

MINISTRY OF SOCIAL DEVELOPMENT

ANNUAL REPORT 2008/2009



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Chief Executive's foreword

The economic climate over the last year has been the worst we have experienced in over 60 years.

The recession has had a significant impact on the Ministry. Unemployment Benefit numbers increased 187 per cent during the year with even greater growth in youth unemployed. Demand for Student Loans and Allowances grew as people, who might have entered or stayed in the workforce, chose to enter or remain in tertiary education. Difficult economic times put pressure on families, increasing the need for care and protection, youth justice and community support services. Despite the primary challenges posed by this, the Ministry continues to deliver excellent service to New Zealanders.

We implemented the ReStart, Redundancy Support and Job Support Scheme to respond to the recession. ReStart gives temporary financial help and job search assistance to people immediately after they have been made redundant. Nearly 4,500 people have received ReStart assistance over the course of this year. Redundancy Support responds to business closures in regions. We are working with employers to get staff new jobs or training. The Job Support Scheme pays an allowance to workers, who agree to work reduced hours, and is available to employers with 50 or more staff. During the year we have executed contracts for the Job Support Scheme with 36 employers saving over 400 jobs.

Work and Income is achieving tremendous results. At the end of the year around one third of jobseekers were being exited into employment before entering the benefit system. In addition, even though benefit numbers are up, Work and Income continues to achieve job placement numbers well above those achieved before the recession. Despite increased pressure on budgets we have improved services to the public. We established seven Community Link Centres to provide integrated social services in key locations. We also enhanced electronic and web based services to increase the time case managers have to support clients.

StudyLink continues to streamline processes for students, making it easier for them to apply for, and receive payments online. The MyStudyLink online account service continues to be improved with new functions being added, such as the ability to apply for Course Related Costs, as well as Allowances and Loans, online. Online is now firmly established as StudyLink's primary service delivery channel. In 2008/2009 97 per cent of Student Allowance applications and 91 per cent of Student Loan applications were received online.

Child, Youth and Family are achieving good results for vulnerable children. Unallocated cases are the lowest they have ever been in the history of Child, Youth and Family. An unallocated case does not mean that nothing is being done to keep the child or young person safe. Child, Youth and Family have also helped more children into permanent care and worked with the Ministry of Health to appoint disability advisors to help to fully meet the needs of children and young people in our care with disabilities. All of these developments are helping to improve the lives of the children and young people, and the families Child, Youth and Family work with.

We're committed to delivering value for money and to ensure this, we have strong financial management. We have realised savings and efficiencies of \$63 million during the last year, have ambitious plans to deliver a further \$272 million in gains over the next three years, which are able to be applied to cost and volume pressures. We will continue with our strong focus on value for money in the coming years. During the year we reviewed resourcing to ensure we had enough staff in the right places to cope with demand pressures.

I am hugely proud of the way that staff from across the Ministry have responded to the challenges the year has thrown at us. The work that we have been doing has laid a solid platform to meet the needs of the Government, and New Zealanders who rely on our services, in coming years.



Peter Hughes
Chief Executive

30 September 2009

Our role

We are responding to the impact of the recession by helping people gain employment and training opportunities, by helping individuals and families to maintain stability and wellbeing and by managing the increased demand for our services. This is our commitment to supporting New Zealanders in these tough economic times.

We are the lead agency for the social sector. Our services are important to every New Zealander at some point in their or their family's lives. We help the Government to set priorities across the sector, to co-ordinate the actions of other social sector agencies and to track changes in the social wellbeing of New Zealanders. We do this by providing evidence-based advice to Government, working with other government and non-government organisations, employers and industry, private organisations, advisory and industry groups, and communities and iwi.

We have around 300 sites that provide services to more than 1.6 million people.

Our core business is about providing services to those in real need, helping people to help themselves be successful in their lives through:

- employment, income support and superannuation services – Work and Income and Senior Services
- the care and protection of at-risk children and young people and youth justice services – Child, Youth and Family
- connecting families with their communities and funding early intervention programmes – Family and Community Services
- student allowances and loans – StudyLink
- protecting taxpayers' money through fraud investigations and debt collection.

How we work

We've organised our business groups into three clusters so we can provide our diverse range of services in the best way possible. This clustering enables our people to:

- understand the big picture of what is going on in their cluster areas and in the Ministry as a whole
- identify, compare and benchmark best practice
- network internally.

The three clusters are:

Service delivery

Work and Income, Students, Seniors and Integrity Services, Child, Youth and Family, and Family and Community Services.

Policy

Social Sector Strategy (including the Offices for Disability Issues, Senior Citizens and the Community and Voluntary Sector which provide advice and support to distinct portfolios) and Social Services Policy (including the Ministry of Youth Development).

Corporate

People, Capability and Resources, Risk and Assurance, and Corporate and Governance.

Each of the business groups is headed by a Deputy Chief Executive. These Deputy Chief Executives, together with the Chief Executive, form the Leadership Team.

Supporting New Zealanders to get into or stay in work

Having a job is key to providing for yourself and your family. In these tough economic times we're working hard to help people stay in work, or get a job if they are not already in work. For those who can't find work, we will be here to help, but our first priority will always be to get people back into work as soon as possible.

Online self services available will include:

- online applications
- income declarations
- checking balances owed
- information on the local labour market
- advertised employment vacancies
- Trade Me vacancies by region.

The number of jobseekers and beneficiaries grew dramatically during the year and the Unemployment Benefit numbers increased by 187 per cent. There were also significant increases in the Sickness, Invalids and Domestic Purposes Benefit numbers. In the first six months of 2009, approximately 1.15 million people attended appointments and seminars and we handled 3.4 million phone calls asking for advice or for our help.

However, even in this tough environment we are still able to help people into work. Of those who attended Work for You seminars in March 2009, 36 per cent did not need a benefit within 28 days of attending the seminar. In the period from January to March 2009, exits from the Unemployment Benefit were 66 per cent of new grants, with the actual numbers exiting often above the pre-recession exit numbers. International comparisons show New Zealand was more successful than other OECD countries in placing people into and holding people in work, particularly people from vulnerable groups (long-term unemployed, low skilled, youth and people with disabilities).

To meet the increased demand and maintain our bottom line performance we needed to adapt our services and to improve our productivity. During the year we introduced Voice Enabled Technology (VET) in our contact centres. VET provides faster client identification and offers them a direct link to staff specialising in their needs. This technology will help us to introduce a number of self service transactions services for people later in the year, and an Employers Online tool.

Job Search Service

We have industry partnership agreements with these employers and industries:

- Hospitality
- Retail
- Horticulture
- Electrical
- Building
- Construction
- Bus and coach
- McDonald's
- The Warehouse
- Rydges Hotel.

The Job Search Service helps people to make a quick return to work, often without the need to go onto a benefit. All applicants for an Unemployment Benefit attend a Work for You seminar. During the year we made changes to help us to assess people's work-readiness at first contact. We capture all relevant information within three days of meeting a client so we can match them on the Jobz4u job matching system. Jobz4u is a software application tool we use to match jobseeker skills with employer needs. Self-directed jobseekers are given the support they need to get on with finding work.

In May 2009, we entered into an agreement with Trade Me to better connect jobseekers with advertised jobs. Jobseekers now receive daily lists via email of Trade Me vacancies in their area.

Industry Partnerships/Straight 2 Work

Industry partnerships allow us to work closely with employers and industries. By working directly with employers and industries we can tailor recruitment, training and support programmes to meet employers' needs. Programmes such as Straight 2 Work provide additional support to help people get settled into jobs, and into ongoing training and development. This helps jobseekers to build a career and to become valued employees. Supporting staff to develop workforce skills meets both individual and long-term workforce needs.

We currently have 80 partnership agreements: 50 are with industry associations, 30 are with major employers.

Tailored recruitment strategies have been established with Telecom New Zealand and The Warehouse. The Telecom strategy focuses on developing a recruitment channel to refer skilled jobseekers to selected Telecom vacancies.

The partnership with The Warehouse Group services 85 stores around the country and provides an estimated 2,700 jobs a year to jobseekers.

3,300 jobseekers took part in Industry Partnership programmes, of which 832 jobseekers moved into employment as a result of their participation.

Restart and Job Support

We launched the ReStart and Job Support schemes in response to the economic downturn. ReStart gives temporary financial help and job-search assistance to people immediately after they have been made redundant. The Job Support Scheme will help to reduce the number of employees facing redundancy. The scheme pays an allowance for workers who have agreed to work reduced hours and is available to employers with 50 or more staff.

3,448 people have been granted ReStart assistance. As at the end of June 2009 we had contracts with 21 employers for the Job Support Scheme, saving 347 jobs.

Redundancy Support

Redundancy Support is a service that responds to business closures in the regions. We work alongside an employer to help get affected staff into alternative jobs or training.

In August 2008, Cadbury Schweppes announced that 145 jobs would be lost from their Dunedin plant over the next two and a half years, due to a multi-million dollar investment in technology. In November 2008, Cadbury Schweppes invited their staff to apply for voluntary redundancy, in an effort to reduce their workforce by 80 workers by March 2009.

We worked closely with Cadbury Schweppes, the Engineering, Printing and Manufacturing Union, and the Service and Food Workers Union to support the affected workers. We held seminars in conjunction with The Donnington Group, a private Human Resources consultancy firm contracted by Cadbury to provide support to affected staff. We discussed the labour market, job-search activities and financial assistance, and we provided an information pack for each staff member. These packs included a joint 'frequently-asked questions' sheet, with information from both Work and Income and Inland Revenue. We also provided a work broker on-site who met with individual staff members to discuss job-search activities.

During the year, 725 employers and 11,759 employees received Redundancy Support Services.

Approximately a third of these staff members were planning to retire. We provided a superannuation case manager on-site to talk to these employees, and we tested their eligibility for New Zealand Superannuation.

As well as referring staff to jobs with local employers we facilitated appointments with staff and support agencies, in particular Career Services for staff who were looking at re-training, a literacy and numeracy support agency for staff who needed help, and local employment agencies.

StudyLink

The tighter labour market also resulted in an increased demand for Student Loans and Allowances, as people who might have gone into work chose to stay in tertiary education.

To manage the increase in demand StudyLink has improved its online services. The internet is both an efficient and effective way of delivering services to students.

In 2008/2009, 97 per cent of Student Allowance applications and 91 per cent of Student Loan applications were submitted online. In both cases the percentage of online applications has increased compared with the 2007/2008 year, by 3 per cent and 6 per cent respectively.

MyStudyLink, an online self-help tool, enables students to check and update their personal details, to view payment dates and to track the status of applications through their personal online accounts. Since December 2008 they have been able to apply online for course-related costs. The uptake has exceeded expectations, with 89 per cent of all course-related costs claims received online.

From August 2009 students will have access to a full end-to-end online service. They will be able to apply for loans, allowances, scholarships and supplementary benefits, assess their eligibility and apply for assistance, in one seamless process. Self help online systems will ensure more students get their correct entitlements while freeing up our resources to cope with the increased demand for our services.

OSCAR Extended Services

Out of School Care and Recreation (OSCAR) Extended Services gives parents and caregivers options to balance their work and family commitments by providing quality childcare outside school hours and during school holidays.

The first four OSCAR Extended Services in schools were established in February 2008. By February 2009 another four opened in:

- Morewa School, Morewa, Northland
- Riverina School, Pakuranga, Auckland
- Kreative Kidz, Selwyn, Rotorua
- Waltham Out of School Hours (WOOSH), Waltham, Christchurch.

Another four will start operating from February 2010. All of these programmes will be monitored and the information gained about this model will inform the development of further OSCAR policy.

United Nations Convention on the Rights of Persons with Disabilities

The Office for Disability Issues completed a major review across government of the likely impact of the United Nations Convention on the Rights of Persons with Disabilities. As a result of this work, and following minor changes in legislation via the Disability (United Nations Convention on the Rights of Persons with Disabilities) Act 2008, the Government was able to ratify the UN Convention on 28 September 2008. The Office is now working on how to implement the Convention so people with disabilities are able to live ordinary lives and have the necessary supports to work and participate fully in society.

Helping young people realise their potential

We know that young people are most successful when they are engaged in education, training, work or other worthwhile activities. We provide opportunities for young people to participate in activities that will help them become successful adults. We also work with youth at risk of entering the youth justice system who need support and guidance to quickly get back on the right track. More intensive programmes are available for those who are already in the youth justice system.

Youth Employment

In the 12 months ending June 2009, there were 14,814 work exits for youth (18 to 24 years).

We help young people connect with jobs. Looking for work can be an especially discouraging process for some young people. This is a time when their work skills and work experience are still being developed.

We want to ensure young people who need extra help finding a job have access to the resources available. Young people can participate in our Straight 2 Work programmes, available through most of our national industry/ employer partnerships. Straight 2 Work provides employers with workers who are specifically trained to the employer's entry-level requirements and enables jobseekers to get and keep jobs that turn into careers.

In the coming year we will be delivering the Government's new Youth Opportunities package. This package is about us working together with employers and communities to provide opportunities for young people, aged 16 to 24 years, to work, train or stay in education. Employers can receive subsidies for helping young people gain job experience. We will offer Jobs Ops – a subsidy to help employers struggling to employ staff in entry-level positions and to help young people get valuable work experience for later work opportunities. We will also offer Community Max – a wage subsidy for six months for young people helping complete community-based projects. This initiative provides an opportunity for young people to build skills and work experience while contributing to the community.

Youth Transition Services

Youth Transition Services (YTS) supports at-risk young people (aged 15 to 17 years) into further education, training, or employment. The purpose is to help them achieve long-term economic independence and wellbeing. Paid work or training is essential for young people, particularly those who leave school early or those who need help staying on the right path.

These services provide practical interventions for young people by following up with school leavers at risk of falling through the cracks. We also run programmes that will help build self-esteem, leadership and decision-making skills in our young leaders.

Student Job placement activity

We contract Student Job Search (SJS) to provide help to tertiary students looking for holiday and in-term employment, and to assist in the administration of the Unemployment Benefit Student Hardship. Eighty-four per cent of students indicated they were satisfied or very satisfied with the overall service provided by SJS (compared with 83 per cent in 2007/2008 and a target of 80–85 per cent).

SJS connected students to 32,992 job placements, compared with 29,853 in 2007/2008.

Youth Development Partnership Fund

The Youth Development Partnership Fund provides funding to territorial authorities (city and district councils) so they can provide opportunities for young people in their communities.

Projects funded this year included youth crime and gang membership prevention initiatives, entrepreneurship opportunities, initiatives for the development of employment-related skills and projects for the development of young people's leadership skills.

We entered into contracts with 30 territorial authorities during the year, benefiting some 8,000 people.

Youth Week

We helped to promote youth connectedness and youth work, through funding Youth Week 2009. The event was launched in Wellington and took place in the week of 23 to 31 May 2009. The theme was Making Time for Youth. The focus was on parents and caregivers spending more time with young people, as well as on encouraging young people to make time for their elders.

This year Youth Week took another significant step in its development. A record number of events took place, with 50,000–100,000 people attending them; there was a huge amount of positive media coverage; new sponsorship relationships were developed; and there was funding to support more than 40 projects.

As part of Youth Week we released a web-based youth statistics resource. The resource consolidates into one place a range of social and economic statistics on young people aged 12 to 24 years at national, regional and district/city levels.

Youth engagement

We held six major consultations with young people on behalf of government agencies. These gave 2,000 young people the opportunity to have a say on matters such as the National Alcohol Plan, the Graffiti STOP Strategy, and employment support for Auckland youth.

Regional Youth Council Forums

During the year we ran 74 regional Youth Council Forums across the country in partnership with local district or city councils. These were attended by over 1,000 youth councillors and adult youth co-ordinators. The forums were held to enhance young people's leadership and advocacy skills and their ability to affect change at the local government level. Young people commented that the forums allowed their voices to be heard and provided them with information and skills to really help them make a difference in their communities.

On Course programme

Between March and November each year we deliver a programme called On Course to senior high school students. The programme informs students about options for financing their studies and the importance of making good decisions about the options they choose.

Youth Residential Services

Since 2008 when we started working with the SPCA pet therapy programmes, residences have reported a 30 per cent reduction in violence, a 30 per cent reduction in secure unit admissions and a 40 per cent reduction in physical restraints on young people.

Youth Residential Services provide both care and protection and youth justice programmes for children and young people aged 8 to 16 years. Youth residences are used when there is no other practical alternative, or when the child's continued presence in the community is a threat to their own safety or to the safety of others. There are seven residences around New Zealand.

Reducing Youth Offenders programme

Over the last year we worked closely with local councils in Counties Manukau and Otahuhu where:

- over 60 per cent of youth had current gang involvement
- 23 youth workers provided activities and programmes and individual support – over 10,500 youth were reached through over 800 events or activities
- six integrated case managers dealt with individual issues for 499 youth and their families, 81 of whom have exited the programme
- 1,292 parents of at-risk youth in Otara and Manurewa received parenting programmes
- 16 full-time Social Workers in Schools contracted to NGOs, delivered services to 13 secondary schools in Counties Manukau.

A small percentage of young people become youth offenders. We know we can change their behaviour pattern with lasting results when the whole community works together. Connecting young people to education, training or work is often part of the solution.

Our youth justice team covers 25 communities throughout the country. This year we've implemented plans to reduce the rate of youth re-offending in each of these areas. This will help us to develop practices that further improve our work with local communities, and to reduce youth offending in these areas.

Improving Outcomes for Young People

In June, in partnership with Youthline, the Māori Women's Welfare League and Il Much Trust, we hosted a provider forum at the Manurewa Marae on behalf of the Auckland Youth Support Network. The forum targeted community-based workers involved in the delivery of the Improving Outcomes for Young People Plan of Action 2006. The various services presented how they engaged with young people, including their process for working with youth gangs or young people at risk of associating with gangs.

Fresh Start for Young Offenders

The Government has announced a range of new initiatives to help serious and recidivist young offenders. These initiatives include longer, more intensive residential and community-based sentences as well as military-style activity programmes. New programmes including mentoring, drug and alcohol counselling, and compulsory parenting courses will be available as sentencing and rehabilitation options for young people. Another programme that will be offered is the Break-Away package. This package will deliver fun and meaningful programmes to develop new skills and provide challenges for disadvantaged children and young people during their school holidays.

Action on Youth Gangs programme

We want to ensure young people who might become involved in or who are already involved in youth gang activity have a way out. Youth Gang action plans have been implemented in Northland (primarily in Whangarei) and Counties Manukau. Action plans are also under development for the wider Auckland area, the Bay of Plenty (Kawerau, Rotorua, and then staggered to other parts of the region), Waikato (Hamilton City only) and the East Coast.

We are providing assistance for a range of programmes and services in Counties Manukau to improve the outcomes for young people and their parents. This assistance includes funding for integrated case managers to co-ordinate wrap-around family services, specialist youth workers to provide one-on-one mentoring, and parenting support programmes to teach targeted parenting skills.

Keep at-risk children safe – with emphasis on under two-year-olds

Children are entitled to be safe. Systems are in place to care for and protect children in at-risk families. The early years in the life of a child are of critical importance to their overall development. A safe, happy, and healthy early life can improve a child's health, learning ability, and development.

Improved allocation of children in care cases

254 cases were unallocated to social workers at the end of June 2009, a reduction of 75 per cent since 2005 (1,040 unallocated cases).

Child, Youth and Family experienced its lowest ever rate of unallocated cases during the 2008/2009 fiscal year. This occurred despite notifications of children needing our assistance increasing by 20 per cent. There has been a greater emphasis on managing the unallocated cases to social workers, reducing the risk of children and young people not getting the interventions they need, when they need them.

During the year the number of unallocated cases peaked in December 2008 (690 cases) and dropped to a low at 31 May 2009 (204 cases). The position of these peaks and troughs has been the same for the last five years and can be attributed in part to seasonal holiday periods.

Differential Response

Differential Response rollout in 2008/2009 was:

- assessed at all sites in February 2009
- rolled out nationally by June 2009

Training has been completed at all sites.

Differential Response is a component of the care and protection process. It provides an alternative strategy to help children and young people who are at risk in less serious cases.

Differential Response allows us to work with social services providers in the community to support those families who would be better helped by getting the right services to the child through community-based support rather than through statutory social work intervention.

Creating Permanency

Creating permanency is key to establishing a sense of belonging for children and young people and to promoting their wellbeing. Permanency is defined as a permanent living arrangement for a child or young person that provides them with a lifelong relationship with nurturing caregivers in a home that they can grow up in.

In 2008/2009 we continued to implement a national programme to support access to permanency for children and young people in care. We now have permanency goals in place for most children and young people in our care. We have developed a new database that records the care and permanency details of these children and young people. We have also introduced regional disability advisors to work with our social workers and disability organisations to help provide better support for children and young people with disabilities in our care. To promote permanency, caregivers caring permanently for a child or young person are supported through the reimbursement of legal costs and ongoing financial support. We have also worked to address benefit interface issues for parents resuming the care of their children.

