.2%
Unspecified	955	4.3%	1,149	4.9%	1,506	5.6%
Age 24 years and under	3,730	16.6%	4,011	17.0%	5,263	19.7%
One year or less	5,958	26.5%	6,594	28.0%	8,845	33.1%
More than one year	16,496	73.5%	16,982	72.0%	17,865	66.9%
Total	22,454		23,576	+5.0% on June 2019	26,710	+19.0% on June 2019 +13.3% on March 2020

Nelson, Marlborough and West Coast

Regional Commissioner Craig Churchill

Regional Office Level 1, 22 Bridge Street, Nelson (Private Bag 24, Nelson)

Site offices located in Blenheim, Greymouth, Motueka, Nelson, Richmond, Westport

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	4,663	46.2%	4,810	46.7%	5,776	47.8%
Female	5,424	53.8%	5,479	53.3%	6,288	52.1%
NZ European	6,518	64.6%	6,577	63.9%	7,582	62.8%
Māori	2,066	20.5%	2,107	20.5%	2,482	20.6%
Pacific	102	1.0%	109	1.1%	148	1.2%
Other	1,084	10.7%	1,131	11.0%	1,319	10.9%
Unspecified	317	3.1%	370	3.6%	543	4.5%
Age 24 years and under	1,274	12.6%	1,279	12.4%	1,833	15.2%
One year or less	2,805	27.8%	2,872	27.9%	4,302	35.6%
More than one year	7,282	72.2%	7,422	72.1%	7,772	64.4%
Total	10,087		10,294	+2.1% on June 2019	12,074	+19.7% on June 2019 +17.3% on March 2020

Canterbury

Regional Commissioner John Henderson

Regional Office Level 4, 161 Cashel Street, Christchurch 8053 (PO Box 249, Christchurch)

Site offices located in Ashburton, Hornby*, Linwood, New Brighton, Papanui, Rangiora, Riccarton, Shirley, Sydenham

Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	12,837	46.0%	14,240	46.9%	16,806	48.1%
Female	15,087	54.0%	16,089	53.1%	18,135	51.9%
NZ European	16,795	60.1%	18,000	59.3%	20,507	58.6%
Māori	5,654	20.2%	6,260	20.6%	7,111	20.3%
Pacific	878	3.1%	931	3.1%	1,094	3.1%
Other	3,585	12.8%	3,842	12.7%	4,545	13.0%
Unspecified	1,012	3.6%	1,308	4.3%	1,712	4.9%
Age 24 years and under	4,291	15.4%	4,798	15.8%	6,298	18.0%
One year or less	7,319	26.2%	8,394	27.7%	11,713	33.5%
More than one year	20,605	73.8%	21,947	72.3%	23,256	66.5%
Total	27,924		30,341	+8.7% on June 2019	34,969	+25.2% on June 2019 +15.3% on March 2020

Southern						
Regional Commissioner	Jason Tibble					
Regional Office	Cnr Castle and St Andrew Streets, Dunedin 9016 (PO Box 297, Dunedin)					
Site offices located in	Alexandra, Balclutha, Dunedin Central, Dunedin South, Gore, Invercargill, Mosgiel, Oamaru, Queenstown, Timaru					
Benefits in force	30 June 2019		31 March 2020		30 June 2020	
Male	9,131	48.2%	9,138	48.1%	10,778	48.6%
Female	9,822	51.8%	9,865	51.9%	11,366	51.3%
NZ European	12,450	65.7%	12,468	65.6%	14,205	64.1%
Māori	3,453	18.2%	3,403	17.9%	4,076	18.4%
Pacific	388	2.0%	345	1.8%	439	2.0%
Other	2,030	10.7%	2,043	10.8%	2,457	11.1%
Unspecified	632	3.3%	753	4.0%	987	4.5%
Age 24 years and under	2,839	15.0%	2,816	14.8%	3,862	17.4%
One year or less	5,366	28.3%	5,259	27.7%	7,784	35.1%
More than one year	13,587	71.7%	13,753	72.3%	14,380	64.9%
Total	18,953		19,012	+0.3% on June 2019	22,164	+16.9% on June 2019 +16.6% on March 2020

Our services are also available at 23 further Heartland Services centres in small towns.

Appendix 3: Information-sharing agreements

Approved information-sharing agreement between the Ministry of Social Development, the Ministry of Education and Oranga Tamariki

The Ministry of Social Development (MSD) is the lead agency for the approved information-sharing agreement (AISA) with the Ministry of Education (MoE) and (since October 2019) Oranga Tamariki for providing services to help disengaged youth move into education, employment or training¹, and must report annually on the following information specified by the Privacy Commissioner.