Health and Education Assessment Framework

We have rolled out a trial Health and Education Assessment Framework in 10 Child, Youth and Family sites in Auckland. This assessment helps to ensure all children and young people who come into our care get tailored health and educational assistance, based on their needs.

Children's Health Camps

We funded the Children's Health Camps to work with children and their families, who are considered at risk of poor life outcomes, or who have complex health, social or behavioural needs. The camps aim to improve the resilience of children and their families, and improve their health, education and social outcomes. Children and their families are provided with access to information in a supportive environment which provides tools and strategies to help them cope.

Teenage Parent Service Co-ordinators

The Teenage Parent Service Co-ordinators provide teenage parents with better access to the support services they need for themselves and for their young children. Research shows that teenage parents and their children are more likely than older mothers to have multiple and complex needs, and they can be reluctant to approach the services they need.

Nine Teenage Parent Service Co-ordinators, working from existing youth services in communities with high rates of teenage births, have been employed to help teenage parents get access to health services, education providers, government agencies like Housing New Zealand and Work and Income, and other social services. They also put them in touch with parent support groups who can help them to develop parenting knowledge and skills. The co-ordinators give teen parents the tools to access the services they need and promote the long-term wellbeing of both children and themselves.

The initiative was initially funded for three years (July 2006 to June 2009). In May 2009, the Government approved \$1.008 million for an additional year of funding. This will allow the current evaluation of the Teenage Parent Service Co-ordinators initiative to be completed.

Early Years Service Hubs

Early Years Service Hubs provide families with easy access to a range of integrated services that focus on children from pre-birth to school-entry age. They improve the accessibility of services for families who are at risk of missing out on the services available to them.

The hubs are a central point where families can access ante-natal care, Well Child health checks and immunisation programmes, and quality childcare and education for under five-year-olds. There are 13 hubs nationally.

Growing up in New Zealand (Longitudinal Study of Children and Families)

We are a major contributor to the Growing up in New Zealand study. Multiple government agencies are also sources of funding for the 25-year study. This research, led by the University of Auckland, captures many dimensions of child wellbeing. The study looks at things like the environment the children in the study are raised in through to adulthood, and the interaction between these environments and the different aspects of the children's physical and social development. A sample of mothers early in their pregnancies has been selected, with the first wave of post-natal data collection set to commence in mid-2009.

Publication of *Children and Young People: Indicators of Wellbeing in New Zealand*

Over the past five years, we've worked in consultation with social agencies within the health, care and support, education, economic security, safety, civil and political rights, justice, cultural identity, social connectedness and environment domains to produce the second *Children and Young people: Indicators of Wellbeing in New Zealand* report. The report provides an overview of the status of New Zealand children and young people. The data covers a range of social wellbeing dimensions that support our reporting obligations under the United Nations Convention on the Rights of the Child.

Improved Child, Youth and Family performance measures

When the merger of Child, Youth and Family and the Ministry occurred in 2006, Child, Youth and Family had 15 underperforming measures. For some of these measures, the level of underperformance was alarming. Child, Youth and Family have made significant improvements in achieving output performance measures in the 2008/2009 year – way ahead of those in the previous three financial years.

This year Child, Youth and Family's performance has been strong. Achieving significant progress for many of their performance measures and in some areas exceeding the standard. An example is the measure 'Percentage of children and young people whose youth justice family group conference plans were completed and the objectives were assessed as being met'. Historically this measure has under-performed. Child, Youth and Family reviewed their systems and processes, and introduced a number of improvements to the way they record and measure the way they work. As a result, in the 2008/2009 year, the standard for this measure exceeded the target by 10 per cent.

Older people

New Zealand's population is ageing. Forecasts suggest that by 2020 one in four New Zealanders will be older than 65 years. Our focus is on supporting older people to live independent lives and to be connected to their communities. Older people are important members of society. They have valuable skills, knowledge and experience. Ensuring full entitlements for older people and encouraging their contribution in the community will enable them to lead full, healthy and secure lives.

New Zealand Superannuation

The New Zealand Superannuation and Retirement Income Act 2001 and the War Pensions Act 1954 require the net married couple rate of New Zealand Superannuation to be within the range of 65 per cent and 72.5 per cent of the net average wage. The rate of New Zealand Superannuation payable to a married couple was permanently set at a minimum of 66 per cent of the net average wage from 1 April 2009. Corresponding adjustments were made to other rates to ensure relativities are maintained.

Home Equity Release Schemes

In September 2008 the Office for Senior Citizens introduced a voluntary code of practice for Home Equity Release Schemes. The code was developed after consultation with providers of home equity release schemes, key savings industry participants and older people's advocacy groups. The code of practice provides a set of standards for these schemes which have been agreed by the industry.

Seniors website (www.seniors.msd.govt.nz)

The Seniors website went live on 31 March 2009. It provides Ministry information of interest to older New Zealanders in one place by aggregating the information contained on other Ministry websites. The site was built following research on the type of information older New Zealanders wanted on the site and how they wanted it organised. We are seeking feedback from users of the site so we can make it better and easier to use. We are also planning an online application for New Zealand Superannuation and Veteran's Pension.

SuperGold Card

The SuperGold Card provides discounts and concessions from more than 1,000 business partners at more than 5,000 outlets around the country. During the year we worked with the New Zealand Transport Agency and the Ministry of Transport to deliver free off-peak public transport concessions from 1 October 2008. These concessions have been well received and more than six million trips have been taken by cardholders since the launch.

A directory of concessions and discounts available from businesses participating in the SuperGold Card scheme was updated and mailed to approximately 400,000 households. We are investigating a reciprocal agreement with the Australian Seniors Card programme that would allow card holders in both countries to gain access to discounts.

We are planning a survey of SuperGold Card cardholders, the results of which will be used to develop further enhancements to the programme in 2009/2010.

New Zealand Positive Ageing Strategy

The Office for Senior Citizens published the 2007/2008 report on the positive ageing action plan and the 2008–2010 action plan. This enabled information on past progress to be easily compared with proposed actions. The action plans collate positive ageing initiatives proposed by both central and local government.

Elder Abuse and Neglect Prevention services

1,080 people participated in the programme last year.

Elder Abuse and Neglect Prevention services aim to prevent or reduce the incidence of abuse or neglect both through direct assistance to older people, their family/whānau and carers and through public, professional and family education.

Older People as Mentors programme: SAGES

491 families participated in the programme in 17 centres around the country.

SAGES taps into the valuable life experiences and knowledge older New Zealanders can share with families and individuals in need. SAGES volunteers can provide one-on-one life and home skills mentoring in areas such as:

- home management, management, budgeting and positive parenting
- communication skills
- self-esteem and confidence
- networking with organisations and within their communities to provide support.

Community Co-ordinators

We worked with the Volunteer Community Co-ordinators (VCCs) from the Office for Senior Citizens. The VCCs have strong community networks that contribute to policy and service development that helps make services for older people more accessible. Some of the work the VCCs have helped us with includes providing feedback and advice on user-testing of our Work and Income and Senior Services websites.

The VCCs also helped us to undertake a survey of older people to get their feedback on the services we deliver, and to ask them questions about where they would like to access these services and who they would go to if they needed help in a range of situations.

Turning 65 project

We led a cross-agency research project called the Turning 65 project. The purpose of the project is to provide information for policy makers and other interested stakeholders about the employment choices made by older New Zealanders. It focuses on finding out what motivates older people to continue in the paid work force, the barriers they face in the current labour market and the supports and services they need to continue in work. The research project findings and a partner document, *Maturity Matters: New Choices for Older People* (that reports the views of the participants in the Turning 65 project), will be released in September 2009.

New Zealand Carers' Strategy and Five-Year Action Plan

Published in 2008, the *New Zealand Carers' Strategy and Five-Year Action Plan* addresses some of the issues that have an impact on the thousands of New Zealanders who assist friends and family members that need help with everyday living because of ill health, or disability.

The five objectives of the Carers' Strategy are to:

- provide information
- protect the health and wellbeing of carers
- enable carers to take a break
- provide financial support for carers
- provide training and pathways to employment for carers.

Over this year we worked with Carers New Zealand to develop a survey of 500 carers and interviews with 150 carers seeking their views on what information they needed and the best ways to ensure carers were made well aware of their entitlements. The survey was conducted in late July 2009, and the results will feed into a wider information strategy and an information pack for carers on the support from government agencies available to them in their caring role. The pack will be released in September.

Transfer of War Pension services to the New Zealand Defence Force

In the early part of the year, with the exception of the processing of Veteran's Pension, the responsibility for processing and paying War Disablement Pensions, and related concessions and allowances transferred to the New Zealand Defence Force (NZDF). The following benefits and other unrequited expenses were transferred to the NZDF:

- Interest Concessions Land and Buildings
- Medical Treatment
- War Disablement Pensions.

Families and whānau, communities, hapū and iwi

Strong, safe and resilient families raise healthy, well-balanced children. Resilient families pull together in tough times and support each other. Most families can call on their extended whānau for the support they need, but not all families can.

We fund programmes to support communities to develop solutions that best fit their specific needs. We do this through various funding programmes.

Programmes we have provided for families and whānau, communities, hapū and iwi in 2008/2009 include the following:

Early support

Family Start

We contract to provide intensive, home-based support services for families with high needs. The Family Start programme targets those 15 per cent of families with the greatest needs, who have young children up to five years of age.

The initiative is made up of three components:

- The Family Start programme – provides home-based support services for families with high needs, ensuring that children have the best possible start in life.
- Family Start Study Awards – makes up to 50 study awards available each year to help family/whānau workers and supervisors employed in Family Start sites to gain a tertiary qualification in social work, health or early childhood education.
- Family Start Early Learning programme – provides financial assistance for up to 1,750 Family Start/Early Start client children so they can get access to early childhood education.

Strengthening Families

Strengthening Families (SF) is a whole of government initiative, administered by the Ministry, which co-ordinates a network of support for families requiring multi-agency assistance.

SF brings together a family and all the agencies that have a part to play in helping that family. Together, the family and the agencies develop an action plan that reflects the family's needs.

The early connection of families to services and the willingness of both government and community agencies to collaborate in providing the most effective service for each family, enables us to shift the focus from dealing with the consequences of difficulties in children's lives, to preventing things from going wrong in the first place.

Supported by 11 different government agencies and a variety of local community organisations, this community-based initiative operates across nearly 60 locations in New Zealand, each with its own network. SF is tailored to local needs and circumstances within each area, is overseen by a Local

6,500 families received these services from 32 sites.

Last year, over 1,500 families with social service providers participated in Strengthening Families.

Management Group and is supported by key government agency regional heads through a SF Regional Governance Group.

Integrated Service Response

The Integrated Service Response (ISR) is a family-focused case management approach to working with some of our most at-risk families.

The aims of the approach are to:

- provide intensive support to high-needs and vulnerable families
- expand the services to support these families.

While the ISR currently operates from 53 sites, over this year we've worked towards expanding the service to 10 additional sites (in 2009/2010), particularly as the labour market conditions have greatly increased the demand for Work and Income's frontline services.

Parent Support and Development programmes

Parents as First Teachers (PAFT)

This programme provides information, support and encouragement to parents to help their children develop during the crucial early years. It targets families/whānau on low incomes, young mothers, single parent families and those who lack family or community support or parenting information.

Home Interaction Programme for Parents and Youngsters (HIPPY)

This is a home-based child development programme which helps parents to build up the learning skills of their 4- and 5-year-old children. Together, parents and children work through a series of activities to help prepare children for school.

6,465 families were visited regularly by parent educators.

Young parent childcare payments

This initiative provided financial assistance for the cost of up to 30 hours of early childhood education a week. This is to encourage young parents under the age of 18 years, who are unable to access any other financial assistance, to remain in or return to secondary education. It is designed to remove childcare costs as a barrier for young parents to participate in school.

Strategies with Kids, Information for Parents (SKIP)

Strategies with Kids, Information for Parents (SKIP) is a programme consisting of resources and practical solutions to promote and support positive parenting. SKIP has grown from a strong research base and is well supported by national parenting and education based organisations such as Barnardos and playcentres.

This year, the initiative supported 54 new community projects (up from 42 in 2007/2008) helping many families to learn more positive parenting.

We formed new partnerships with businesses, youth related organisations and sports groups, including The Warehouse, Plunket, Kid Safe, and the Wellington Lions rugby team.

162 MSD-funded services nationwide provided budget advice and education for communities.

Budget Services

The Budget Services programme helps individuals and families to achieve their financial goals by giving them free access to financial education and group seminars, and to confidential one-to-one budget advice and assistance. This is provided by skilled budget advisors working in community-based, non-government agencies.

The service focuses on managing the household budget, not on providing advice on commercial or business finances. It is critical to family wellbeing and safety, and consistent with Family and Community Services' goal of delivering services that help families to become resilient, equipped and able to look after themselves and their children. In 2008/2009, budget service providers reported an increase in demand and a greater complexity of cases resulting from redundancies, mortgagee sales and other financial difficulties arising from the economic downturn and recession.

Eliminating family violence

Taskforce for Action on Violence within Families

In June 2005, the Taskforce for Action on Violence within Families was established to address family violence issues and to implement a work programme that would start to change the way New Zealanders viewed family violence. The taskforce consists of Chief Executives, and decision-makers from the government and non-government sectors, the judiciary and Crown agencies. Our Chief Executive is the chairperson.

In 2008/2009, the Taskforce oversaw progress in a number of areas, including the development and implementation of the Māori and Pacific Programmes of Action, new work on preventing child maltreatment, the Campaign for Action on Family Violence, and changes to domestic violence legislation. The Campaign for Action on Family Violence is one of the Taskforce's most visible initiatives.

Māori and Pacific Programmes of Action

In August 2008, the Taskforce agreed to the Māori and Pacific Programmes of Action. The programmes are practical frameworks for addressing the issue of family violence in these communities over the coming years. The Associate Minister for Social Development and Employment who has delegated responsibility for the Government's response to family violence, launched both Programmes on 31 August 2009.

As part of the development and the implementation of the Māori Programme of Action, the Māori Reference Group is working alongside iwi, hapū and Māori practitioners around the country to focus on the tools and strategies Māori themselves need to tackle issues of violence within their own communities and spheres of influence.

The development of the Pacific Programme of Action included consultation with a range of Pacific peoples. To achieve its mission, the approach of the Programme is based on the strengths of Pacific communities and driven by these communities. The Pacific Programme of Action aims to harness strong leadership from within the communities and to help develop future leaders.

Child Maltreatment Prevention

In October 2008, the Taskforce agreed on a programme of work to prevent child maltreatment. It consists of an integrated, cross-sector approach to preventing child maltreatment and draws on the growing evidence and knowledge base about the impacts of maltreatment on children.

The programme of work also focuses on interventions that will reduce the prevalence of maltreatment among under two-year-olds, as very young children are the most vulnerable to maltreatment. There is clear evidence to demonstrate that if we intervene early we can significantly improve outcomes for these children, and in the long-term for society at large.

In 2008/2009, four reviews relating to child maltreatment were completed in the health, education, social services and community sectors. These reviews identified areas where we can improve our investment in existing services and programmes, as well as areas where there are future opportunities to address key gaps in the prevention of child maltreatment.

Printed resources are:

- *Are you OK?* booklet
- *It is OK to ask for Help*
- *Protecting Children is Everyone's Business*
- *Community Action Toolkit*.

Family Violence Prevention

Our Family Violence Prevention initiative consists of a number of programmes including communications, a Community Action Fund, assistance to Children who Witness Family Violence, and Whānau Violence Prevention.

During 2008/2009, the Campaign for Action on Family Violence continued its media advertising campaigns in partnership with groups such as the Families Commission, local government agencies, sports and youth related organisations. It also continued to identify campaign champions and spokespeople. The campaign deals with all aspects of family violence.

Resources produced to support the It's not OK campaign have proved popular with communities all around New Zealand. All resources can be viewed and ordered through the campaign's website at www.areyouok.org.nz

Among other initiatives, we continued to support and promote the 0800 Family Violence Information Line, and to further develop the campaign's website as an effective medium for providing information and advice.

This year the Wellington-based netball team, the Suzuki Pulse, supported Women's Refuge and the It's not OK campaign by promoting the message that women and children have the right to live free from violence.

In September 2008, as part of a joint project between our SKIP initiative, The Warehouse and the DIY Father, Alfred Nagaro (one of the faces of the It's not OK campaign) we worked with over 50 dads at The Warehouse's North Island Distribution Centre in South Auckland to share stories and ideas about what it means to be a great dad.

"This was an exciting work-based parenting initiative. There is no rule book or training manual so these dads got together to share stories, ideas, tips and photos about what it means to be a great dad and to help other dads be the best fathers they can be," says Alfred.

The Community Action Fund – supported 49 projects (a total of 146 since February 2007) to help non-governmental organisations (NGOs) and other community initiatives to prevent family violence.

Results of the It's not OK campaign for 2008/2009:

- 95 per cent awareness of the campaign – up from 87 per cent in 2007/2008
- one in five people have taken action as a result of the campaign
- nearly six out of 10 people believe they could influence someone else's behaviour.

For more stories like this go to www.familyservices.govt.nz

Campaign champions include:

- Super Māori Fullas
- Breakers Basketball
- Poverty Bay Rugby Union
- Women's Refuge
- Suzuki Pulse Netball.

Children and Young People who Witness Family Violence – contracted 44 agencies (up from 30 in 2007/2008) to employ child advocates who support agencies working with these children and young people.

Whānau Violence Prevention – funded training and support to nearly 100 Māori practitioners to provide interventions by Māori for Māori.

Family Violence Intervention programme

This programme acknowledges that New Zealand has a high rate of family violence and that many victims are likely to be beneficiaries of Work and Income. This makes Work and Income Service Centres an excellent point of contact to identify and support them.

Work and Income case managers have been trained to identify and respond to people who are living in or leaving violent family situations.

The programme ensures that Work and Income staff:

- have a greater awareness of the effects of family violence and an awareness of the barriers victims face to participating fully in the community
- provide a safe environment for people experiencing family violence
- develop close links with local family violence service agencies
- are able to help people experiencing family violence get access to appropriate support services.

Supporting Communities and Community Organisations

Community Response Fund

In the first round, we received 249 applications for assistance from the fund.

In May 2009, the Minister of Social Development and Employment announced the creation of a new fund to support critical social services in New Zealand during the economic downturn. The fund is a short-term fund designed to help those community-based social services facing severe cost and significant demand pressures that struggle in the current economic environment to provide vital services to our most vulnerable individuals and families.

The Government has made up to \$40 million available in the first year of the short-term fund that provides one-off grants for 12 months, or for shorter periods, to providers of critical social services.

In the first round 164 community organisations received a grant, with a total amount of \$8.8 million awarded. Successful providers will receive funding from September 2009. Sixty-four per cent of this funding went to community organisations experiencing an increase in numbers of referrals for services and assisting more families under stress.

Regional panels comprising funding advisors from other government organisations, community representatives and ourselves, decide which applications to fund.

Heartland Services

The intention of this initiative is to make government services more accessible to rural, remote and disadvantaged communities.

Heartland Services Centres provide a one-stop-shop for a number of government initiatives. They also provide the opportunity to improve links between government and the community. Heartland Services has the potential to be the starting point for more co-ordinated planning and processes, and the delivery of more services.

Last year 25 government agencies and 55 NGOs delivered services from Heartland Services Centres.

Community Links

Community Links connect people to integrated social services, supporting them to achieve positive outcomes. We work together with community-based providers and other government services in the shared Community Link environment. We know that joining up is a more effective and efficient way to deliver services to our common clients, and for us. We also know the community sector plays an essential role in the support of children, young people and families.

In 2008, we opened our first Community Link site in Linwood. Since then, we have established seven new Community Link sites in Glen Innes, Rotorua, Huntly, Flaxmere, Naenae, Ashburton and Kamo. We are working towards increasing the Community Link presence across New Zealand in the next financial year.

Community Initiatives Fund

The Community Initiatives Fund (CIF) provides financial support to community leaders for innovative social development initiatives. CIF funding is available across New Zealand for projects that help to fill the social development needs of a community. Applications are considered by regional panels and then put through a national moderation process chaired by Family and Community Services, before receiving ministerial approval.

Funding is time limited for 1–3 years and covers the costs of the community leaders' fees and immediate expenses only. It is expected the sponsor of the project or other community groups will contribute towards the costs of the project, thereby demonstrating community support.

Eight community-based projects were funded in 2008/2009 with 95 per cent of expected outcomes being achieved.

Settling In – Refugee and Migrant Social Services

The aim of Settling In is to help refugees and migrants develop the skills, knowledge and confidence they need to become fully-functioning participants in their new communities. The programme focuses on a wide range of outcomes including health and wellbeing, social connectivity, host community relationships and family lives, parenting and eliminating family violence.

During 2009/2010 we will consolidate the programmes currently underway, as well as formally establish the Settling In programmes in Palmerston North, Albany and Tauranga.

We have funded more than 30 projects with 24 territorial authorities to assist refugees and migrants. More than 60 ethnicities have been participating.

Improving the Community-Government relationship

The Office for the Community and Voluntary Sector worked throughout the year on building the capacity of the community and voluntary sector to engage with government and for government to improve its relationship with the sector. On the government side, the Office ran Good Practice in Action seminars for public servants so that an increasing number of public servants are better informed about how to engage effectively with the community and voluntary sector.

On the community side, the Office convened and funded the sector to develop a report on Building Better Government Engagement (BBGE) which included options for building engagement skills, knowledge and values about the public service. It also organised regional and online discussion groups for the sector.

The Office also examined the impact the economic recession may have on the non-profit sector, consulting with other government departments, community leaders and philanthropists. As a result, it has set up a web page on the Office for the Community and Voluntary Sector website that provides links and access to information about practical ideas to help community groups do things differently during the recession. Refer to www.ocvs.govt.nz

Organisational health and capability

The global economic situation and the need for increased productivity means the Public Service needs to manage to do more with less. This includes finding new, smarter ways of working, reviewing our processes and systems end-to-end and, where necessary, reviewing our structures to move 'back office' resources to the frontline.

Strong financial management

Like everyone else, we have to live within a budget and we have a variety of demands on how we prioritise our spending. We're committed to delivering value for money as part of our ongoing business strategy. To ensure we have strong financial management we regularly review our expenditure and our programmes with the help of a dedicated financing committee.

Value for Money (VfM)

We have implemented an ongoing VfM review to meet identified cost pressures (primarily wage and rental costs) over the four-year period to June 2012. We have identified at least 80 per cent of the potential savings identified in the 2008 VfM initiative and we are committed to finding the balance.

We have established a permanently resourced VfM Programme Unit that is supported by an externally-chaired Advisory Board. This Advisory Board contains other external members who bring specific expertise to the Ministry's VfM approach.

We have identified a range of productivity and efficiency enhancements to ensure we are financially sustainable, including:

- the increased use of technology and online services
- business process re-engineering
- delivery strategies to get the appropriate mix of insourcing and outsourcing, supported by enhanced property strategies.

We developed a significant change proposal that, in addition to delivering on our value for money commitments, will:

- strengthen frontline service delivery by re-balancing resources away from national office and back office functions and towards frontline service delivery
- simplify organisational structures within our business lines, making them more transparent.

Developing our people and future leaders

To provide our staff with the broad skill-sets required for working with individuals and families, and with other organisations, we have introduced NZQA-recognised qualifications.

We support our social workers through education and registration. More than 75 per cent of Child, Youth and Family field social work staff have a Level six or higher social work qualification (up two per cent from 2007/2008). Around 850 of our Child, Youth and Family staff are registered social workers, with a further 300 currently working towards social worker registration (an increase of 50 for both social workers and for those working towards social worker registrations from 2007/2008).

Our principles

- Put people first
- Team up to make a bigger difference
- Act with courage and respect
- Empower others to act
- Create new solutions
- Are, can do
- Honour achievement.

Above all, we do the right thing for New Zealanders.

Effective management and leadership is key to achieving results

Our focus for leadership development and succession includes building talent pools for key roles. This includes accelerated development programmes for Māori and Pacific staff.

Identifying and developing the leadership

We identify and develop employees who will make great leaders:

- Early this year we selected 16 high-potential staff to participate in our new Emerging Leaders programme (ELP). Participants attend a programme of internal workshops and business change projects over nine to 12 months that will develop their skills and knowledge.
- Our Students, Seniors and Integrity Services service line introduced a Future Leaders Forum for staff at Service Manager or equivalent level. This helps to develop and strengthen leadership capability, builds a more robust senior leadership career path, and builds a greater depth of talent for succession. Participants receive individual assessments, tailored development plans, and coaching.
- We now have four accredited internal coaches who support our middle and senior managers through individual coaching and tailored development plans.
- The Ministry's Leadership Team takes an active role in reviewing the development needs of our senior managers. Our annual People Forum was held in June 2009 and was an opportunity for the Leadership Team to discuss our leaders' developmental progress.
- We currently have a small number of managers participating in leadership programmes through the Leadership Development Centre (LDC). These include the Public Sector Advanced Leadership programme and the Australia and New Zealand School of Government (ANZSOG) Executive Masters and Fellows programmes.

NGO Leadership Development programme

In March 2009 we provided support to Pacific NGO service providers to build a leadership development programme for their sector. This will help to raise leadership capability across the wider sector.

Maintaining industrial relations

The Ministry is industrially stable. There was a reduction in overall recruitment across the Ministry in the 2008/2009 financial year. Staff turnover has dropped to under 10 per cent – the lowest it's been since the establishment of the Ministry in 2001.

In 2008/2009 we:

- supported major change initiatives in Work and Income, Child, Youth and Family, Students, Seniors and Integrity Services, and National Office that support government expectations to focus resources on providing frontline services
- commenced negotiations to renew the Child, Youth and Family PSA main staff collective agreement
- agreed to implement common leave provisions for Practice Leaders in Child, Youth and Family
- held the 2008/2009 remuneration ranges at the 2007/2008 levels set for National Office staff.

Equal Employment Opportunity

As a good employer, we are committed to offering equal employment opportunities.

One-half of all the Ministry's senior managers are female, 25 per cent of our staff identify as Māori, 12 per cent as Pacific peoples, and 7 per cent as Asian. This means we are better able to understand, have access to, and help our diverse communities.

To contribute to demographic diversity, staff with the potential to be Māori and Pacific leaders are invited to apply to take part in our Te Aratiatia programme. The programme is designed to prepare them for management roles. Te Aratiatia has been very successful to date: since 2002, almost 80 per cent of participants have been appointed to manager or more senior roles.

Our technology

Information and communication technology (ICT) is integral to our work and to achieving results. Technology underpins our ability to serve people through our extensive network of telephone contact centres, to support staff in face-to-face dealings with people and, increasingly, to deliver services directly over the internet. We are also in the middle of an extensive modernisation of our core infrastructure that will enable our workforce to become more mobile and collaborative, thereby enhancing productivity.

Modernising our capability

We have continued to improve our technology to support our case managers.

We have focused on a range of significant programmes to modernise our technological capability and to enhance our productivity. These include the following programmes:

Online Services

We completed the development of a Ministry e-transformation strategy. This strategy is about harnessing our systems and the online channel so we can increase our efficiency and effectiveness, and provide better services to clients.

Over the next year we are introducing a range of new online services for students, working age and older clients. We will also move a lot of transactional activity online so our frontline staff are freed up to work more intensively with clients and their families. These online services will mean:

- clients will be able to update personal details, declare income, and view payments and debt balances online
- online tools will provide information about how to get assistance and enable clients to self-assess their eligibility
- clients will be able to apply for some types of assistance over the internet, and to receive correspondence electronically
- employers will be able to list vacancies online and jobseekers will be able to apply for jobs online.

Voice Enabled Technology

In May this year we implemented an automated voice system called Voice Enabled Technology (VET) in our Work and Income contact centres. VET asks the identifying questions a customer service representative (CSR) usually asks. Through VET each caller is asked to declare their reason for calling up-front. This information appears, along with the identity information, in a screen pop-up for the CSR. This helps the CSR to greet the client in a more welcoming way and to focus more immediately on what the client needs. Using VET has resulted in a saving of eight seconds of average call-handling time for each call.

We have focused on three significant programmes to modernise our technological capability. These programmes include the following:

Telecommunications Services review

The Ministry appointed Gen-i as its preferred telecommunications and network supplier. We are now nearing the completion of a nationwide transition of networking infrastructure and services. More than 3,000 voice circuits have been switched.

Infrastructure Roadmap programme

We are undertaking a complete revamp of our standard desktop operating environment, and corporate email, file and print, and directory services.

SWIFTT and TRACE transformation

We are nearing the completion of the migration of our core benefit payment and debt management systems to a modern computing environment.

Technology strategies we are working on include:

- Client Channel Strategy – extending the reach of the Ministry to people through multi, digital channels that respond to different people's needs and are efficient, secure and reliable.
- Client Centric Case Management – consolidating client information into a unified view of our clients across the Ministry's service lines, and providing enhanced tools to enable client-centric business processes.
- Digital Content and Knowledge – creating a reliable, secure and accessible digital record from our client-related and corporate information

and knowledge. A key part of this is the digitisation of client records, and IT is working with Work and Income on this. Another key element is to make our file management system secure and accessible to the whole organisation and to ensure we comply with legislative requirements for the preservation of official information. In the same vein, we want to ensure the content on our intranet is accurate and matches that in our file management system.

- Core Systems Transformation – the ongoing modernisation of our business applications so they will continue to be fully supportable, cost effective, and meet our emerging business needs. Key issues are the renewal of IT assets (software and hardware) and how to extend the life of our current assets given the potential costs of replacing our systems.
- Infrastructure Modernisation – ensuring the continuous uninterrupted delivery of critical business functions in a cost effective manner. Key focus areas are the synchronisation of devices, the better enablement of collaboration technologies like video conferencing, and more flexible access to technology.

eGovernment

We will undergo a technical proof of concept of the Government Logon Service (GLS) to understand how we can incorporate into our online services an all-of-government capability for citizens.

The Identity Verification Service will provide government agencies with a high level of confidence confirming the identity of the online user, while placing people in control of their transactions and protecting their privacy. We are active contributors to the steering and working groups for this project.

We comply with the State Services Commission's eGIF framework for e-Government interoperability, and we meet regularly with fellow eGIF participants.

Our property

As the Ministry has expanded its services, our presence in the regions has grown. We manage our property portfolio so the service delivery arms of the organisation can provide the best service to people.

In 2008 we opened our first Community Link site in Linwood. Since then we have opened a further seven Community Links around New Zealand. These include sites in Ashburton, Rotorua, Kamo, Naenae, Huntly, and Flaxmere. We have plans to open more sites in 2009/2010.

We have a progressive programme for our social development regional offices across the country. Following our four successful upgrades last year, we recently completed the refurbishment of the Nelson regional office.

Our Child, Youth and Family offices are also being refreshed to ensure their receptions and meeting areas are family and children friendly. We completed the revamp of 29 Child, Youth and Family office receptions in 2008/2009 and have plans to refresh a further 14 sites in the forthcoming year. Future plans to refresh offices have been done in conjunction with the work we are doing to progressively develop more Community Link centres in regions throughout New Zealand.

Managing performance and integrity

The Leadership Team is supported by a set of subcommittees focused on key areas of the Ministry's performance. The Audit Committee meets quarterly to independently review all aspects of our operations. The Value for Money Advisory Board provides direction and guidance on our Value for Money review.

Governance arrangements

The Leadership Team oversees the Ministry's capability and capacity to deliver our strategic priorities. It receives monthly reports on a range of performance and risk issues. In 2009, three new governance subcommittees focusing on Information Technology, Human Resources and Industrial Relations, and Finance and Capital Asset Management were established. These governance arrangements ensure the key areas of the Ministry's operations achieve focused scrutiny from top management.

Audit Committee

Our Audit Committee independently advises the Chief Executive and it has the mandate to look across all our activities.

The committee meets four times a year and is chaired by one of three external members. Between them, the committee members have extensive experience in public and private sector financial and risk management, governance, and the management of large projects, including IT.

Value for Money Advisory Board

The Advisory Board provides advice and support to the Chief Executive on the implementation of the Ministry's Value for Money work programme and on opportunities to embed a culture of efficiency and value for money in our ongoing business-as-usual activities.

The Advisory Board meets formally five times a year and is chaired by one of the three external members.

Measuring performance and cost effectiveness

Performance measures tell us whether we are delivering services well. Indicators tell us what difference our services are making in improving the lives of those receiving them. The Ministry is committed to an ongoing review of our indicators and performance measures to improve the impact our services have for people, and to improve the efficiency of our services. We also regularly evaluate the Ministry's programmes to confirm they meet our objectives.

New indicators have shown the proportion of Unemployment Benefit applicants who do not need a benefit within 28 days of attending a Work for You seminar has grown. Savings in benefit not paid to these people is an indication of the effectiveness of this approach. A related

set of performance measures are included in the Output Plan showing the Ministry's performance in Tailored Sets of Services to Help People into Work or Achieve Independence. These measures will improve our knowledge of the effectiveness of services to get people into work.

Two new outcome indicators have been developed to provide information on repeat offending by youth justice clients and reoccurring cases of child abuse and neglect. These indicators will help us to improve the effectiveness of our services to reduce youth offending and of our services to break cycles of child abuse.

Service performance

In 2008/2009 the Ministry continued to maintain a high level of performance in delivering its services to New Zealanders. As at 30 June 2009, the Ministry applied a total of 95 performance measures to the full breadth of its services. Twenty measures (21 per cent), exceeded the performance standard by more than five per cent. Sixty-eight measures (72 per cent) achieved the required standard and the remaining seven measures (seven per cent) were under the standard, but only one measure was under by more than five per cent.

This measure was Getting Clients into Work: 'The proportion of job-seeking clients in receipt of a main benefit with a duration of six months or more, who exit into employment will be 35%'. New sustainable employment measures and targets are to be introduced for 2009/2010 to take account of the shifts in the economy we have faced over the last year.

Complying with our legal obligations

Complying with our legal obligations is the responsibility of every member of the Ministry's staff. This year we have implemented an overarching, centralised legislation compliance programme to monitor our compliance with all relevant legislation. This programme will assure us that we comply with all relevant legal obligations across the Ministry.

Our internal policies translate the law into practical guidelines for staff, tailored to the Ministry's business. Our Legal Services team works with managers across the Ministry to ensure those policies properly reflect the law. This is backed up by a rolling programme to systematically check all policies against the underlying legal requirements. This has been enhanced over the last year by requiring business groups to complete legislation compliance checks using a software programme specifically designed for this purpose. Compliance levels will be independently checked by our Risk and Assurance team as part of the 2009/2010 Total Assurance Plan.

Legal Services works with business areas to ensure the staff are aware of our legal requirements and are able to identify legal risk. This complements the Ministry's wider risk management approach.

Risk management in a changing environment

The current economic climate means more people and families are accessing our services. This means we are seeing an increase in the number of people wanting unemployment benefits, third-tier assistance, budget and counselling advice and care and protection services.

Managing this increasing demand requires good judgement by our people to make sure decision making follows our policies and practices. In this environment, it's vital that our key internal controls continue to be effective and that risks are actively managed.

We keep an eye on what's going on through our Total Assurance Plan, so we can be confident the things we rely on to keep us safe are operating as they should be. As part of this, we monitor the control environment to see how well it's working and we determine if the Ministry's network of risk management activities, controls and governance is adequate and functioning effectively.

Maintaining the integrity of our benefit system

Each year, we handle around 98,000 client interactions relating to error, abuse and fraud, and the collection of non-current debt.

It is important New Zealanders have trust and confidence in how we deliver income support to people. We have a dedicated Integrity Services team made up of five units with 450 staff in 15 locations nationwide in the 2008/2009 year. Over the past year, we have:

- investigated more than 26,400 cases of potential benefit fraud
- compared more than 22 million records through data matching with other agencies to detect incorrect benefit payments
- been successful with 95 per cent of the benefit fraud cases we've prosecuted
- developed a specialised integrity and fraud awareness resource to ensure staff know what is required of them in maintaining the integrity of the Ministry and its payment systems
- concentrated on identifying fraud risk and used the knowledge based approach in our field work.

95 per cent of current beneficiaries are repaying their balances owed, 80 per cent of former beneficiaries are either repaying or have repaid their balances owed.

We separate balances owing arising from recoverable assistance and advances from debts arising from overpayments and fraud. Recoverable assistance offers critical additional financial help to people in need and is an alternative to interest bearing debt. It helps people with their immediate and essential needs such as:

- outstanding power, gas, water costs
- bonds and rents
- fridges and washing machines
- school uniforms, car seats for children.

We know that debt from benefit overpayments has a negative impact on people, families, whānau and communities. Over the next year we will work to assure the integrity of the Ministry's systems and processes and to minimise debt for people by:

- preventing and reducing fraud
- preventing, reducing and collecting overpayments
- supporting full and correct entitlement.

We will achieve this by:

- continuing to build on existing ways that have produced effective responses, such as:
 - increasing the number of frontline investigators to investigate cases of fraud
 - reviewing and improving our data-matching programmes with other agencies
 - developing a set of integrity standards so that, wherever you work in the Ministry, you can help support the integrity of the benefit system
- developing an intelligence-led work programme that will improve and increase activities across the Ministry to minimise and mitigate the consequences of fraud
- raising the awareness of staff integrity issues for all staff across the Ministry
- developing and implementing a programme of work that improves debt collection activities
- through our National Programme Centre, developing the capability and tools to manage the increasing numbers of risk-driven desk based investigations.

Strong leadership and governance combined with a culture of risk-smart behaviour and a commitment to maintaining the integrity of the benefit system mean we're well placed to deliver on our commitments.

Statement of Responsibility

In terms of the Public Finance Act 1989, as Chief Executive of the Ministry of Social Development, I am responsible for the preparation of the Ministry's financial statements and statement of service performance and the judgements made in the process of producing those statements.

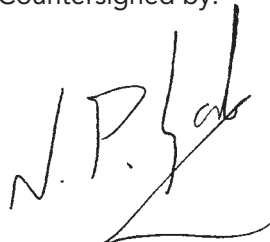
I have the responsibility for establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of our financial and non-financial reporting.

In my opinion, these financial statements and statement of service performance fairly reflect the financial position and operations of the Ministry of Social Development for the year ended 30 June 2009.



Peter Hughes
Chief Executive
30 September 2009

Countersigned by:



Nick Gale
Chief Financial Officer
30 September 2009

To the readers of the Ministry of Social Development's financial statements and statement of service performance for the year ended 30 June 2009.

The Auditor-General is the auditor of the Ministry of Social Development (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit. The audit covers the financial statements and statement of service performance included in the annual report of the Ministry for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Ministry on pages 61 to 92:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Ministry's financial position as at 30 June 2009;
 - the results of its operations and cash flows for the year ended on that date;
 - its expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009; and
 - its unappropriated expenses and capital expenditure for the year ended 30 June 2009.
- The schedules of non-departmental activities on pages 93 to 118 fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.
- The statement of service performance of the Ministry on pages 37 to 59:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards included in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses included in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 30 September 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Chief Executive and the Auditor

The Chief Executive is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Ministry as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The financial statements must also fairly reflect the expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2009. The financial statements must also fairly reflect the Department's unappropriated expenses and capital expenditure for the year ended on that date.

In addition, the Chief Executive is responsible for preparing schedules of non-departmental activities, in accordance with the Treasury Instructions 2008 that must fairly reflect the assets, liabilities, revenues, expenses, contingencies, commitments and trust monies managed by the Ministry on behalf of the Crown for the year ended 30 June 2009.

The statement of service performance must fairly reflect, for each class of outputs, the Ministry's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year.

The Chief Executive's responsibilities arise from sections 45A and 45B of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 45D(2) of the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assignment in the area of Independent Quality Assurance (IOA) over the tender evaluation process of Social Workers in Schools Waitakere Tender, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Ministry.



Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

"Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of Ministry of Social Development for the year ended 30 June 2009 included on the Ministry of Social Development's website. The Chief Executive is responsible for the maintenance and integrity of the Ministry of Social Development's website. We have not been engaged to report on the integrity of the Ministry of Social Development's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website. The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 30 September 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions."

Statement of Objectives and Service Performance

For the year ended 30 June 2009

Vote Social Development

Output Expense: Adoption Services

Scope

The management of services, incorporating education, assessment, reporting, counselling, and mediation, to all people who are party to adoption-related matters, past or present.

Summary of Performance

Ninety-eight per cent of prospective adoptive parents, who attended the Child, Youth and Family's education programme, evaluated the programme, as achieving its objective of preparing them adequately for their assessment for suitability to adopt.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ¹ 2009 \$000
	Revenue			
8,138	Crown	7,744	8,644	7,744
64	Department	86	46	46
-	Other	-	-	-
8,202	Total Revenue	7,830	8,690	7,790
7,343	Total Expense	7,239	8,690	7,790
859	Net Surplus/(Deficit)	591	-	-

Service Performance

Output: Adoption Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
98.6%	Quality Percentage of prospective adoptive parents evaluating the education programme ² as achieving its objectives ³ :	98.2%	95%

Output Expense: Care and Protection Services

Scope

Social work services, both statutory and informal, that protect and assist children and young people who are in need of care and protection.

Summary of Performance

All care and protection performance measures in this output expense have exceeded their minimum standards.

Being responsive to children and young people in need of care and protection services is a key priority for Child, Youth and Family. Response times to notifications continue to exceed the minimum standards set out in the 2008/2009 Output Plan despite an increase in notifications of approximately 20 per cent this year.