The NEET (Not in Education, Employment or Training) Service was established in 2012 within the Youth Service. Referrals to youth providers are generated by a statistical predictive modelling tool that identifies school leavers who may be at risk of long-term unemployment. The model takes into account the age of a young person, whether their parents are on a benefit, any history of involvement with Oranga Tamariki, and their school history. In 2019 young people who received a risk rating of Low, Medium or High were referred to the Service.

From January 2020 only those with a risk rating of High were referred – so there are fewer young people in the Service, which affects the figures in this report – but as of 1 April 2020 when the redesigned Youth Service was implemented, they receive more intensive support.

Participation in the NEET Service is optional; the young person is contacted by a youth service provider, but they can choose not to enrol, and they can stop participating at any time without any effect on their other entitlements. NEET clients can remain in the Youth Service for up to three years from the age of 15.

More information about the Service and how the model works can be found at <https://www.youthservice.govt.nz/education-and-work/your-education/>.

Young people can also refer themselves to the NEET Service for support, through a community provider, and may still be in school when they engage in the Service. The AISA does not directly apply to these ‘walk-ins’, but their needs are calculated using a simplified version of the predictive model.

This is the third report on this AISA. It covers the period 1 July 2019 to 30 June 2020. Since eligibility changed part way through the reporting year, the statistics in this report represent a mixture of the old service and the new.

¹ The agreement was entered into in 2012 under section 123F of the Social Security Act 1964 (repealed in 2018) and is available to view at <http://www.youthservice.govt.nz/documents/1135-mou-moe-msd-for-youth-services-2012.pdf>. Section 123F was amended in 2016, and from that time the agreement became an AISA in terms of Part 9A of the Privacy Act 1993. The Privacy Commissioner advised MSD, as lead agency, of its reporting requirements in a notice dated 20 September 2017 (available to view at <https://privacy.org.nz/assets/Files/AISAs/MoEMSD-Youth-Services-reporting-notice.pdf>).

Scale	
Total MoE records received by MSD	39,106
MoE and MSD records combined to make a single profile	37,080
'Most at risk' individuals identified and referred to external provider	14,639

Benefits	
Active enrolment count of NEET clients at the beginning of the period	3,558
<i>Of these, enrolments from referrals using information from MoE</i>	2,017
Count of NEET clients enrolled during period	6,014
<i>Of these, enrolments from referrals using information from MoE</i>	1,397
Active enrolment count of NEET clients at the end of the period	7,632
<i>Of these, enrolments from referrals using information from MoE</i>	729
Individuals re-engaged in education, training or work-based learning	6,014
<i>Of these, outcomes from referrals using information from MoE</i>	2,159

We make sure our model is accurate and its data is protected

We measure model accuracy each time the model is refreshed. The most recent model has an Area Under the Receiver Operating Characteristic (AUROC) curve of 0.79, which is a 'good' accuracy level. AUROC is a statistical measure widely used to measure the quality of models that estimate risk. It should not be thought of as 'percent correct', rather it is a balance between how often the model correctly identifies risk and how often the prediction was a false alarm.

The next model refresh is expected in September 2020. The model has been refined to ensure accuracy and completeness.

We store both the MoE and Oranga Tamariki information and the model itself within the secure MSD data warehouse. No security problems have been identified during the reporting year.

Effectiveness of information-sharing under the agreement

The information sharing itself has not changed significantly (with the exception of recognising Oranga Tamariki's status as a separate agency from MSD), but the form of the service that is supported by that information sharing has changed during the year. That form of service is seen as more effective.

The last evaluation of the NEET Service was conducted by the Treasury in February 2017². The overarching finding was that the service was more effective for high-risk young people. The evaluation also suggested that the programme's design or provider contracts could be reviewed to see if targeting could be strengthened.

Following this Treasury evaluation, we conducted an internal review including gathering views from client users and internal and external stakeholders. The Youth Service also conducted a NEET trial, which identified that:

- providers could attract and retain higher needs NEET young people by working differently
- outcomes for higher needs NEET young people were improved through more intensive wrap around support by the provider.

Findings from both the review of Youth Service and the NEET trial were implemented from 1 April 2020 in the re-designed Youth Service. The redesigned service focused on a more intensive case management model, with a maximum of 20 clients per Youth Coach. Youth Coaches are to have regular contact with the client, either individually or as part of group activities, and engage with whānau where appropriate.