1 This includes transfers made under section 26A of the Public Finance Act 1989.

2 Programme delivered by Child, Youth and Family to prepare adoptive applicants for receiving an adopted child.

3 Research showed that educating and preparing prospective adoptive parents resulted in more stable adoptions and in less placement disruption. It is rare for disruption to occur between the making of an Interim Adoption Order (which occurs when consent to the adoption is made 11 days after the birth of the child) and the Final Adoption Order.

Our improved responsiveness has resulted in social workers engaging with children and families to assess safety and make decisions earlier, supporting the achievement of improved outcomes.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
312,953	Crown	314,412	298,036	314,412
2,283	Department	2,153	797	797
1,524	Other	1,653	1,799	1,799
316,760	Total Revenue	318,218	300,632	317,008
310,461	Total Expense	312,435	300,632	317,008
6,299	Net Surplus/(Deficit)	5,783	-	-

Service Performance

Output: Intake, Investigation and Assessment

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
	Timeliness <i>Response to notifications</i> Notifications allocated to a social worker for investigation within timeframes:		
97%	Critical – within 24 hours	98.5%	95–100%
96.4%	Very Urgent – within 48 hours	97.5%	90–95%
	Action taken at sites by a social worker to establish the immediate safety of the child or young person, and to confirm the response time and further action required, within timeframes:		
85.2%	Urgent – within 7 days	82%	50–85%
94.9%	Low Urgent – within 28 days	94% ⁴	50–85%
83.2%	Percentage of investigations that will be completed in 90 days is no less than ⁵ :	88.3% ⁶	70%

4 A wide range of initiatives and changes to the processes including improved recording and co-ordination of information has been seen at each site. This has meant the implementation of the Intake and Assessment systems across all sites has led to greater efficiencies in work processes and in providing services to children and their families.

5 This performance measure focuses social work activity on the achievement of an outcome to a notification. Reporting captures the length of time it takes to complete an investigation from allocation to assessment decision.

6 Wide ranging initiatives and changes to processes, including improved recording and co-ordination of information has meant that all sites have managed their investigation volumes in a timely manner and have been more efficient in their work with children and their families. The measure exceeded its standard by 18 per cent even though the number of investigations completed overall increased by 28 per cent from last year.

Output: Case Management⁷

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
77.4%	Quality Percentage of children and young people whose care and protection Family Group Conference plans were completed and the objectives were assessed as being met:	88.9% ⁸	80%
96%	Timeliness Percentage of care and protection Family Group Conference plans reviewed on time ⁹ :	98.3% ¹⁰	90%

Output Expense: Collection of Balances Owed by Former Clients and Non-beneficiaries

Scope

Services to manage the collection of overpayments and recoverable assistance loans from former clients and other balances owed comprising of Student Allowance overpayments, Liable Parent contributions, and Court ordered maintenance.

Summary of Performance

All performance measures for this output expense for the 2008/2009 year were exceeded.

The value of debt collections in 2008/2009 (\$78.6 million) was within the target range of \$77 million to \$82 million, but towards the lower end of that range, and less than the previous year's result of \$83.1 million. This amount is reducing due to the current economic climate and an increase in the number of clients receiving a benefit, which in turn reduces the number of former clients having their debt recovered via this Output Expense.

The collection units continue, to focus on making arrangements with former clients and students to repay, as quickly as possible. Eighty-four per cent of former clients and students with a debt have either repaid or are repaying within four months of these being received by a collection unit.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ¹¹ 2009 \$000
	Revenue			
16,596	Crown	16,594	19,811	16,594
144	Department	181	180	180
-	Other	-	-	-
16,740	Total Revenue	16,775	19,991	16,774
15,378	Total Expense	16,342	19,991	16,774
1,362	Net Surplus/(Deficit)	433	-	-

7 This output includes family/whānau agreements and holding care and protection family group conferences for children, young people and their families, with a priority of achieving permanency for children being put into Child, Youth and Family care.

8 Wide ranging initiatives and changes to the processes, including improved recording and co-ordination of information, have enabled all sites to manage their family group conference volumes in a timely manner. This has resulted in the measure exceeding the 2008/2009 standard by 8 per cent. Thirty-four out of 42 Child, Youth and Family sites exceeded the standard.

9 Each family group conference is reviewed within timeframes established in the particular plans.

10 The initiatives and changes to processes have enabled all Child, Youth and Family sites to manage their family group conference volumes in a timelier manner. As a result, this measure exceeded its standard by 8 per cent.

11 This includes transfers made under section 26A of the Public Finance Act 1989.

Service Performance

Output: Collection of Balances Owed by Former Clients and Non-beneficiaries

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
\$83.147m	Quantity The actual amount of money collected by the Integrity Services Collection Units is expected to be ¹² :	\$78.5m	\$77m–\$82m
84.3%	Quality The proportion of former clients and students on arrangement to pay, or paid in full within four months of the balance of overpayments and recoverable assistance loans transferring to the Integrity Services Collection Units will be no less than:	84%	82%

Output Expense: Development and Funding of Community Services

Scope

Management of Government funding of community-based social and welfare services.

Summary of Performance

Funding agreements with all providers who were contracted by Child, Youth and Family complied with Treasury Guidelines for non-government organisation (NGO) contracted services.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ¹³ 2009 \$000
	Revenue			
8,170	Crown	8,118	7,998	8,118
65	Department	78	59	59
-	Other	-	-	-
8,235	Total Revenue	8,196	8,057	8,177
7,614	Total Expense	7,567	8,057	8,177
621	Net Surplus/(Deficit)	629	-	-

¹² The money collected from those former clients and students no longer in receipt of a benefit. Following further assessment of the amount collected from former clients and students, the standard for this measure has been revised in the 2009/2010 Output Plan and differs from the standard stated in the 2009/2010 Estimates of Appropriations. The amount in the Estimates is \$70 million–\$76 million.

¹³ This includes transfers made under section 26A of the Public Finance Act 1989.

Service Performance

Output: Development and Funding of Community Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
79.9%	Quality All funding agreements will have their provider monitoring reports reviewed and assessed at least once per year for contract compliance:	100%	100%
100%	All providers contracted under the Children, Young Persons and Their Families Act 1989 will be assessed at least once every two years against Child, Youth and Family's Approval Standards ¹⁴ :	100%	100%

Output Expense: Family and Community Services

Scope

Provision of leadership and co-ordination services to support and strengthen families and whānau; including providing information and advice that assists families, young people and communities and managing preventative social services programmes.

Summary of Performance

In 2008/2009 over 110,000 people gained access to government and non-government social services through our 35 Heartland Services Centres.

In 2008/2009 we administered over 1,400 funding agreements with more than 700 community social service providers, to deliver services to families and communities and to increase the capability of community organisations.

In 2008/2009 the Local Services Mapping process was completed with nine territorial authorities to support communities to identify their own solutions and to better connect families to the services they need. Outcomes of these processes include disability forums, the improved alignment of parenting services and programmes, the development of youth forums and youth activities, projects to combat truancy and family violence, and a community effort to raise funds for a new emergency house, which is now in operation.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ¹⁵ 2009 \$000
	Revenue			
29,811	Crown	32,301	31,388	32,301
224	Department	317	129	129
-	Other	-	-	-
30,035	Total Revenue	32,618	31,517	32,430
28,960	Total Expense	31,568	31,517	32,430
1,075	Net Surplus/(Deficit)	1,050	-	-

¹⁴ This covers all providers contracted under sections 396 and 403 of the Children, Young Persons and Their Families Act 1989 who are classified as high or medium risk providers.

¹⁵ This includes transfers made under section 26A of the Public Finance Act 1989.

Service Performance

Output: Leadership Facilitation and Planning Processes

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
21.1	Quantity The average number of agencies operating out of Heartland Services Centres ¹⁶ on a monthly basis will be no less than:	27 ¹⁷	21
9,116	The average number of clients using Heartland Services Centres on a monthly basis will be no less than:	8,355 ¹⁸	7,000
35	The number of Heartland Services Centres will be maintained at no less than:	35 ¹⁹	34
100%	Quality The proportion of contracts meeting standards outlined in the Treasury Guidelines for Contracting with Non-Government Organisations for services sought by the Crown will be no less than:	100%	100%
Standard met	All funding agreements will have their providers monitoring reports reviewed and assessed at least once per year for contract compliance:	Standard met	Standard met

Service Performance

Output: Provision of Information and Advice

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
100%	Timeliness The percentage of community profiles developed through Local Services Mapping that result in an action plan within 12 months of publication will be no less than:	91.7%	90%
3 working days	The time taken to action requests received from providers to update their details on the National Directory will be no more than:	2.5 working days	5 working days
99%	The percentage of payments to providers that are made in accordance with their contracts will be no less than:	97.5%	97%

Output Expense: Income Support and Assistance to Seniors

Scope

This appropriation is limited to paying New Zealand Superannuation and social security entitlements (including administering related international social security agreements) and providing advice and brokering services to help older people maintain independence and social participation; and administering international social security agreements relating to non-superannuitants.

Summary of Performance

We met all but two of the performance measures in services for seniors.

While we did not achieve the overall standard for accuracy we have seen a steady overall improvement overall (by 3.8 per cent) in our results over the last seven months. We will continue work to maintain this momentum.

16 These Heartland Services measures were developed as quantity measures but also as a proxy for quality. As attendance is voluntary, the assumption made is that if the services are not useful neither the agencies nor the clients would use the centres.

17 An increase in interest from community organisations to deliver services from Heartland Services Centres has resulted in higher than anticipated agency numbers.

18 Two advertising rounds have raised Heartland's profile in communities and we have seen higher customer numbers as a result.

19 Family and Community Services is funded to maintain no less than 34 Heartland Services Centres, and it currently provides services from 35 centres.

The client satisfaction performance measure for International Services was not met this year. We have identified three areas where we can put a strategy in place to improve client satisfaction for our International Services clients. These areas include easy access to accurate information, client services, and better telephone contacts.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ²⁰ 2009 \$000
	Revenue			
40,403	Crown	34,911	38,831	34,911
318	Department	390	412	412
-	Other	-	-	-
40,721	Total Revenue	35,301	39,243	35,323
40,146	Total Expense	34,952	39,243	35,323
575	Net Surplus/(Deficit)	349	-	-

Service Performance

Output: Services to Seniors

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
94.3%	Satisfaction The percentage of clients satisfied with the level of service provided will be no less than:	94.6%	90–95%
87.9%	Accuracy²¹ The percentage of entitlement assessments completed accurately will be no less than:	87.1% ²²	92%
82.7%	Timeliness The percentage of entitlement assessments completed within five working days will be no less than:	84.9% ²³	85%

20 This includes transfers made under section 26A of the Public Finance Act 1989.

21 This measure reflects the speed with which these applications are processed as this is the primary source of income for these clients.

22 Work has been done with all our regions to improve accuracy. Although this measure did not achieve the standard, this year we have seen a steady improvement overall in our results (over the last seven months) by 3.8 per cent. The Ministry will continue to work with all the regions to maintain this momentum.

23 Work has been done with all our regions to improve timeliness. Although this measure did not achieve the standard, the result has been improving over the past two months. We will continue to work with all regions to maintain this momentum.

Service Performance

Output: International Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
80%	Satisfaction The percentage of independently surveyed clients who report that they are satisfied with the level of service and information provided will be no less than ²⁴ :	78.9% ²⁵	80–85%
94.9%	Accuracy The percentage of entitlement assessments completed accurately will be no less than:	94.7%	92%
95.2%	Timeliness The percentage of applications for payment overseas finalised within 20 working days will be no less than:	93.2%	90%
93.4%	The percentage of review actions, including correspondence, that are completed within five working days will be no less than:	95.6%	93%
96%	The percentage of all incoming calls that are answered within 20 seconds will be no less than:	91.4%	90%

Output Expense: Management of Service Cards (MCOA²⁶)

Output Class: Administration of Community Services Card

Scope

This output class is limited to assessing entitlement, issuing cards and promoting and distributing information about the Community Services Card.

Summary of Performance

All performance measures for this output expense for the 2008/2009 year were exceeded. We have made considerable progress in improving our call centre performance over the past year.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
5,728	Crown	5,728	5,728	5,728
44	Department	56	36	36
-	Other	-	-	-
5,772	Total Revenue	5,784	5,764	5,764
5,427	Total Expense	5,510	5,764	5,764
345	Net Surplus/(Deficit)	274	-	-

24 The wording of this performance measure in the 2008 Estimates was incorrect and it was corrected during the year.

25 There was a difference in client satisfaction between Australian and New Zealand clients with Australian client satisfaction higher at 85 per cent than New Zealand client satisfaction – less than 80 per cent satisfied. One possible explanation is that clients in New Zealand are less satisfied with the direct deduction policy rather than with the client service. Unfortunately the full analysis has not been able to provide a detailed explanation for the difference in satisfaction levels, but we have identified three areas where we can put a strategy in place to improve client satisfaction for International Services clients. These areas include easy access to accurate information, client service and better telephone contacts for clients.

26 This means Multi Class Output Appropriation.

Service Performance

Output Class: Administration of Community Services Card

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
96%	Quality The percentage of Community Services Card entitlement assessments accurately completed as determined by regulation will be no less than:	95.4%	95%
87.1%	Timeliness The percentage of all calls to the Card Centre answered within 20 seconds will be no less than:	90.2% ²⁷	85%
91.2%	The percentage of initial applications and those requiring validation processed within two working days of receipt will be no less than:	94.1%	90%

Output Class: Management of SuperGold Card

Scope

This output class is limited to management of the SuperGold Card and the Veteran SuperGold Card comprising assessing entitlement for, and issuing cards, distributing information about the Card, enlisting business partners to provide discounts to cardholders, and promoting use of the Card and related discounts.

Summary of Performance

All performance measures for this output expense for the 2008/2009 year were exceeded.

We improved our existing and established relationships with businesses by processing applications and updating our SuperGold website within the agreed timeframes. This ensures clients receive the most up-to-date information on business discounts and concessions.

Financial Performance

ACTUAL ²⁸ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
-	Crown	1,850	1,850	1,850
-	Department	-	-	-
-	Other	-	-	-
-	Total Revenue	1,850	1,850	1,850
-	Total Expense	1,749	1,850	1,850
-	Net Surplus/(Deficit)	101	-	-

²⁷ Performance has improved in all areas including response times to phone calls.

²⁸ There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

Service Performance

Output Class: Management of SuperGold Card

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
New measure in 2008/2009	Quality The percentage of SuperGold Card entitlement assessments accurately completed as determined by regulation will be no less than:	98.4%	95%
New measure in 2008/2009	Timeliness The percentage of all calls to the SuperGold Card information line answered within 20 seconds will be no less than:	88.9%	85% ²⁹
New measure in 2008/2009	The percentage of SuperGold Card applications and those requiring validation processed within two working days of receipt will be no less than:	97.1% ³⁰	90%
New measure in 2008/2009	The percentage of business partner applications processed within three working days of receipt will be no less than:	93.8% ³¹	85%
New measure in 2008/2009	The percentage of updates to the SuperGold Online Directory completed within five working days of advice by the business partner will be no less than:	97.3% ³²	90%

Output Expense: Management of Student Support

Scope

This appropriation is limited to managing financial support to students involving, assessing and paying student allowances to eligible secondary and tertiary students, student loans to tertiary students, and Government scholarships and awards to tertiary students, and, as part of managing this support, providing related guidance to students making financial and study decisions.

Summary of Performance

All performance measures for this output expense for the 2008/2009 year were exceeded.

For the year ended 30 June 2009 StudyLink processed a total of 131,164 Student Allowance applications and 249,822 Student Loan applications. These were increases of 28.6 per cent and 14.64 per cent respectively compared to the previous year.

There was continued growth in the use of the online channel as the primary means for clients to access information and services. During the year 97 per cent of Student Allowance applications and 91 per cent of Student Loan applications were received online.

In December 2008 a new function was added to the MyStudyLink online account service giving students the ability to apply online for the course-related costs component of their Student Loan.

Despite a significant growth in volume, student satisfaction with StudyLink rose during the year, with 86.4 per cent of the students surveyed indicating they were satisfied or very satisfied with the service they received.

²⁹ The target in the 2008 Estimates was incorrectly given as 95 per cent instead of 85 per cent.

³⁰ The continued lower than expected volumes of SuperGold Card applications enabled us to process the majority of applications within two working days.

³¹ We have focused on business partner applications being processed in a timely manner.

³² We have continued to meet this performance measure because of the low number of updates received on a monthly basis.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
36,163	Revenue	37,505	36,128	37,505
259	Crown	358	164	164
-	Department	-	-	-
-	Other	-	-	-
36,422	Total Revenue	37,863	36,292	37,669
34,397	Total Expense	35,400	36,292	37,669
2,025	Net Surplus/(Deficit)	2,463	-	-

Service Performance

Outputs: Student Allowances and Student Loans

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
85.6%	The percentage of independently surveyed students satisfied with the level of service received from StudyLink will be no less than:	85.7%	80–85%
93.1%	The percentage of independently surveyed users of the On Course programme who found the programme information valuable will be no less than:	95.2%	90–95%
96%	The percentage of New Zealand secondary schools contacted that will participate in one or more components of the On Course programme will be no less than:	94.9%	93%

Service Performance

Output: Student Allowances

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
97.8%	Accuracy The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than:	98.5%	95%
99.2%	Timeliness The initial entitlement assessment for a Student Allowance will be completed within five working days of application receipt:	99.2%	95%

Service Performance

Output: Student Loans

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
99.8%	Accuracy The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than:	99.8%	96%
99.7%	Timeliness The initial entitlement assessment for a Student Loan will be completed within three working days of application receipt:	99.6%	95%

Output Expense: Policy Advice and Support to Ministers (MCOA)

Output Class: Crown Entity Monitoring

Scope

This output class is limited to the purchase, appointment and monitoring advice for social development and employment Crown entities, and appointment advice for social development and employment statutory tribunals.

Financial Performance

ACTUAL ³³ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
-	Crown	300	1,900	300
-	Department	17	-	-
-	Other	-	-	-
-	Total Revenue	317	1,900	300
-	Total Expense	268	1,900	300
-	Net Surplus/(Deficit)	49	-	-

Service Performance

Output Class: Crown Entity Monitoring

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
5	Quantity Provide advice on Crown entity statements of intent and output agreements:	10	10
20	Provide monitoring advice on each Crown entity's quarterly performance report against their statements of intent and output agreements:	20	20
Quality characteristics met	Quality Advice and reports will meet the quality characteristics described in the Ministry of Social Development's Quality Management System:	Quality characteristics met	Quality characteristics met
New measure in 2008/2009	Advice on appointments will meet the State Services Commission's guidelines and relevant legislation:	Standard met	Standard met
100%	Timeliness Purchase advice will be delivered to Ministers within negotiated deadlines:	100%	100%
Revised measure in 2008/2009	Advice to Ministers on draft Statements of Intent for the five Crown entities for the next year is provided by no later than 30 April 2009:	100%	100%
New measure in 2008/2009	Advice to Ministers on draft Output Agreements for the five Crown entities for the next year is provided by no later than 30 June 2009:	100%	100%
100%	Quarterly reports are reviewed no later than 20 working days from receipt of the final Crown entity reports:	100%	100%

³³ There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

Output Class: Social Policy Advice

Scope

This output class is limited to policy advice and servicing support comprising advice on cross-sectoral and long term social policy matters; advice on the design and operation of social development programmes and initiatives; the provision of information to, and discussion fora for, the public and other agencies on social policy issues; and ministerial servicing.

Financial Performance

ACTUAL ³⁴ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ³⁵ 2009 \$000
	Revenue			
-	Crown	45,482	48,322	45,482
-	Department	1,265	1,545	1,545
-	Other	-	-	-
-	Total Revenue	46,747	49,867	47,027
-	Total Expense	45,611	49,867	47,027
-	Net Surplus/(Deficit)	1,136	-	-

Service Performance

Output Class: Social Policy Advice

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
Standard met	Quantity and Timeliness Policy advice will be delivered in accordance with a work programme that is agreed with their respective Ministers:	Standard met	Standard met ³⁶
95.7% of cases ³⁷	Quality Process An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System have been followed in at least:	93.1% of cases	90% of cases
Standard met	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria:	Standard met	Standard met

34 There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

35 This includes transfers made under section 26A of the Public Finance Act 1989.

36 The target in the 2008 Estimates was given incorrectly as 'Processes are complied with in at least 90 per cent of cases' instead of 'Standard met'.

37 The result is limited to Social Services Policy only as reflected in the 2008/2009 Estimates of Appropriation. Forty-Five out of 47 cases equal 95.7 per cent.

Service Performance

Output: Ministerial Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
98.2%	Quality The percentage of ministerial drafts provided for the Minister's signature containing no avoidable errors will be no less than:	98.9%	95%
99.9%	The percentage of parliamentary question drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	100%
96%	Timeliness The percentage of draft ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed will be no less than:	95.8%	95%
100%	Information for oral parliamentary questions will be provided to the Minister's Office within the timeframe they specify:	100%	100%
100%	The percentage of written parliamentary questions will be answered within the time specified by the Minister's Office:	99.7% ³⁸	100%

Output Expense: Prevention Services

Scope

Education and advice services for the prevention of child abuse and neglect, and the promotion of the wellbeing of children, young people and their families.

Summary of Performance

Child, Youth and Family provides education and advice services for the prevention of child abuse and neglect, and the promotion of the wellbeing of children, young people and their families. These services include, activities to build and support stronger communities, including public education programmes that aim to promote the importance of child and family wellbeing.

Some of the activities include:

- Public events that promote the awareness of child abuse issues and youth empowerment as part of the Northland Everyday Communities programme.
- A service evaluation in Waitakere recommended the Everyday Communities programme in Waitakere support eight programmes of action which will increase support for parents, empower and support girls aged 10–16 years and provide family violence support for Hoani Waititi Marae.
- Pacific Communities of Greater Wellington staged the Mana Pasifika youth event, and child abuse and neglect prevention messages were provided in Pacific media.
- Everyday Theatre reached approximately, 4000 young people in West Auckland schools.

³⁸ Out of the 979 written parliamentary questions for the year ended 30 June 2009, three were late because we did not provide the information within the required timeframe.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ³⁹ 2009 \$000
	Revenue			
3,187	Crown	3,040	4,490	3,040
32	Department	259	601	601
13	Other	-	13	13
3,232	Total Revenue	3,299	5,104	3,654
3,013	Total Expense	3,334	5,104	3,654
219	Net Surplus/(Deficit)	(35)	-	-

Service Performance

Output: Prevention Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
Standard met	Quality In those communities in which the Everyday Communities Programme is run, there is increased awareness of child abuse and neglect:	Standard met	Increase in awareness as measured by monitoring at the end of each phase of the programme ⁴⁰

Output Expense: Services to Protect the Integrity of the Benefit System

Scope

Services to minimise errors, fraud and abuse of the benefit system.

Summary of Performance

All performance measures were exceeded for the 2008/2009 year.

We continued to focus on identifying when a client's change in circumstance requires an adjustment to their benefit payments. Through this integrity activity, frontline case managers are advised they need to review a client's record and adjust their benefit payment. Notifying case managers of these changes to a client's circumstances reduces the chance of fraud and overpayment occurring. In 2008/2009, 22 per cent of clients contacted had their benefit adjusted.

Prosecution is one of the deterrents the Ministry uses to protect the integrity of the benefit system. The Ministry continues to successfully prosecute cases, with 94.7 per cent of all cases prosecuted for fraud resulting in a successful outcome for the Ministry.

³⁹ This includes transfers made under section 26A of the Public Finance Act 1989.

⁴⁰ Each programme has four phases. A benchmark is established at the beginning of the programme and at the end of each phase.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ⁴¹ 2009 \$000
	Revenue			
38,442	Crown	38,786	35,613	38,786
284	Department	349	346	346
-	Other	-	-	-
38,726	Total Revenue	39,135	35,959	39,132
38,606	Total Expense	38,832	35,959	39,132
120	Net Surplus/(Deficit)	303	-	-

Service Performance

Output: Services to Protect the Integrity of the Benefit System

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
81%	Quality The percentage of clients aware of the consequences of committing benefit fraud will exceed:	81% ⁴²	75%
23.5%	The change in circumstances notification for clients contacted through the Early Intervention Strategy will exceed:	22%	20%
94.5%	Of the cases that we prosecute, the proportion of successful prosecutions concluded will exceed:	94.7% ⁴³	85%
2 working days	Timeliness All change of circumstances notifications arising out of Early Interventions will be notified to the appropriate case manager to ensure clients receive correct entitlement within:	2 working days	3 working days

Output Expense: Tailored Sets of Services to Help People into Work or Achieve Independence

Scope

The appropriation is limited to delivering tailored sets of services to individuals to help them into sustainable employment, participate more fully in their community or achieve a greater level of social independence; and the management of related non-departmental output contracts. The composition of each set of services is determined by the individual's needs and selected from a mix of employment readiness training and support, employment placement, social support services, payment of income support and training support benefits, and referrals to other employment or social support providers.

Summary of Performance

Work and Income is continuing to see more Unemployment Benefit-related client exits now than we achieved before the recession. However, the two Getting Clients in Work performance measures did not exceed target. This is because we have granted twice as many benefits as we did in 2007/2008, which has increased the size of the population we use to measure the percentage of exits. As a result this has contributed to a decrease in the percentage of exit rates for both Getting Clients into Work performance measures. New sustainable employment measures and targets have been introduced for 2009/2010 that

41 This includes transfers made under section 26A of the Public Finance Act 1989.

42 A significant factor in the overall result is the increased emphasis the Ministry puts on ensuring clients are aware of the consequences of not telling the Ministry about any changes to their personal circumstances.

43 The high quality of cases referred for prosecution has contributed to a high rate of success.

take into account the shift in the economy. These performance measures separate Unemployment Benefit jobseekers and work ready non-Unemployment Benefit clients, which are currently combined.

Work and Income service standards remain strong despite a significant increase in volumes, compared to the same time last year. The accuracy levels for processing working age entitlement assessments have improved from 89 per cent to 90.9 per cent, and our timeliness from 85.1 per cent to 89 per cent.

Financial Performance

ACTUAL ⁴⁴ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ⁴⁵ 2009 \$000
	Revenue			
-	Crown	402,908	412,914	402,908
-	Department	4,566	10,100	10,109
-	Other	1,036	4,349	4,349
-	Total Revenue	408,510	427,363	417,366
-	Total Expense	415,797	427,363	417,366
-	Net Surplus/(Deficit)	(7,287)	-	-

Service Performance

Output: Tailored Sets of Services to Help People into Work or Achieve Independence

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
37.5%	Getting Clients into Work The proportion of job-seeking clients in receipt of a main benefit who exit into employment will be:	30.6% ⁴⁶	35%
32.5%	The proportion of job-seeking clients in receipt of a main benefit with a duration of six months or more who exit into employment will be:	28.6% ⁴⁷	35%
41.1 weeks	Clients Remaining in Work Longer The average cumulative time that job-seeking clients, who exit to work, spend in employment over the course of a year will be:	39 weeks	37 weeks
67.3%	The proportion of job-seeking clients who exited into employment and achieved six months continuous employment will be:	60.7%	59%
New measure in 2008/2009	Quantity The number of Work Support service sets delivered during the year will be:	164,536 ⁴⁸	115,000 – 127,300
New measure in 2008/2009	The number of Work Development Support service sets delivered during the year will be:	242,682 ⁴⁹	211,300 – 233,500
New measure in 2008/2009	The number of Community Support service sets delivered during the year will be:	106,026	103,500 – 114,400
89%	Quality The percentage of entitlement assessments completed accurately will be no less than:	90.9%	90%
85.1%	Timeliness The percentage of entitlement assessments completed within five working days will be no less than:	89%	85%

44 There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

45 This includes transfers made under section 26A of the Public Finance Act 1989.

46 This is due to a shift in the economy which has led to significant increases in unemployment figures, and has created a difficult market to place people into work.

47 See footnote 46.

48 See footnote 46.

49 See footnote 46.

Output Expense: Vocational Skills Training

Scope

This appropriation is limited to vocationally based skills training for working-age people through the Training Opportunities Programme.

Summary of Performance

Several factors have contributed to Training Opportunities performing slightly above target in 2009:

- The average numbers of learners reflects the increase in the numbers of learners eligible for the Training Opportunities programme.
- There is an increasing demand across the country from people wanting access to Training Opportunities.
- The better than expected percentage of learners being in paid employment or training within two months can be attributed to many learners opting for further training after leaving the programme.

Financial Performance

ACTUAL ⁵⁰ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
-	Crown	89,851	85,635	89,851
-	Department	-	-	-
-	Other	-	-	-
-	Total Revenue	89,851	85,635	89,851
-	Total Expense	89,153	85,635	89,851
-	Net Surplus/(Deficit)	698	-	-

Service Performance

Output: Vocational Skills Training

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
New measure in 2008/2009	In depth discussions regarding training needs will be undertaken prior to annual purchasing in the:	11 Work and Income regions	11 Work and Income regions
New measure in 2008/2009	The proportion of programmes delivered by NZQA registered and accredited training providers will be no less than:	100%	100%
New measure in 2008/2009	The percentage of learners who move on to employment or further tertiary training outside of Training Opportunities within two months of leaving the programme will be no less than:	69.5% ⁵¹	60%
New measure in 2008/2009	The proportion of training providers monitored and programme performance evaluated including outcome achievement will be no less than:	100%	100%
New measure in 2008/2009	The average number of learners in training at any one time will be:	7,508	7,400

⁵⁰ There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

⁵¹ This measure exceeded target because of the increased numbers of learners who chose to do further training after completing the programme. This is also partly due to the slowing economy.

Output Expense: Youth Justice Services

Scope

Social work and other services to manage and resolve offending behaviour by children and young people by providing assessment, support, programmes, containment and care of young offenders.

Summary of Performance

Youth justice family group conferences are the primary way Child, Youth and Family deals with young people who have offended. Family group conferences develop individualised plans that address all the young person's needs and can create an opportunity for change.

The percentage of children and young people whose youth justice family group conference plans were completed and objectives met, has improved by 10 per cent during 2008/2009 from 80 per cent at the end of June 2008 to 90 per cent by 30 June 2009.

Child, Youth and Family did not meet its timeliness measure for holding youth justice family group conferences within statutory timeframes. This timeliness measure, however, has improved and was only 3 per cent away from reaching the minimum standard of 100 per cent. This was because external parties (family, whānau and other agency representatives), were unable to meet.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
101,984	Revenue	104,528	97,400	104,528
759	Crown	972	397	397
-	Department	-	-	-
-	Other	-	-	-
102,743	Total Revenue	105,500	97,797	104,925
100,724	Total Expense	100,765	97,797	104,925
2,019	Net Surplus/(Deficit)	4,735	-	-

Service Performance

Output: Restorative Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
82.8%	Quality Percentage of children and young people whose Youth Justice Family Group Conference plans were completed and the objectives were assessed as being met:	90% ⁵²	80%

Service Performance

Output: Case Management

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
87.8%	Timeliness Youth Justice Family Group Conferences are held within statutory timeframes (unless there are special reasons for delay) ⁵³ :	97.1% ⁵⁴	100%

52 The emphasis at all Child, Youth and Family (CYF) sites has been on improving systems and data recording. This has resulted in 39 out of the 42 CYF sites exceeding the standard. The measure exceeded its standard by 10 per cent.

53 Section 249 of the Children, Young Persons, and Their Families Act 1989 requires family group conferences to be completed within seven days or one month after being convened, unless there are special reasons why a longer period is required.

54 External parties (family, whānau and other agency representatives) were unable to meet for the family group conferences, which meant the family group conference statutory timeframe was not met. Eighteen out of the 42 sites met the 100 per cent standard for this measure compared to six sites at 30 June 2008. Service improvements at all sites have seen better performances in most regions.

Vote Senior Citizens

Output Expense: Senior Citizens Services

Scope

Provision of policy advice on matters concerning legislation to protect the rights and interests of older people, their wellbeing, and related issues. It also includes ministerial services and support for local community involvement in senior citizens' issues.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
1,017	Crown	1,017	1,017	1,017
8	Department	11	18	18
-	Other	-	-	-
1,025	Total Revenue	1,028	1,035	1,035
911	Total Expense	933	1,035	1,035
114	Net Surplus/(Deficit)	95	-	-

Service Performance

Output: Senior Citizens Services

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
Standard met	Work Programme and Timeliness Policy advice will be delivered in accordance with a work programme agreed at the commencement of each six-month period with the Minister for Senior Citizens:	Standard met	Standard met ⁵⁵
100% of cases	Quality⁵⁶ Process An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System ⁵⁷ have been followed in at least:	90% of cases	90% of cases
Standard met	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria:	Standard met	Standard met ⁵⁸
Standard met	Timeliness Two six-monthly reports on the Work Programme will be provided within 20 working days from the period end:	Standard met	20 working days of the period end
100%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt, unless otherwise agreed, will be:	100%	95%

55 Standard met means we received confirmation from the Minister for Senior Citizens via the Office for Senior Citizens that advice had been delivered in accordance with an agreed work programme.

56 The work in relation to the internal audit, review or survey for these measures will be conducted during the year and reported on an annual basis.

57 The quality characteristics in the Ministry's Quality Management System are based on decision making (defining, debating and deciding) and communication (capturing issues, convincing and confirming).

58 The standard for this measure is based on a continuum of standard not met, standard met and standard exceeded.

Vote Veterans' Affairs – Social Development

Output Expense: Processing and Payment of Pensions

Scope

The purchase of processing and payment of War Disablement Pensions and related allowances, veterans'-related pensions and concessions and payments under the Rehabilitation Loan Programme.

Summary of Performance

The performance measure for this Output Expense has been exceeded.

On 5 August 2008 the responsibility for the payment of War Disablement Pensions was transferred from the Ministry to the New Zealand Defence Force. On 7 August 2008, the administration of Veteran's Pension claims and transfers returned from the New Zealand Defence Force to the Ministry.

The transfer of functions between the two agencies has been successfully managed in a seamless process for our mutual clients.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
4,132	Crown	484	4,132	484
32	Department	35	23	3
-	Other	-	-	-
4,164	Total Revenue	519	4,155	487
4,123	Total Expense	459	4,155	487
41	Net Surplus/(Deficit)	60	-	-

Service Performance

Output: Processing and Payment of Pensions

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
96.8%	The percentage of new Veteran's Pension applications that are administered and processed by the Ministry of Social Development (application acknowledged and decision relayed to the veteran) within seven days will be no less than:	96.6% ⁵⁹	90%

⁵⁹ As the Veteran's Pension is a main source of income, applications are treated with urgency.

Output Expense: Processing and Payment of Veterans' Pensions

Scope

This appropriation is limited to the processing and payment of Veterans' Pensions and related allowances.

Financial Performance

ACTUAL ⁶⁰ 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
-	Crown	407	-	407
-	Department	-	-	20
-	Other	-	-	-
-	Total Revenue	407	-	427
-	Total Expense	318	-	427
-	Net Surplus/(Deficit)	89	-	-

Service Performance

Output: Processing and Payment of War Disablement Pension

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
96.8%	The percentage of Veterans' Pension applications administered and processed (application acknowledged and decision relayed to the veteran) within seven days will be no less than ⁶¹ :	90%	90%

⁶⁰ There is no Actual for 2007/2008 as this is a new output class expense for 2008/2009.

⁶¹ From August 2008 War Disablement Pensions became the responsibility of Veterans' Affairs – New Zealand Defence Force. The Ministry of Social Development retained responsibility for the Veteran's Pension, an income support measure similar to New Zealand Superannuation.

Vote Youth Development

Output Expense: Youth Development

Scope

Leadership and provision of policy advice and service delivery to improve outcomes for young people.

Financial Performance

ACTUAL 2008 \$000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Revenue			
5,614	Crown	5,214	5,499	5,214
157	Department	54	37	37
120	Other	-	-	-
5,891	Total Revenue	5,268	5,536	5,251
5,834	Total Expense	5,026	5,536	5,251
57	Net Surplus/(Deficit)	242	-	-

Service Performance

Output: Youth Development

ACTUAL 2008	PERFORMANCE MEASURE	ACTUAL 2009	STANDARD 2009
Standard met	Quantity and Timeliness Advice will be delivered in accordance with the work programme agreed with the Minister of Youth Affairs:	Standard met	Standard met ⁶²
100% of cases	Quality⁶³ <i>Process</i> An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System ⁶⁴ have been followed in at least:	100% of cases ⁶⁵	90% of cases
Standard met	<i>Technical robustness</i> An external independent review of the Ministry of Youth Development's policy confirms that it meets acceptable standards based on pre-determined criteria:	Standard met	Standard met ⁶⁶
100%	Accuracy The percentage of Ministerial drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	95%
100%	The percentage of Parliamentary Question drafts provided for the Minister's signature where error could have been avoided will be no less than:	100%	100%
100%	Timeliness The percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed, will be:	100%	95%
100%	Information for oral parliamentary questions will be provided to the Minister of Youth Affairs' office within the timeframe they specify:	100%	100%
100%	The percentage of written parliamentary questions will be answered within the time as specified by the Minister of Youth Affairs' office will be:	100%	100%

62 Standard met means we have received confirmation from the Minister of Youth Affairs via their office that advice has been delivered in accordance with a work programme.

63 The work in relation to the audit, review or survey for these measures will be conducted during the year and reported on an annual basis.

64 The quality characteristics in the Ministry's Quality Management System are based on decision making (defining, debating and deciding) and communication (capturing issues, convincing and confirming).

65 Audits carried out in December 2008 have met the processes outlined in the Quality Management System.

66 The standard for this measure is based on a continuum of standard not met, standard met and standard exceeded.

Financial Statements

Statement of Accounting Policies: Departmental

For the year ended 30 June 2009

Reporting Entity

The Ministry of Social Development (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

In addition, the Ministry has reported on Crown activities and trust monies which it administers.

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 the purposes of New Zealand's equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2009. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2009.

Basis of Preparation

The financial statements of the Ministry have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP).

These financial statements have been prepared in accordance with, and comply with, NZ IFRS as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, and certain financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Ministry is New Zealand dollars.

The Ministry has not adopted early NZ IAS 1 *Presentation of Financial Statements (revised 2007)*. The standard is expected to be applied by the Ministry for the first time for the year ending 30 June 2010. The Ministry is yet to decide whether to prepare a single statement of comprehensive income or to prepare two statements (NZ IAS 1.81).

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied.

Budget Figures

The budget figures are those included in the Budget 2008, The Estimates of Appropriations for Vote Social Development. Additional reference to budget figures can be found within the Information Supporting the Estimates of Appropriations (i.e. the Forecast Financial Statements of the Ministry of Social Development for the year-ending 30 June 2009). The financial statements also present the updated budget information from the Supplementary Estimates and transfers made under section 26A of the Public Finance Act 1989.

Revenue

The Ministry gets revenue from providing outputs to the Crown and for services to third parties. Revenue is recognised when it is earned and is reported in the financial period it relates to.

Cost Allocation

The Ministry accumulates and allocates costs to Department output expenses using a three-staged costing system, which is 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 staff (FTE) and workload information obtained from surveys, 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 FTE staff ratio, or if 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 all costs that vary directly with the level of activity and are causally related to, and readily assignable to, an output expense. Overhead costs are those costs that do not vary with the level of activity undertaken. Indirect costs are all costs other than direct costs and overhead costs.

For the year ended 30 June 2009, direct costs accounted for 81.3 per cent of the Ministry's costs (2008: 82.2 per cent).

Expenses

General

Expenses are recognised in the period to which they relate.

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 principle outstanding to determine interest expense each period.

Foreign Currency

Foreign currency transactions (including those for which forward exchange 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 Financial Performance.

Financial Instruments

Financial assets

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

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, probability that the debtor will enter into bankruptcy, and default 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 the original effective interest rate. 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 Statement of Financial Performance. Overdue receivables that are renegotiated are reclassified as current i.e. not past due.

Financial liabilities

The major financial liability types are creditors and other payables. Both are 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.

Property, Plant and Equipment

Property, plant and equipment consist of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment 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 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.

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 disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the property, plant and equipment revaluation reserves in respect of those assets are transferred to general funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that 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.

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:

TYPE OF ASSETS	ESTIMATED LIFE (YEARS)	ESTIMATED LIFE (%)
Buildings (including components)	10–50 years	2%–10%
Leasehold improvements	3–10 years	10%–33%
Computer equipment	3–5 years	20%–33%
Furniture, fittings and office equipment	3–5 years	20%–33%
Motor vehicles	4 years	25%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Land and buildings are revalued at least every three years to ensure that 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 that those values are not materially different to fair value. Additions 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 revaluing are recorded in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase after revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance, will be recognised first in the Statement of Financial Performance 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 licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. 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 software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs 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 no longer recognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

TYPE OF ASSETS	ESTIMATED LIFE (YEARS)	ESTIMATED LIFE (%)
Acquired computer software	3–8 years	12.5%–33%
Developed computer software	3–8 years	12.5%–33%

Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An intangible asset that is not yet available for use at the balance sheet date is 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 that 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 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 entity 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 Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

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 Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the Statement of Financial Performance.

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 fair value less costs to sell.

Impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Financial Performance.

Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been 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 appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as an input tax, then 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 the 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

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.

Determining whether a lease agreement is a finance lease or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Ministry. Judgment 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 determining 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, whereas with an operating lease no such asset is recognised.

The Ministry has exercised its judgment on the appropriate classification of equipment leases, and has determined that the Ministry has no finance leases.

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. 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 expenditures 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 that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that 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 at which 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 salaries and wages accrued up to balance date, 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 that 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 entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those 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 that are 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; and
- 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 include cash received from all income sources of the Ministry and record the cash payments made 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.