The Youth Service has also introduced employment as an outcome for some NEET service youth for whom re-engagement in education is not a viable option, and delivery of in-work support for up to six months for NEET youth in employment.

The accuracy of contact information provided under the AISA remains an issue, as providers may be unable to contact young people to offer services. However, since providers generally source their own clients rather than relying on referrals, the overall effect on the Service is not high.

Number of complaints

No complaints were received in 2019/20 about any alleged interference with privacy under the agreement.

Amendments made to the AISA since the Order in Council came into force

The AISA was amended from 13 May 2020 to include Oranga Tamariki, which now holds the data formerly owned by MSD (prior to April 2017) that has always been used in the model. Transitional information governance arrangements between MSD and Oranga Tamariki have expired, making it necessary to update the AISA.

The updated AISA is available for view at <https://www.youthservice.govt.nz/education-and-work/your-education/>.

The Privacy Commissioner was consulted on the changes to the AISA, and agreed that since there was no change to data that is used as part of the model or the purposes for which it is used, recognising Oranga Tamariki as a separate party (and the other updates made) were only minor and technical amendments. Further consultation and approvals were therefore not required.

Approved information-sharing agreement between the Ministry of Social Development and the New Zealand Customs Service

MSD is the lead agency for the approved information sharing agreement (AISA) with the NZ Customs Service that permits and regulates the supply of arrivals and departures information to MSD. The information shared under this agreement is used to verify the entitlement or eligibility of any beneficiary travelling overseas to receive a benefit.

Prior to the AISA coming into force in May 2019, MSD had to provide 10 days' notice to clients before suspending supplementary payments. This meant that many clients incurred a debt that they then had to repay. In particular, there was a noticeable increase in the number of New Zealand Superannuation (NZS) recipients who incurred a debt related to the Winter Energy Payment (WEP).

The AISA now allows MSD to suspend most payments without prior notice when information shared by Customs shows that a client has been overseas for longer than permitted by the eligibility rules that apply to that payment. The exceptions are payments for NZS, Veteran's Pension and Student Allowance: for these payments clients must still receive the standard 10 days' notice.

As lead agency, MSD is required to report on the operation of the AISA in its Annual Report. The Privacy Commissioner determines the matters that have to be reported.

This is the first report on this AISA. It covers the period 1 July 2019 to 30 June 2020, with the WEP debt data covering the 2018 and 2019 WEP seasons (May to September).

The report distinguishes between the impact of the match on current clients (who may lose eligibility to some or all of their payments as a result of overseas travel), and that on former clients who owe a debt to MSD and who are identified in Customs data as having returned to New Zealand.

Scale	
Individuals whose travel movements were shared	10,670,883
Positive matches with MSD clients who have travelled overseas	23,417

Actions taken relating to current clients who have travelled overseas	
Notices of adverse action sent, either prior to suspension ('prior notice') or at time of suspension ('immediate') ³	17,154
Immediate suspension of benefit where debt established	7,013
Immediate suspension of benefit where no debt established	9,319
Suspension of benefit following prior notice that resulted in debt	247
Challenges received ⁴	22
Challenges upheld	22
Total debt owed by people who travel overseas ⁵	\$1,515,387

Actions taken to recover debt owed by former clients who arrive back in New Zealand	
Notices of adverse action sent	525
Challenges received	5
Challenges upheld	5
Debtors under arrangement to pay	44
Debtors who paid in full	89
Balance owed under arrangement	\$441,510
Total debt recovered	\$53,304

Number of seniors (recipients of New Zealand Superannuation and Veteran's Pension) who incurred a debt in the Winter Energy Payment (WEP) season (May to September)		
	2018 WEP period	2019 WEP period
Senior clients matched going overseas	14,247	18,736
Senior clients whose WEP was suspended and who had a debt created	9,401	6,058
Proportion of senior travellers who were matched and ended up with a debt	66%	32%

³ There is a discrepancy of 575 between this figure and the following three subcategories: the system includes some categories that are not included in these figures

⁴ See explanation below.

⁵ This includes all debt, not just debt associated with overseas travel.

Effectiveness of information-sharing under the agreement

Senior clients (that is, people receiving either NZS or Veteran's Pension) were particularly affected by debts created as a result of overseas travel after the WEP was introduced. Reducing debt for this group was a major driver for the creation of the AISA. It is therefore important to see whether the AISA had achieved any benefit for this group.