Taxpayers' Funds

Taxpayers' funds are the Crown's investment in the Ministry and are measured as the difference between total assets and total liabilities. Taxpayers' funds are disaggregated and classified as general funds and property, plant and equipment revaluation reserves.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are 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

Analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities is contained within the notes. Refer Note 13.

Critical Judgements in Applying the Ministry's Accounting Policies

There were no significant items whereby management had to exercise critical judgment in applying the Ministry's Accounting Policies for the period ended 30 June 2009.

Statement of Financial Performance

For the year ended 30 June 2009

ACTUAL 2008 \$000		NOTE	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	INCOME				
1,137,737	Revenue Crown		1,151,180	1,145,336	1,151,180
12,838	Revenue other	1	13,836	21,051	21,060
-	Gain on disposal of fixed assets	2	213	-	-
24	Gain on foreign exchange		-	-	-
1,150,599	Total income		1,165,229	1,166,387	1,172,240
	EXPENDITURE				
591,492	Personnel costs	3	599,791	599,687	601,578
42,899	Depreciation and amortisation expenses		49,633	51,152	52,679
16,966	Capital charge	4	17,669	17,112	17,112
483,797	Other expenses	5	486,154	498,436	500,871
595	Loss on disposal of fixed assets		-	-	-
-	Loss on foreign exchange	6	11	-	-
1,135,749	Total expenditure		1,153,258	1,166,387	1,172,240
14,850	Net surplus/(deficit)		11,971	-	-

Explanations of significant variances against budget are detailed in Note 20.

Statement of Financial Position

As at 30 June 2009

ACTUAL 2008 \$000		NOTE	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	TAXPAYERS' FUNDS				
303,172	General funds		303,172	339,259	314,659
26,123	Revaluation reserve		26,123	26,123	26,123
329,295	Total taxpayers' funds	14	329,295	365,382	340,782
	ASSETS				
	Current assets				
173,230	Cash and cash equivalents		147,899	110,027	147,638
3,600	Accounts receivable	7	3,709	8,161	3,600
3,753	Prepayments		6,109	7,169	3,753
180,583	Total current assets		157,717	125,357	154,991
	Non-current assets				
286,031	Property, plant and equipment	8	271,059	332,509	297,634
45,155	Intangible assets	9	79,257	76,369	55,781
331,186	Total non-current assets		350,316	408,878	353,415
511,769	Total assets		508,033	534,235	508,406
	LIABILITIES				
	Current liabilities				
82,492	Accounts payable and accruals	10	71,155	77,936	82,492
1,350	Capital charge payable	4	1,469	1,272	1,350
14,850	Provision for repayment of surplus to the Crown	11	11,971	13,510	-
56,012	Provision for employee entitlements	13	46,288	51,756	56,012
6,758	Other provisions	12	18,290	4,846	6,758
161,462	Total current liabilities		149,173	149,320	146,612
	Non-current liabilities				
21,012	Provision for employee entitlements	13	29,565	19,533	21,012
21,012	Total non-current liabilities		29,565	19,533	21,012
182,474	Total liabilities		178,738	168,853	167,624
329,295	Net assets		329,295	365,382	340,782

Explanations of significant variances against budget are detailed in Note 20.



Peter Hughes
Chief Executive
30 September 2009



Nick Gale
Chief Financial Officer
30 September 2009

Statement of Movements in Taxpayers' Funds

For the year ended 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
329,295	Balance at 1 July	329,295	329,295	329,295
14,850	Surplus/(deficit) for the year	11,971	-	-
14,850	Total recognised income and expenses	11,971	-	-
(14,850)	Repayment of surplus to the Crown	(11,971)	-	-
-	Capital contribution	-	36,087	11,487
(14,850)	Other movements	(11,971)	36,087	11,487
329,295	Balance at 30 June	329,295	365,382	340,782

The Statement of Accounting Policies: Departmental on pages 61 to 67 and Notes 1 to 20 on pages 78 to 92 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2009

ACTUAL 2008 \$000		NOTE	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	CASH FLOWS FROM OPERATING ACTIVITIES				
1,137,737	Receipts from Crown revenue		1,151,180	1,145,336	1,151,180
17,206	Receipts from other revenue		14,005	21,051	21,060
(478,315)	Payments to suppliers		(502,157)	(498,084)	(500,517)
(581,722)	Payments to employees		(587,791)	(600,039)	(601,932)
(16,888)	Payments for capital charge		(17,550)	(17,112)	(17,112)
581	Goods and services tax (net)		383	-	-
78,599	Net cash inflow from operating activities	15	58,070	51,152	52,679
	CASH FLOWS FROM INVESTING ACTIVITIES				
7,688	Receipts from sale of property, plant and equipment		3,132	1,800	1,799
(19,901)	Purchase of property, plant and equipment		(42,580)	(86,091)	(49,291)
(43,397)	Purchase of intangible assets		(29,103)	(33,042)	(27,416)
(55,610)	Net cash outflow from investing activities		(68,551)	(117,333)	(74,908)
	CASH FLOWS FROM FINANCING ACTIVITIES				
-	Capital contribution from the Crown		-	36,087	11,487
(13,510)	Repayment of surplus to Crown		(14,850)	-	(14,850)
(13,510)	Net cash inflow/(outflow) from financing activities		(14,850)	36,087	(3,363)
9,479	Net Increase/(decrease) in cash held		(25,331)	(30,094)	(25,592)
163,751	Cash and cash equivalents at the beginning of the year		173,230	140,121	173,230
173,230	Cash and cash equivalents at the end of the year		147,899	110,027	147,638

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Explanations of significant variances against budget are detailed in Note 20.

Statement of Trust Monies

For the year ended 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	William Wallace Trust	
381	Balance at 1 July	393
-	Contributions	-
(18)	Distributions	(24)
30	Revenue	30
-	Expenditure	-
393	Balance at 30 June	399

William Wallace Trust Account

The William Wallace awards are held by Child, Youth and Family on an annual basis to celebrate the achievements of young people in care. The awards are in the form of scholarship funding for tertiary study or contribution to vocational and leadership programmes. The trust was established in May 1995 to hold funds from an estate for the above purpose.

Statement of Commitments

As at 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	CAPITAL COMMITMENTS	
803	Land & building	22,643
161	Intangibles	-
964	Total capital commitments	22,643
	OPERATING COMMITMENTS	
	Non-cancellable accommodation leases	
37,673	Less than one year	36,077
28,482	One to two years	22,695
28,629	Two to five years	26,226
3,206	More than five years	4,563
97,990	Total non-cancellable accommodation leases	89,561
	Other non-cancellable contracts	
143,397	Less than one year	133,635
20,439	One to two years	12,529
12,370	Two to five years	12,690
1,816	More than five years	-
178,022	Total other non-cancellable contracts	158,854
276,012	Total operating commitments	248,415
276,976	Total commitments	271,058

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.

In addition to the above costs the Ministry has sub-lease rental recoveries of \$0.471 million expected to be received in the following year, 2009/2010. Actual rental recoveries are contained in the notes. Refer Note 1.

Other non-cancellable contracts include agreements for the provision of specialist day programmes, specialist family home services, bed-night placements for children and young persons in the care of Child, Youth and Family and other non-government organisation contracts for services.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2009

Unquantifiable contingent liabilities

There is legal action against the Crown relating to historical abuse claims. At this stage the number of claimants and outcomes of these cases are uncertain and disclosure of an amount in respect of these claims may prejudice the legal proceedings.

Quantifiable contingent liabilities

ACTUAL 2008 \$000		ACTUAL 2009 \$000
175	Personal grievances claims	231
10	Other claims	210
185	Total contingent liabilities	441

Personal grievances

Personal grievances represent amounts claimed by employees for personal grievances cases. There are 19 personal grievances claims and 3 other claims (2008: 6 personal grievance claims and 1 other claim).

Contingent assets

The Ministry has no contingent assets (2008: nil).

Statement of Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2009

ACTUAL 2008 \$000	SUMMARY BY OUTPUT EXPENSES	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ⁶⁷ 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
	Appropriations for output expenses				
	VOTE SOCIAL DEVELOPMENT				
7,343	Adoption Services ⁶⁸	7,239	8,690	7,790	-
310,461	Care and Protection Services ⁶⁸	312,435	300,632	317,008	-
15,378	Collection of Balances Owed by Former Clients and Non-beneficiaries ⁶⁹	16,342	19,991	16,774	-
7,614	Development and Funding of Community Services ⁶⁸	7,567	8,057	8,177	-
28,960	Family and Community Services	31,568	31,517	32,430	-
40,146	Income Support and Assistance to Seniors ⁷⁰	34,952	39,243	35,323	-
	Management of Service Cards MCOA				
5,427	Administration of Community Services Card ⁷¹	5,510	5,764	5,764	-
-	Management of SuperGold Card	1,749	1,850	1,850	-
34,397	Management of Student Support ⁷²	35,400	36,292	37,669	-
	Policy Advice and Support to Ministers MCOA				
-	Crown Entity Monitoring	268	1,900	300	-
-	Social Policy Advice	45,611	49,867	47,027	-
3,013	Prevention Services ⁶⁸	3,334	5,104	3,654	-
38,606	Services to Protect the Integrity of the Benefit System	38,832	35,959	39,132	-
-	Tailored Sets of Services to Help People into Work or Achieve Independence	415,797	427,363	417,366	-
-	Vocational Skills Training	89,153	85,635	89,851	-
100,724	Youth Justice Services ⁶⁸	100,765	97,797	104,925	-
	Reclassified				
254,435	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	-	-	-	-
42,289	Policy and Purchase Advice	-	-	-	-
1,442	Policy Advice and Ministerial Servicing ⁶⁸	-	-	-	-
232,437	Services to Minimise the Duration of Unemployment and Move People into Work	-	-	-	-
2,209	Social Development Leadership	-	-	-	-
1,124,881	Total Vote Social Development	1,146,522	1,155,661	1,165,040	-

67 This includes adjustments made in the Supplementary Estimates and transfers made under section 26A of the Public Finance Act 1989.

68 Formerly contained within Vote Child, Youth and Family Services in 2007/2008.

69 Collection of Balances Owed by Former Clients and Non-beneficiaries was formerly known as Debt Management – Former Beneficiaries.

70 Income Support and Assistance to Seniors was formerly known as Services to Seniors.

71 Administration of Community Services Card was formerly known as Community Services Card.

72 Management of Student Support was formerly known as Services to Students.

Statement of Departmental Expenditure and Capital Expenditure Appropriations (continued)

For the year ended 30 June 2009

ACTUAL 2008 \$000	SUMMARY BY OUTPUT EXPENSES	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES ⁷³ 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
	VOTE SENIOR CITIZENS				
911	Senior Citizens Services	933	1,035	1,035	-
911	Total Vote Senior Citizens	933	1,035	1,035	-
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
4,123	Processing and Payment of Pensions	459	4,155	487	-
-	Processing and Payment of Veterans' Pensions	318	-	427	-
4,123	Total Vote Veterans' Affairs - Social Development	777	4,155	914	-
	VOTE YOUTH DEVELOPMENT				
5,834	Youth Development	5,026	5,536	5,251	-
5,834	Total Vote Youth Development	5,026	5,536	5,251	-
1,135,749	Total Departmental Output Expenses	1,153,258	1,166,387	1,172,240	-
	Appropriations for capital expenditure				
	VOTE SOCIAL DEVELOPMENT				
63,298	Departmental capital expenditure	71,683	119,133	76,707	-
63,298	Total Departmental Capital Expenditure	71,683	119,133	76,707	-
1,199,047	Total Departmental Expenditure and Capital Expenditure	1,224,941	1,285,520	1,248,947	-

73 This includes adjustments made in the Supplementary Estimates and transfers made under section 26A of the Public Finance Act 1989

Statement of Unappropriated Departmental Expenditure and Capital Expenditure Appropriations

For the year ended 30 June 2009

The Ministry had no unappropriated departmental operating and capital expenditure in 2008/2009 (2008: nil).

Transfers approved under section 26A of the Public Finance Act 1989

	SUPPLEMENTARY ESTIMATES 2009 \$000	SECTION 26A TRANSFERS 2009 \$000	FINAL VOTED ⁷⁴ 2009 \$000
VOTE SOCIAL DEVELOPMENT			
Adoption Services	8,090	(300)	7,790
Collection of Balances Owed by Former Clients and Non-beneficiaries	16,224	550	16,774
Development and Funding of Community Services	8,257	(80)	8,177
Family and Community Services	34,230	(1,800)	32,430
Income Support and Assistance to Seniors	35,623	(300)	35,323
Policy Advice and Support to Ministers MCOA			
Social Policy Advice	48,527	(1,500)	47,027
Prevention Services	3,704	(50)	3,654
Services to Protect the Integrity of the Benefit System	37,492	1,640	39,132
Tailored Sets of Services to Help People into Work or Achieve Independence	415,526	1,840	417,366
Total appropriations for output expenses	607,673	-	607,673
Net adjustment	-	-	-

74 This includes adjustments made in the Supplementary Estimates and transfers made under Section 26A of the Public Finance Act 1989.

Notes to the Financial Statements

For the year ended 30 June 2009

Note 1: Revenue other

ACTUAL 2008 \$000		ACTUAL 2009 \$000
319	Sub-lease rental recoveries	453
12,519	Other recoveries	13,383
12,838	Total revenue other	13,836

The Ministry received revenue of \$9.324 million from the State Services Commission (SSC) for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver, child support receipts on behalf of children in foster care (\$1.612 million), inter-agency support for Strengthening Families (\$0.650 million), the Family and Community Services 0800 211 211 helpline service (\$0.641 million) and the Growing up in New Zealand longitudinal study (\$0.500 million). The Ministry received other revenues of \$0.656 million.

Note 2: Gains

ACTUAL 2008 \$000		ACTUAL 2009 \$000
-	Gain on disposal of fixed assets	213
24	Net foreign exchange gains	-
24	Total gains	213

Gain on disposal of fixed assets of \$0.213 million (2008 loss on disposal \$0.595 million) is due to the Ministry selling items of property, plant and equipment. The sale of motor vehicles is the main asset type contributing to the gain on sale.

Note 3: Personnel costs

ACTUAL 2008 \$000		ACTUAL 2009 \$000
556,625	Salaries and wages	563,687
8,365	Employee leave entitlements	(382)
329	Restructuring costs	10,820
11,186	Defined superannuation contribution scheme	12,014
14,987	Other personnel expenses	13,652
591,492	Total personnel costs	599,791

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an incurred expense in the Statement of Financial Performance.

Note 4: Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year in arrears. The capital charge rate for the year ended 30 June 2009 was 7.5 per cent (2008: 7.5 per cent). The Ministry also earns notional interest based on the daily cash balances held, and this is offset against the capital charge. The notional interest rate is 4.5 per cent per annum (2008: 4.5 per cent).

Note 5: Other operating expenses

ACTUAL 2008 \$000		ACTUAL 2009 \$000
1,078	Audit fees	1,078
60	Audit of transition to IFRS	-
16	Other services provided by our Auditors ⁷⁵	3
64,585	Rental, leasing and occupancy costs	67,157
196	Bad debts written-off	454
(117)	Impairment of receivables	(861)
104,244	Financial plan costs ⁷⁶	107,002
24,377	Non specific client costs ⁷⁷	21,013
90,762	Training Opportunity Programmes (TOPs)	89,153
38,242	Office operating expenses	35,493
72,038	IT related operating expenses	88,168
9,132	Staff travel	7,907
21,100	Consultancy and contractors' fees	10,147
12,249	Professional fees	14,781
45,835	Other operating expenses	44,659
483,797	Total operating costs	486,154

Note 6: Losses

ACTUAL 2008 \$000		ACTUAL 2009 \$000
595	Loss on disposal of fixed assets	-
-	Loss on foreign exchange	11
595	Total losses	11

The foreign exchange loss of \$11,000 (2008: gain on foreign exchange \$24,000) is due to the translation at year-end exchange rates of the Ministry's Australian bank account. The Australian bank account has been set up to save transaction fees on payments made to the Ministry's Australian based suppliers of goods and services.

75 Audit New Zealand provided additional services by performing a SAS (specialist assurance service) assessment. This involved an independent quality assurance over the tender evaluation process of social workers in schools for the Waitakere tender.

76 Financial plan costs are monies paid in relation to the provision of care and protection of children and young persons, and the provision of programmes and services to support the resolution of behaviour and relationship difficulties. A portion of these costs is also used to support statutory processes to promote opportunities for family/whānau, hapū/iwi and family groups to consider care and protection and youth justice issues and contribute to a decision-making process that often precludes the necessity of Court involvement.

77 Non-specific client costs include costs for maintaining an infrastructure that supports the Ministry to meet its legal and support obligations related to the care and protection of children and young persons. It also supports the casework resolution process.

Note 7: Debtors and other receivables

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	By type	
3,600	Trade and other receivables	3,709
3,600	Total receivables	3,709
	By maturity	
3,299	Expected to be realised within one year	3,322
301	Expected to be held for more than one year	387
3,600	Total receivables	3,709
	Trade and other receivables	
5,969	Gross trade and other receivables	5,212
(2,369)	Impairment of trade and other receivables	(1,503)
3,600	Total trade and other receivables	3,709
	Impairment of trade and other receivables	
2,486	Balance at beginning of the year	2,369
838	Impairment losses recognised on receivables	363
(955)	Amounts written off as uncollectable	(1,229)
2,369	Balance at end of the year	1,503
2,369	Collective impairment allowance	1,503
-	Individual impairment allowance	-
2,369	Balance at end of the year	1,503
	Ageing of trade and other receivables past due but not impaired	
3,251	Less than six months	3,271
5	Between six months and one year	7
11	Greater than one year	13
3,267	Trade and other receivables past due but not impaired	3,291

The carrying value of debtors and other receivables approximates their fair value.

Debtors impairment

As at 30 June 2009 (and 30 June 2008), all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed above.

As at 30 June 2009 the Ministry had no debtors that were deemed insolvent (2008: nil).

Note 8: Property, plant and equipment

	LAND \$000	BUILDINGS \$000	FURNITURE & FITTINGS \$000	COMPUTER EQUIPMENT \$000	MOTOR VEHICLES \$000	PLANT & EQUIPMENT \$000	TOTAL \$000
Cost or revaluation							
Balance as at 1 July 2007	65,060	135,777	71,322	98,470	23,085	8,613	402,327
Additions by purchase	-	2,466	8,180	4,449	10,052	838	25,985
Revaluation increase	-	-	-	-	-	-	-
Work in progress movement	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	(3,610)	-	(1,113)	-	284	(4,439)
Disposals	(1,454)	(130)	-	(1,489)	(7,238)	(78)	(10,389)
Balance as at 30 June 2008	63,606	134,503	79,502	100,317	25,899	9,657	413,484
Balance as at 1 July 2008	63,606	134,503	79,502	100,317	25,899	9,657	413,484
Additions by purchase	-	598	4,969	9,575	7,304	1,349	23,795
Revaluation increase	-	-	-	-	-	-	-
Work in progress movement	-	21,149	-	(2,051)	-	(260)	18,838
Asset transfers	-	-	(3)	(269)	-	21	(251)
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(2,343)	(6,615)	(5,866)	(257)	(15,081)
Balance as at 30 June 2009	63,606	156,250	82,125	100,957	27,337	10,510	440,785
Accumulated depreciation and impairment losses							
Balance as at 1 July 2007	-	-	52,651	38,941	8,083	5,690	105,365
Depreciation expense	-	3,936	8,887	8,338	3,727	1,446	26,334
Eliminate on disposal	-	-	-	(170)	(4,006)	(70)	(4,246)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	(67)	67	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2008	-	3,869	61,605	47,109	7,804	7,066	127,453
Balance as at 1 July 2008	-	3,869	61,605	47,109	7,804	7,066	127,453
Depreciation expense	-	3,903	8,841	12,412	3,968	1,257	30,381
Eliminate on disposal	-	-	(2,201)	(6,619)	(3,352)	(199)	(12,371)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers ⁷⁸	-	-	-	24,251	-	13	24,264
Other asset movement	-	(1)	-	-	-	-	(1)
Balance as at 30 June 2009	-	7,771	68,245	77,153	8,420	8,137	169,726
Carrying amounts							
At 1 July 2007	65,060	135,777	18,671	59,529	15,002	2,923	296,962
At 30 June and 1 July 2008	63,606	130,634	17,897	53,208	18,095	2,591	286,031
At 30 June 2009	63,606	148,479	13,880	23,804	18,917	2,373	271,059

All land and buildings valuations have been reviewed by valuers as at 30 June 2009 and it has been determined that there is no significant movement in the carrying value of the properties. Therefore there has been no asset revaluation as at 30 June 2009.

78 Technical adjustment of \$24.251 million relates to reclassifying software between property, plant and equipment and intangibles with no impact on the current year net surplus. The cost side was adjusted in the previous period.

The total amount of property, plant and equipment in the course of construction is \$32.389 million (2008: \$13.551 million).

Commercial land and buildings were valued as at 30 June 2009 by Paul Butchers BBS, FPINZ, a registered valuer with CB Richard Ellis Ltd.

Residential land and buildings were valued as at 30 June 2009 by Kerry Stewart PG Dip Env Audit, Val Prof Urb, MBA, ANZIV, SNZPI from Darrochs Valuation Limited.

The property located at 830 Te Waerenga Road, Kaharoa, Rotorua was valued as at 30 June 2009 by KE Parker, FNZIV, FNZPI, a registered valuer with Jenks Valuations Limited.

Note 9: Intangible Assets

	INTERNALLY GENERATED SOFTWARE \$000	TOTAL \$000
Cost or revaluation		
Balance as at 1 July 2007	119,228	119,228
Additions by purchase and internally generated	41,367	41,367
Work in progress movement	-	-
Asset transfers	-	-
Other asset movement	-	-
Disposals	(23,152)	(23,152)
Balance as at 30 June 2008	137,443	137,443
Balance as at 1 July 2008	137,443	137,443
Additions by purchase and internally generated	42,721	42,721
Work in progress movement	(13,881)	(13,881)
Asset transfers	250	250
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2009	166,533	166,533
Accumulated amortisation and impairment losses		
Balance as at 1 July 2007	97,125	97,125
Amortisation expense	16,565	16,565
Disposals	(21,402)	(21,402)
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2008	92,288	92,288
Balance as at 1 July 2008	92,288	92,288
Amortisation expense	19,252	19,252
Disposals	-	-
Asset transfers ⁷⁹	(24,264)	(24,264)
Other asset movement	-	-
Balance as at 30 June 2009	87,276	87,276
Carrying amounts		
At 1 July 2007	22,103	22,103
At 30 June and 1 July 2008	45,155	45,155
At 30 June 2009	79,257	79,257

The total amount of intangibles in the course of construction is \$12.450 million (2008: \$26.331 million).

⁷⁹ Technical adjustment of \$24.251 million relates to reclassifying software between property, plant and equipment and intangibles with no impact on the current year net surplus. The cost side was adjusted in the previous period.

Significant intangible assets

Asset description	CARRYING AMOUNT \$000	AMORTISATION END DATE	REMAINING AMORTISATION PERIOD
Software Development			
CURAM ⁸⁰ :			
Production (phase 1)	5,931	30/09/2011	2 yrs and 3 mths
Production (phase 1a)	11,456	30/09/2015	6 yrs and 3 mths
Production (phase 2)	14,988	31/10/2012	3 yrs and 4 mths
SWATT ⁸¹	19,924	30/04/2011	1 yr and 10 mths

Note 10: Creditors and other payables

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	By type	
11,321	Trade creditors	9,141
5,901	GST payable	6,284
65,270	Accrued expenses	55,730
82,492	Total payables	71,155
	By maturity	
82,492	Expected to be settled within one year	71,155
-	Expected to be outstanding for more than one year	-
82,492	Total payables	71,155

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of creditors and other payables approximates their fair value.

Note 11: Repayment of surplus

ACTUAL 2008 \$000		ACTUAL 2009 \$000
14,850	Net surplus/(deficit)	11,971
14,850	Total repayment of surplus	11,971

The repayment of surplus is required to be paid by 31 October.

80 CURAM is the Ministry's client management system that supercedes much of UCVII (Unified Client View Phase Two) and SOLO. SOLO is the primary tool used by Work and Income employees to case manage clients. UCVII is an application that allows frontline staff to maintain a common view of their client information and to carry out automated checks on client information.

81 SWATT is the replacement system for SWIFTT (Social Welfare Information for Tomorrow, Today) and TRACE (Tracking Recover and Collection Enforcement) applications. SWIFTT is the legacy system used formerly by Income Support. It is the core benefit assessment and payment system used to pay approximately 70 different types of benefits and pensions. Trace is used to facilitate debt management, investigation unit processes and payment receipting.

Note 12: Provisions

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	CURRENT PROVISIONS ARE REPRESENTED BY:	
5,469	ACC Partnership Programme	6,750
-	Restructuring provision	10,255
-	Other provisions	83
5,469	Total current provision	17,088
	NON-CURRENT PROVISIONS ARE REPRESENTED BY:	
1,289	Lease make-good	1,202
1,289	Total non-current provision	1,202
6,758	Total provisions	18,290

Provisions by category

	ACC PARTNERSHIP PROGRAMME \$000	LEASE MAKE-GOOD \$000	ONEROUS CONTRACT \$000	RESTRUCTURE \$000	OTHERS \$000	TOTAL \$000
2008						
Balance as at 1 July 2007	4,360	1,202	185	-	258	6,005
Additional provisions made	1,109	124	-	-	-	1,233
Unused amounts reversed	-	-	(185)	-	(258)	(443)
Discount unwind	-	(37)	-	-	-	(37)
Balance as at 30 June 2008	5,469	1,289	-	-	-	6,758
2009						
Balance as at 1 July 2008	5,469	1,289	-	-	-	6,758
Additional provisions made	1,281	-	-	10,255	83	11,619
Unused amounts reversed	-	(190)	-	-	-	(190)
Discount unwind	-	103	-	-	-	103
Balance as at 30 June 2009	6,750	1,202	-	10,255	83	18,290

ACC Partnership programme

The Ministry belongs to the ACC Partnership programme (ACCPP) whereby the Ministry accepts the management and financial responsibility of work-related illnesses and accidents of its employees. The Ministry's third party administrator is Wellnz Ltd.

The liability for the ACCPP is measured at the present value of expected future payments to be made in respect of employees injuries and claims up to the reporting date using actuarial techniques. Consideration is given to expected future wage and salary levels and experience of employees claims and injuries. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely to 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;
- induction training on health and safety;
- actively managing work place injuries to ensure employees return to work as soon as possible;
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions; and
- identifying work place hazards and implementing appropriate safety procedures.

The Ministry has chosen a stop loss limit of 160 per cent of the industry premium. The stop loss limit means the Ministry will only carry the total cost of claims up to \$300,000.

The Ministry is not exposed to any significant concentrations of insurance risk as work-related injuries are generally the result of an isolated event to an individual employee.

An external independent actuarial valuer, Mark Weaver, Fellow of the NZ Society of Actuaries from Melville Jessup Weaver, has calculated the Ministry's actuarial estimate of outstanding claims liabilities under the ACCPP. As at 30 June 2009 the liability was \$399,000 (2008: \$776,000).

Key assumptions made were:

- MSD will remain in the ACCPP for the foreseeable future;
- the ACC methodologies and scaled factors for determining the IBNR (Incurred but not yet reported) and reopened claims are reasonable; and
- the estimated value of future payments for open claims as assessed by Wellnz are reasonable.

The value of the liability is not material for the Ministry. Therefore any changes in assumptions will not have a material impact on the financial statements.

The balance of the ACC provision was for statutory ACC liabilities.

Lease make-good

In respect of a number of its leased premises, the Ministry is required at the expiry of the lease term to make good any damage caused to the premises and to remove any fixtures or fittings installed by the Ministry.

At year-end there were 17 sites where a make-good provision had been established with a value of \$1.202 million. The timing of any future make-good work is currently up to three years in the future.

In many cases the Ministry has the option to renew these leases, which has an impact on the timing of expected cash outflows to make good the 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 make-good work.

An asset to the value of \$1.456 million was established for the lease reinstatement costs. This is being depreciated over a straight-line basis per lease term.

Restructure

The Ministry announced its decision to restructure certain parts of the organisation on the 12 May 2009. Following a consultation period with staff, relevant unions and other affected parties, a detailed restructure plan was approved on the 29 June 2009. A restructuring provision of \$10.255 million was established to recognise the amount of redundancies likely to be paid out to those staff made redundant as a result of the change process. It is expected that the change management process will be completed within the next 12 months and redundancies paid out accordingly.

The restructuring provision has been based on the best estimates available.

Other

The Ministry has resolved a legal case between Child, Youth and Family and a member of the public as at 30 June 2009. The case is now awaiting final settlement. The provision is \$20,000.

Also the Ministry has a provision for family home resettlement of \$63,000. A \$1,000 a year resettlement grant is paid to resigning or retiring family home caregivers after five or more years of unbroken service (up to a maximum of \$10,000 per couple).

Note 13: Employment entitlements

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	CURRENT LIABILITIES	
19,111	Retirement and long service leave	7,453
35,661	Provision for annual leave	37,282
1,240	Provision for sickness leave	1,553
56,012	Total current portion	46,288
	NON-CURRENT LIABILITIES	
21,012	Retirement and long service leave	29,565
21,012	Total non-current portion	29,565
77,024	Total employment entitlements	75,853

The present value of the retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will have an impact on the carrying amount of the liability.

In determining the appropriate discount rates to use the Ministry considered the interest rates on New Zealand government bonds which have terms to maturity that match, as closely to possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

Discount rates and salary inflation applied:

EMPLOYEE ENTITLEMENT VARIABLES	2010 %	2011 %	2012 %
Discount rates	3.01	3.82	5.96
Salary inflation	-	3.50	3.50

The following table provides the financial impact of changes to the above two variables

MOVEMENTS	ACTUAL 2009 \$000	SALARY + 1% 2009 \$000	SALARY - 1% 2009 \$000	DISCOUNT + 1% 2009 \$000	DISCOUNT - 1% 2009 \$000
Current	7,453	30	(30)	(6)	18
Non-current	29,565	3,045	(2,665)	(2,474)	2,852
Total	37,018	3,075	(2,695)	(2,480)	2,870

Note 14: Taxpayers' funds

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	General funds	
303,172	Balance at 1 July	303,172
14,850	Surplus/(deficit)	11,971
(14,850)	Repayment of surplus	(11,971)
303,172	General funds at 30 June	303,172
	Revaluation reserves	
26,123	Balance at 1 July	26,123
-	Revaluations	-
26,123	Revaluation reserves at 30 June	26,123
329,295	Total taxpayers' funds	329,295

Note 15: Reconciliation of net surplus/(deficit) to net cash from operating activities

ACTUAL 2008 \$000		ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
14,850	Net surplus/(deficit) after tax	11,971	-	-
	Add/(less) non-cash items			
26,334	Depreciation	30,381	29,923	35,887
16,565	Amortisation	19,252	21,229	16,792
42,899	Total non-cash items	49,633	51,152	52,679
	Add/(less) items classified as investing or financing activities			
595	(Gains)/losses on disposal property, plant and equipment	(213)	-	-
595	Total items classified as investing or financing activities	(213)	-	-
	Add/(less) working capital movements			
4,561	(Increase)/decrease in accounts receivable	(109)	-	-
3,416	(Increase)/decrease in prepayments	(2,356)	-	-
4,776	Increase/(decrease) in accounts payables	(11,336)	-	-
78	Increase/(decrease) in capital charge	119	-	-
5,192	Increase/(decrease) in provision for employee entitlements	(9,724)	-	-
753	Increase/(decrease) other provisions	11,532	-	-
18,776	Net movements in working capital items	(11,874)	-	-
	Add/(less) movements in non-current liabilities			
1,479	Increase/(decrease) in provision for employee entitlements	8,553	-	-
1,479	Net movements in non-current liabilities	8,553	-	-
78,599	Net cash inflow from operating activities	58,070	51,152	52,679

Note 16: Related party transactions and key management personnel

Related party transactions

The Ministry is a wholly owned entity of the Crown. The Government significantly influences the role of the Ministry as well as being its major source of revenue.

The Ministry enters into transactions with other government departments, Crown entities and State-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client 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 entity at arm's length, in the same circumstance, are not disclosed.

The following transactions were carried out with related parties:

- There are close family members of key management personnel employed by the Ministry. The terms and conditions of those arrangements are no more favourable than the Ministry would have adopted if there were no relationship to key management personnel.
- Related parties of key management personnel who are in receipt of statutory benefits, pensions or student loans are receiving it based on their own entitlements and eligibility criteria to such benefits, pensions or student loans.

No provision has been required, nor any expense recognised, for the impairment of receivables from related parties.

Key management personnel compensation

ACTUAL 2008 \$000		ACTUAL 2009 \$000
3,747	Salaries and other short-term employee benefits	3,998
-	Post-employment benefits	-
139	Other long-term benefits	-
-	Termination benefits	-
3,886	Total key management personnel compensation	3,998

Key management personnel include the Chief Executive and the 11 members of the Senior Management Team.

Note 17: Events after the balance sheet date

No significant events, which may have an impact on the actual results, have occurred between year-end and the signing of the financial statements.

Note 18: 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 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.

The Ministry purchases some capital equipment internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the US and Australian dollars. Currency risk arises from future capital purchases and recognised liabilities, which are denominated in a foreign currency.

The Ministry is not exposed to market risk that requires a sensitivity analysis to be prepared.

As at 30 June 2009 there are 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 the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no interest bearing financial instruments and, accordingly, has no exposure to interest rate risk.

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 its business, credit risk arises from debtors, deposits with banks and derivative financial instrument assets.

The Ministry is only permitted to deposit funds with Westpac, a registered bank and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings.

Westpac have opted into the Crown Retail Deposit Guarantee Scheme. This scheme guarantees deposits up to the value of \$1 million per depositor.

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, net debtors (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

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 drawdowns from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Financial instrument risks

Classes and categories of financial assets

AS AT 30 JUNE 2008 DESIGNATION					AS AT 30 JUNE 2009 DESIGNATION				
AMORTISED COST \$000	LOANS & RECEIVABLES \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000	AMORTISED COST \$000	LOANS & RECEIVABLES \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000
-	173,230	-	-	173,230	-	147,899	-	-	147,899
-	3,600	-	-	3,600	-	3,709	-	-	3,709
-	176,830	-	-	176,830	-	151,608	-	-	151,608
					Total financial assets by designation				

Classes and categories of financial liabilities

AS AT 30 JUNE 2008 DESIGNATION					AS AT 30 JUNE 2009 DESIGNATION			
AMORTISED COST \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000		AMORTISED COST \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000
98,692	-	-	98,692	Accounts payable	84,595	-	-	84,595
98,692	-	-	98,692	Total financial liabilities by designation	84,595	-	-	84,595

Foreign currency risk management

AS AT 30 JUNE 2008					AS AT 30 JUNE 2009			
NZD NZ\$000	AUD NZ\$000	OTHER NZ\$000	TOTAL NZ\$000		NZD NZ\$000	AUD NZ\$000	OTHER NZ\$000	TOTAL NZ\$000
172,983	247	-	173,230	Cash and cash equivalents	147,514	385	-	147,899
3,600	-	-	3,600	Trade and other receivables	3,709	-	-	3,709
176,583	247	-	176,830	Total financial assets	151,223	385	-	151,608
98,692	-	-	98,692	Accounts payable	84,595	-	-	84,595
98,692	-	-	98,692	Total financial liabilities	84,595	-	-	84,595

Australian cash and cash equivalents is used to pay Australian creditors direct in Australian currency.

Credit risk management

AS AT 30 JUNE 2008						AS AT 30 JUNE 2009				
AAA \$000	AA \$000	A \$000	NON- RATED \$000	TOTAL \$000		AAA \$000	AA \$000	A \$000	NON- RATED \$000	TOTAL \$000
-	173,180	-	50	173,230	Cash and cash equivalents	-	147,851	-	48	147,899
-	-	-	3,600	3,600	Trade and other receivables	-	-	-	3,709	3,709
-	173,180	-	3,650	176,830	Total financial assets	-	147,851	-	3,757	151,608

The non-rated portion of cash and cash equivalents is the Ministry's petty cash fund.

Concentration of credit exposure by geographical area

AS AT 30 JUNE 2008						AS AT 30 JUNE 2009				
NEW ZEALAND \$000	AUSTRALIA \$000	EUROPE \$000	OTHER \$000	TOTAL \$000		NEW ZEALAND \$000	AUSTRALIA \$000	EUROPE \$000	OTHER \$000	TOTAL \$000
172,983	247	-	-	173,230	Cash and cash equivalents	147,514	385	-	-	147,899
3,600	-	-	-	3,600	Trade and other receivables	3,709	-	-	-	3,709
176,583	247	-	-	176,830	Total financial assets	151,223	385	-	-	151,608

Liquidity risk management

AS AT 30 JUNE 2008						AS AT 30 JUNE 2009				
CARRYING VALUE \$000	CON- TRACTUAL CASH FLOWS \$000	0-12 MONTHS \$000	1-2 YEARS \$000	> 2 YEARS \$000		CARRYING VALUE \$000	CON- TRACTUAL CASH FLOWS \$000	0-12 MONTHS \$000	1-2 YEARS \$000	> 2 YEARS \$000
98,692	98,692	98,692	-	-	Accounts payable	84,595	84,595	84,595	-	-
98,692	98,692	98,692	-	-	Total financial liabilities	84,595	84,595	84,595	-	-

Note 19: Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprise 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 its compliance with the Government Budget processes and with Treasury Instructions.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

Note 20: Major budget variations

Explanations for major variances from the Ministry's estimated figures in the Forecast Financial Statements are as follows:

	NOTE	ACTUAL 2009 \$000	MAIN 2009 \$000	SUPPLEMENTARY 2009 \$000	ACTUAL VS MAINS VARIANCE 2009 \$000
Other expenses	(a)	486,154	498,436	500,871	12,282
General funds	(b)	303,172	339,259	314,659	36,087
Cash and cash equivalents	(c)	147,899	110,027	147,638	(37,872)
Property, plant and equipment	(d)	271,059	332,509	297,634	61,450
Other provisions	(e)	18,290	4,846	6,758	(13,444)
Provision for employee entitlements	(f)	29,565	19,533	21,012	(10,032)
Payments to employees	(g)	(587,791)	(600,039)	(601,932)	(12,248)
Purchase of property, plant and equipment	(h)	(42,580)	(86,091)	(49,291)	(43,511)

Statement of Financial Performance

(a) The decrease in other expenses is due to lower consultancy and contractor expenditure in 2009.

Statement of Financial Position

- (b) The capital contribution approved for the construction of the Youth Justice central facility at Parekarangi Trust site in Rotorua was not used due to timing delays. This resulted in a variance of \$36.087 million.
- (c) Lower than planned capital expenditure has contributed to a higher cash position than that initially forecast in the Main Estimates.
- (d) Property, plant and equipment expenditure was lower due to delays in the construction of the Youth Justice facility outlined above.
- (e) Other provisions have increased because of a restructuring provision of \$10.255 million. This is due to the Ministry commencing a change process in May 2009 with staff restructuring anticipated.
- (f) The increase in employee entitlements relates to changes to leave entitlements and increases in salary levels.

Statement of Cash Flows

- (g) Payments to employees have declined which can be attributed to overestimating salary increases and therefore the impact on outward cash flows in the Main Estimates budget.
- (h) The reduction in cash flow on property, plant and equipment was due to delays in the construction of the Youth Justice residential facility in the central North Island.

Changes in appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2008/2009 financial year.

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	VARIANCE 2009 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Care and Protection Services	300,632	317,008	16,376	<p>The increase is due to:</p> <ul style="list-style-type: none"> - a reallocation of overheads to reflect current staff numbers (\$13.100 million). - a fiscally neutral adjustment to funding for Pathways to Partnership (\$3.025 million). - funding to maintain the Kauri centre (\$0.251 million).

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	Summary	
15,827,692	Expenditure and Appropriations	16,975,507
71,208	Revenue	74,039
499,615	Capital Receipts	544,061
1,231,616	Assets	1,237,065
381,937	Liabilities	378,258
386	Trust Monies	541

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that the Ministry manages on behalf of the Crown. The Ministry administered \$16.976 billion of non-departmental payments, \$618.1 million of non-departmental revenues and receipts, \$1.237 billion of assets and \$378.3 million of liabilities on behalf of the Crown for the year ended 30 June 2009.

Further details of the Ministry's management of these Crown assets and liabilities are provided in the Statement of Service Performance section of this report.

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 2008/2009.

Statement of Accounting Policies: Non-Departmental

For the year ended 30 June 2009

Reporting Entity

These non-departmental schedules and statements 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, reference should also be made to the Financial Statements of the Government.

Accounting Policies

The non-departmental schedules and statements have been prepared in accordance with the Government's accounting policies set out in the Financial Statements of the Government, and in accordance with relevant Treasury Instructions and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with the New Zealand generally accepted accounting practice as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The following particular accounting policies have been applied.

Budget Figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary Estimates.

Revenues

The Ministry administers revenue on behalf of the Crown. This revenue includes Student Loan administration fees, Student Loan interest unwind, interest revenue and maintenance capitalisation.

Student Loan administration fee revenue is recognised when the eligible student loan application has been processed.

Student Loan interest unwind is the interest income arising from the initial fair value write-down of the Student Loan. It is calculated using the original effective interest rate as defined in NZ IAS 39.

Interest revenue relates to interest on Major Repairs Advance (MRA). This relates to advances on repairs or maintenance for client's homes.

Maintenance capitalisation records the re-establishment of historical maintenance debt previously written off. Up until 30 June 1992 a person who had custody of a child could seek financial support (i.e. maintenance from the non-custodial parent). The Child Support Scheme replaced this scheme. It was introduced in 1992 and is managed by the Inland Revenue Department.