During the 2019 WEP period the proportion of senior clients whom we matched who had a debt created fell to 32 percent, from 66 percent in the previous WEP period.

It is not possible to eliminate debt altogether, as the ability to do so depends on when in the MSD payment cycle the match is made. MSD also pays different benefits in different ways; for example, one benefit may be paid a week in arrears, whereas NZS is paid two weeks in arrears on the last day of the fortnight period.

Challenges

A challenge process is available to remedy cases that may be mismatched each year. There were 22 challenges this year, all of which were successful. The majority of discrepancies in matches related to a different date of birth or name(s), with one challenge relating to change in a departure date. The challenges represent less than 1 percent of the overall match programme.

Number of complaints

No complaints were received in 2019/20 about any alleged interference with privacy under the agreement.

Assurance

NZ Customs conducted an audit on the management and processes around MSD accessing their system to verify arrivals and departures information under certain circumstances. The audit found that MSD manages the majority of the requirements of the AISA well. Our training, processes and procedures are well established. Because of this, there are no concerns in any of the areas that the audit team looked at.

Amendments to the AISA

There have been no amendments to the AISA since it came into force in May 2019.

Appendix 4: Asset performance indicators

2018/19 Actual Standard	Measure	Indicator	2019/20 Approved Standard	2019/20 Actual Standard
Property assets				
	Work-point density (area per work point [m ²]):	Utilisation		
25.4	• Client-facing service sites ¹		28.0	24.8
12.6	• Regional/National Offices ²		15.0	12.2
84%	Proportion of leased commercial premises at a moderate or better condition ³	Condition	85%	86%
84%	Proportion of commercial leased premises with moderate or better site suitability ⁴	Functionality	85%	85%
Technology assets				
Intangible - internally generated software				
99.57%	Percentage of time core applications are available for use ⁵	Availability	99%	99.82%
96.9%	% of available CMS licences allocated to staff ⁶	Utilisation	90%	85.46%
85.2%	% of Tier 1 software applications that are in support ⁷	Condition	80%	88.90%
Computer equipment				
99.99%	Percentage of time the vendor-managed network is available for use	Availability	99.96%	99.99%
50.47%	% of IT disk storage capacity utilised	Utilisation	85%	63.11%
38.22%	% of IT infrastructure hardware assets under five years of age ⁸	Condition	38%	43.22%

1 This measure includes both leased and owned MSD sites that have the primary purpose of delivering face-to-face services to clients. Targets are based on historic averages and take into account proposed changes to operating models.

2 This measure includes both leased and owned MSD offices for back-office functions. Performance under this measure is managed using the utilisation standard as set by the Government Property Group, which indicates that office space utilisation should be between 12 and 16m² per FTE.

3 This measure provides an assessment of office condition calculated from rating several office components: site and building exterior, building design, building systems, and fitout and furniture.

4 This measure calculates an overall assessment rating from scoring office components that cannot be improved via capital investment alone, such as site location, size, floor shape, and natural light.

5 Core applications are defined as systems the criticality of which is such that any issue that occurs is resolved as a high priority. The result reflects availability of applications during core operational hours (7.30am – 7.30pm Monday to Friday and 8am – 2pm Saturday).

6 CMS is our key client case management system. This new measure shows that available (purchased) licences are being efficiently utilised.

7 This measure is a proxy of the condition of Tier 1 software applications, as the support provided through regular upgrades, defect and security fixes is vital to enabling software applications to function correctly and securely. Remaining in support is also vital to ensure that applications remain fit for purpose. Tier 1 applications are those that are critical for the support of our services.

8 The age of hardware is a proxy indicator of condition as the risk of outages in storage, server and network hardware are generally higher as hardware ages and after vendor support is withdrawn. The target manages the areas of highest risk while balancing the funding available.

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Ministry of Social Development:

www.msd.govt.nz

Work and Income:

www.workandincome.govt.nz

Office for Seniors:

www.superseniors.msd.govt.nz

Office for Disability Issues:

www.odl.govt.nz

Ministry of Youth Development:

www.myd.govt.nz



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<https://www.workandincome.govt.nz/about-work-and-income/contact-us/find-a-service-centre/index.html>

To provide feedback, visit:

<https://www.msd.govt.nz/form/msd/govt/nz/form.req2?requestType=msd-govt-nz-select-form-v1> or <https://www.workandincome.govt.nz/about-work-and-income/contact-us/feedback.html>



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Languages other than English

Details at:

<https://www.workandincome.govt.nz/about-work-and-income/contact-us/language-lines/index.html>

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