Expenses

Expenses are recognised in the period to which they relate.

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.

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 Statement of Financial Performance. For information on foreign currency risk management refer Note 4.

Financial Instruments

Financial assets

Cash and cash equivalents include cash on hand, cash in transit, bank accounts and deposits with a maturity of no more than three months from date of acquisition.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate less any provision for impairment except for social benefit debt 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 nominal amount or face value. These receivables are subsequently tested for impairment.

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, probability that the debtor will enter into bankruptcy and default 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 the 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 (i.e. not past due).

Student Loans are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less any impairment loss. Refer Note 2.

Financial liabilities

The major financial liability types are accounts payable and tax payable. Both are 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 forward exchange 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 loss position respectively. These derivatives are entered into for risk management purposes.

Goods and Services Tax

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, 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 on consolidation of the government financial statements.

Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that 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 at which the contingency is evident.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	VOTE SOCIAL DEVELOPMENT			
238,238	Non-Departmental Output Expenses	284,429	288,666	289,794
529,953	Non-Departmental Other Expenses	647,027	773,400	763,217
1,319,975	Non-Departmental Capital Expenditure	1,507,159	1,418,395	1,568,255
13,375,080	Benefits and Other Unrequited Expenses	14,280,779	13,921,179	14,356,330
-	Loss on foreign exchange	3,926	-	-
41,273	Other operating expenses	48,364	52,538	46,557
15,504,519	Total Vote Social Development	16,771,684	16,454,178	17,024,153
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT			
314,896	Benefits and Other Unrequited Expenses	194,444	336,187	176,464
314,896	Total Vote Veterans' Affairs - Social Development	194,444	336,187	176,464
	VOTE YOUTH DEVELOPMENT			
8,277	Non-Departmental Output Expenses	9,379	8,899	9,584
8,277	Total Vote Youth Development	9,379	8,899	9,584
15,827,692	Total Non-Departmental Expenses	16,975,507	16,799,264	17,210,201

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 2008/2009.

Statement of Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2009

ACTUAL 2008 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
VOTE SOCIAL DEVELOPMENT					
Non-Departmental Output Expenses					
943	Assistance to Disadvantaged Persons ⁸²	879	1,450	1,450	-
2,257	Children's Commissioner	1,757	1,757	1,757	-
2,572	Connected Communities	4,383	2,577	4,644	-
11,219	Counselling and Rehabilitation Services ⁸³	17,018	10,963	17,026	-
5,897	Education and Prevention Services ⁸³	8,539	5,771	8,766	-
7,670	Families Commission	8,170	8,170	8,170	-
40,815	Family Wellbeing Services ⁸³	51,429	45,637	52,662	-
71	Life Skills and Employment-Related Training Activities ⁸⁴	172	543	543	-
5,747	Retirement Commissioner	5,682	5,682	5,682	-
4,716	Strengthening Providers and Communities ⁸³	4,993	4,886	5,803	-
68,032	Strong Families	89,940	109,478	91,539	-
3,511	Student Placement Services	3,511	3,512	3,512	-
84,788	Vocational Services for People with Disabilities	87,956	88,240	88,240	-
238,238	Total Non-Departmental Output Expenses	284,429	288,666	289,794	-
Non-Departmental Other Expenses					
5,931	Community Labour Market Development Assistance	7,845	9,333	9,333	-
365	Contingency and Innovations Fund ⁸³	365	365	365	-
441,494	Debt Write-downs	553,930	670,098	662,912	-
67,322	Employment Assistance	63,441	74,927	65,178	-
-	Job Support Scheme	428	-	2,901	-
-	Mainstream Supported Employment Programme	2,499	-	3,851	-
14,832	Out of School Care Programmes	18,519	18,677	18,677	-
Reclassified					
9	Suspensory Loan Abatement	-	-	-	-
529,953	Total Non-Departmental Other Expenses	647,027	773,400	763,217	-
Non-Departmental Capital Expenditure					
119,163	Recoverable Assistance	156,902	122,013	157,365	-
1,200,719	Student Loans	1,350,257	1,296,382	1,410,890	-
Expired					
93	Community Services Card Reimbursements	-	-	-	-
1,319,975	Total Non-Departmental Capital Expenditure	1,507,159	1,418,395	1,568,255	-

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 2008/2009.

82 Assistance to Disadvantaged Persons was formerly known as Capacity Building Initiatives.

83 Formerly contained within Vote Child, Youth and Family Services in 2007/2008.

84 Life Skills and Employment-Related Training Activities was formerly known as Services for At-Risk Youth.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 110 to 118 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Appropriations (continued)

For the year ended 30 June 2009

ACTUAL 2008 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
	Benefits and Other Unrequited Expenses				
-	Accommodation Assistance	989,385	911,067	996,119	-
57,903	Benefits Paid in Australia	50,278	51,041	51,861	-
150,336	Childcare Assistance	159,077	167,657	163,809	-
-	Disability Assistance	389,886	387,390	391,060	-
1,478,192	Domestic Purposes Benefit	1,530,294	1,512,754	1,534,295	-
27,231	Employment Related Training Assistance ⁸⁵	29,702	25,747	30,385	-
441	Family Start/NGO Awards	559	660	550	9
-	Hardship Assistance	227,322	170,382	232,369	-
13,307	Independent Youth Benefit	15,903	13,557	15,878	25
1,215,895	Invalid's Benefit	1,259,625	1,314,903	1,261,614	-
7,348,172	New Zealand Superannuation	7,744,149	7,739,321	7,761,569	-
80,622	Orphan's/Unsupported Child's Benefit	87,526	87,566	87,739	-
-	Redundancy Assistance	2,736	-	3,957	-
581,868	Sickness Benefit	613,471	567,655	612,826	645
41	Special Annuities	18	43	54	-
14,107	Special Circumstance Assistance ⁸⁶	14,103	13,672	14,826	-
385,724	Student Allowances	444,268	411,378	439,245	5,023
-	Study Scholarships and Awards	41,690	42,790	42,791	-
15,953	Transition to Work	16,782	16,894	17,254	-
-	Transitional Assistance	3,650	-	3,650	-
2	Transitional Supplement ⁸⁷	-	-	10	-
457,680	Unemployment Benefit and Emergency Benefit	585,867	417,408	624,592	-
72,686	Widows' Benefit	69,601	69,294	69,877	-
	Reclassified				
891,054	Accommodation Supplement	-	-	-	-
88,207	Child Disability Allowance	-	-	-	-
278,396	Disability Assistance	-	-	-	-
6,575	Merit Scholarships	-	-	-	-
2,836	Scholarship and NQF/NCEA Awards	-	-	-	-
71,184	Special Benefit	-	-	-	-
59,073	Special Needs Grants	-	-	-	-
126	Special Transfer Allowance	-	-	-	-
7,016	Step Up Scholarships	-	-	-	-
13,783	TeachNZ Scholarships	-	-	-	-
53,938	Temporary Additional Support	-	-	-	-
13,372,348	Total Benefit and Other Unrequited Expenses	14,275,892	13,921,179	14,356,330	5,702
(2,732)	Realised exchange (gain)/loss on benefit paid in Australia	(4,887)	-	-	-
13,375,080	Total BOUES excluding realised exchange gain or loss	14,280,779	13,921,179	14,356,330	5,702
15,463,246	Total Vote Social Development	16,719,394	16,401,640	16,977,596	5,702

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 2008/2009.

85 Employment Related Training Assistance was formerly known as Training Incentive Allowance.

86 Special Circumstance Assistance was formerly known as Ministerial Welfare Programmes Providing Specialist Types of Assistance.

87 Transitional Supplement was formerly known as Transitional Working for Families Supplement.

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 110 to 118 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Appropriations (continued)

For the year ended 30 June 2009

ACTUAL 2008 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
	Benefits and Other Unrequited Expenses				
67	Interest Concessions Land and Buildings	-	49	-	-
19,224	Medical Treatment ⁸⁸	1,610	19,468	-	-
161,294	Veterans' Pension	175,861	177,356	176,464	-
134,311	War Disablement Pensions ⁸⁸	16,973	139,314	-	-
314,896	Total Vote Veterans' Affairs - Social Development	194,444	336,187	176,464	-
	VOTE YOUTH DEVELOPMENT				
	Non-Departmental Output Expenses				
7,388	Services for Young People	8,495	8,010	8,695	-
889	Youth Development Partnership Fund	884	889	889	-
8,277	Total Vote Youth Development	9,379	8,899	9,584	-
15,786,419	Total Non-Departmental Expenses	16,923,217	16,746,726	17,163,644	5,702

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 2008/2009.

⁸⁸ The actual amount of expenses incurred against Medical Treatment and War Disablement Pensions appropriations in Vote Veterans' Affairs – Social Development was incurred under the authority of the Imprest Supply (First for 2008/2009) Act 2008 during the first month of 2008/2009 before responsibility for the administration of these appropriations shifted to the New Zealand Defence Force and the appropriations shifted to Vote Veterans' Affairs – Defence Force. As required by the Imprest Supply (First for 2008/2009) Act 2008, these amounts of expenses incurred were subsequently covered by appropriations made in the Appropriation (2008/2009 Estimates) Act 2008. However, in the 2008/2009 Supplementary Estimates (and in the Appropriation (2008/2009 Supplementary Estimates) Act 2009) the amount of each of these two appropriations was erroneously reduced by an amount that made the cumulative appropriation for the year zero, instead of being reduced by an amount that left the cumulative amount of each of these two appropriations no less than the amount of expenses already incurred.

Statement of Unappropriated Non-Departmental Expenditure and Appropriations

For the year ended 30 June 2009

UNAPPROPRIATED EXPENDITURE 2008 \$000	TYPE OF APPROPRIATION (FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	UNAPPROPRIATED EXPENDITURE 2009 \$000	APPROVAL UNDER SECTION 26B PUBLIC FINANCE ACT 2009 \$000	UNAPPROPRIATED EXPENDITURE 2009 \$000
	VOTE SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses			
-	Family Start/NGO Awards	9	-	(9)
-	Independent Youth Benefit	25	250	-
6	Orphan's/Unsupported Child's Benefit	-	-	-
511	Sickness Benefit	645	4,000	-
129	Special Benefit	-	-	-
-	Student Allowances	5,023	7,000	-
692	Temporary Additional Support	-	-	-
986	Unemployment Benefit and Emergency Benefit	-	-	-
2,324	Sub-total	5,702	11,250	(9)
	Non-Departmental Capital Expenditure			
876	Recoverable Assistance	-	-	-
876	Sub-total	-	-	-
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses			
340	Medical Treatment	-	-	-
1,076	War Disablement Pensions	-	-	-
1,416	Sub-total	-	-	-
4,616	Total	5,702	11,250	(9)

The demand driven nature of Benefits and Other Unrequited Expenses (BOUE) and Non-Departmental Capital Expenditure appropriations means it was forecast on a mid-point average basis during the year. Under this method of forecasting, it was expected that actual expenditure on some of the forecast items would be more than the mid-point forecast and on other forecast items less than the mid-point forecast. As an appropriation is a legal upper limit on expenditure, using a mid-point forecast to determine the amount of the appropriation inevitably means that there would be unappropriated expenditure for some forecast items requiring separate ministerial approval.

To reduce the likelihood of unappropriated expenditure, each item in the 2008/2009 Supplementary Estimates included forecasts, which were set within reason at the higher end of their forecast range. In addition to this, the Ministry identified and sought approval under section 26B of the Public Finance Act, for demand driven expenditure which was likely to exceed (but was within the scope of the appropriations) the forecasts prepared for the 2008/2009 Supplementary Estimates.

Approval was received before 30 June 2009 from the Minister of Finance for three section 26B approvals under the Public Finance Act.

Section 26C approval under the Public Finance Act was received for the Family Start/NGO Awards. This appropriation was inadvertently reduced by \$110,000 when finalising the 2008/2009 Supplementary Estimates. An approval under section 26C was sought to remedy this as the forecast expenditure was expected to exceed the Minister of Finance's authority to approve unappropriated expenses under section 26B. The actual unappropriated expenditure of \$9,000 was in fact lower than expected and well within a section 26B approval.

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 2008/2009.

Schedule of Non-Departmental Revenue

For the year ended 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
32	Interest Revenue	11	-	-
175	Maintenance Capitalisation	323	(224)	168
16,358	Gain on foreign exchange	-	-	-
8,567	Student Loan - Administration Fee	9,594	9,195	9,669
46,076	Student Loan - Interest Unwind	64,111	86,593	65,159
71,208	Total Non-Departmental Revenue	74,039	95,564	74,996

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 2008/2009.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
190,446	Benefit Recoveries - Current Debt	203,331	187,509	196,727
2,414	Benefit Recoveries - Liable Parent Contributions	2,185	1,842	2,240
80,002	Benefit Recoveries - Non-Current Debt	75,617	77,792	75,273
93	Community Services Card Recoveries	-	-	-
147,843	Overseas Pension Recoveries	171,989	170,349	169,453
78,817	Student Loans - Repayment of Principal	90,939	82,084	85,586
499,615	Total Non-Departmental Capital Receipts	544,061	519,576	529,279

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 2008/2009.

Schedule of Non-Departmental Assets

As at 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Current assets			
143,805	Cash and cash equivalents	91,812	130,876	143,805
1,020,610	Student loans advanced ⁸⁹	1,150,732	1,022,495	1,199,377
(319,602)	Provision for doubtful debts - student loans	(423,809)	(445,745)	(510,665)
149,739	Accounts receivable - benefits and allowances	165,354	142,729	201,993
981	Prepayments - benefits and allowances	127	4,606	981
995,533	Total current assets	984,216	854,961	1,035,491
	Non-current assets			
686,581	Accounts receivable - benefits and allowances	726,689	131,106	183,106
(462,763)	Provision for doubtful debts - benefits and allowances	(478,890)	-	-
203	Advances - benefits and allowances	163	183	186
12,062	Foreign currency forward contract	4,887	-	-
236,083	Total non-current assets	252,849	131,289	183,292
1,231,616	Total Non-Departmental Assets	1,237,065	986,250	1,218,783

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 2008/2009.

⁸⁹ The Student Loan scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and the Inland Revenue Department. The Ministry's role is to assess and make payments to students undertaking tertiary education. The student loans advanced, including any early repayments, interest and administration fees charged, are transferred to the Inland Revenue Department in March and April each year for collection.

Schedule of Non-Departmental Liabilities

As at 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000
	Current liabilities			
279,848	Accruals - other than government departments	295,515	280,263	280,506
101,431	Tax payable	81,966	87,898	90,618
658	Other current liabilities	777	-	-
-	Foreign currency forward contract	-	1,300	(12,061)
381,937	Total Non-Departmental Liabilities	378,258	369,461	359,063

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 2008/2009.

Schedule of Non-Departmental Commitments

As at 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	OPERATING COMMITMENTS	
172,997	Less than one year	88,051
60,871	One to two years	-
4,777	Two to five years	-
-	More than five years	-
238,645	Total operating commitments	88,051

The majority of the commitments disclosed above are with non-government organisations (NGO) delivering community based outcomes within New Zealand.

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 2008/2009.

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2009

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities.

Quantifiable contingent liabilities

There are no quantifiable cases (2008: nil) lodged against the Ministry that remain unresolved as at 30 June 2009.

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2008: 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 2008/2009.

Statement of Trust Monies

For the year ended 30 June 2009

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 at 30 June 2009 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2009 were as follows:

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	Australian Debt Recoveries	
4	Balance at 1 July	4
42	Contributions	36
(42)	Distributions	(36)
-	Revenue	-
-	Expenditure	-
4	Balance at 30 June	4
	Australian Embargoed Arrears	
191	Balance at 1 July	322
3,053	Contributions	4,263
(2,922)	Distributions	(4,104)
-	Revenue	-
-	Expenditure	-
322	Balance at 30 June	481
	Maintenance	
47	Balance at 1 July	49
999	Contributions	830
(997)	Distributions	(824)
-	Revenue	-
-	Expenditure	-
49	Balance at 30 June	55
	Netherlands Debt	
1	Balance at 1 July	11
43	Contributions	44
(33)	Distributions	(54)
-	Revenue	-
-	Expenditure	-
11	Balance at 30 June	1
386	Total Trust Monies	541

The Statement of Accounting Policies: Non-Departmental on pages 94 to 96 and Notes 1 to 4 on pages 110 to 118 form an integral part of these financial statements and schedules.

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 to 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 2008/2009.

Notes to the Non-Departmental Financial Statements

For the year ended 30 June 2009

Note 1: Explanation of major variances against budget

Changes in actual results and Supplementary Estimates

Explanations for major variances from the Ministry's supplementary figures are as follows:

FIGURES ARE GST EXCLUSIVE	ACTUAL 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	VARIANCE 2009 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-Departmental Other Expenses				
Debt Write-downs	553,930	662,912	108,982	The decrease is due to: - a better student loan revaluation result than expected.
Non-Departmental Capital Expenditure				
Student Loans	1,350,257	1,410,890	60,633	The decrease is due to: - lower than anticipated loan volumes than forecast in the Supplementary Estimates. The Supplementary Estimates were based on the high end of the forecast range. Anecdotal information from tertiary institutions indicated a significant rise in enrolments. This is evident in the actual expenditure exceeding the original Main Estimates.
Benefits and Other Unrequited Expenses				
New Zealand Superannuation	7,744,149	7,761,569	17,420	The decrease is due to: - lower average payment and number of recipients than forecast in the Supplementary Estimates. Volumes and payment rates have been higher during the course of the year and the Supplementary Estimates were increased to take those volume and rate increases into account.
Unemployment Benefit and Emergency Benefit	585,867	624,592	38,725	The decrease is due to: - lower average payment and number of recipients than forecast in the Supplementary Estimates. The Supplementary Estimates were increased to the high end of the forecast range to take into account worsening economic conditions.
VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
Benefits and Other Unrequited Expenses				
War Disablement Pensions ⁹⁰	16,973	-	(16,973)	Detailed explanation below.

⁹⁰ The actual amount of expenses incurred against Medical Treatment and War Disablement Pensions appropriations in Vote Veterans' Affairs – Social Development was incurred under the authority of the Imprest Supply (First for 2008/2009) Act 2008 during the first month of 2008/2009 before responsibility for the administration of these appropriations shifted to the New Zealand Defence Force and the appropriations shifted to Vote Veterans' Affairs – Defence Force. As required by the Imprest Supply (First for 2008/2009) Act 2008, these amounts of expenses incurred were subsequently covered by appropriations made in the Appropriation (2008/2009 Estimates) Act 2008. However, in the 2008/2009 Supplementary Estimates (and in the Appropriation (2008/2009 Supplementary Estimates) Act 2009) the amount of each of these two appropriations was erroneously reduced by an amount that made the cumulative appropriation for the year zero, instead of being reduced by an amount that left the cumulative amount of each of these two appropriations no less than the amount of expenses already incurred.

Changes in Appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2008/2009 financial year.

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	VARIANCE 2009 \$000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-Departmental Output Expenses				
Strong Families	109,478	91,539	(17,939)	The decrease relates to: - a fiscally neutral adjustment to funding for Pathway to Partnership (\$18.439 million). The above was partly offset by funding from Vote Immigration for Refugee Services \$0.500 million.
Non-Departmental Capital Expenditure				
Recoverable Assistance	122,013	157,365	35,352	The increase is caused by: - a higher than forecast number of grants and a higher than forecast average payment rate.
Student Loans	1,296,382	1,410,890	114,508	The increase is due to: - a higher than expected number of loan borrowers.
Benefits and Other Unrequited Expenses				
Accommodation Assistance	911,067	996,119	85,052	The increase is due to: - a higher than expected number of recipients.
Domestic Purposes Benefit	1,512,754	1,534,295	21,541	The increase is due to: - a higher than expected number of recipients.
Hardship Assistance	170,382	232,369	61,987	The increase is due to: - a higher than expected number of Temporary Additional Support recipients. - the annual limit for food related grants under Special Needs Grants effectively doubled during the year caused by a reduction in the period to which the maximum limits applied from 52 to 26 weeks.
Invalid's Benefit	1,314,903	1,261,614	(53,289)	The decrease is caused by: - the 1 October 2008 income tax change that reduced the gross amount payable for Invalid's Benefit. - growth in the number of Invalid's Benefit recipients was lower than expected.
New Zealand Superannuation	7,739,321	7,761,569	22,248	The increase is caused by: - a higher than expected number of New Zealand Superannuation recipients. - the income tax change on 1 October 2008 raised the net married payment rate higher, so that for the 1 April 2009 cost of living adjustment, the payment rate being adjusted was on a higher base.
Sickness Benefit	567,655	612,826	45,171	The increase is caused by: - a higher than expected number of recipients. This was partly offset by the 1 October 2008 income tax change that reduced the gross benefit paid and a lower than expected average payment per recipient (before indexation).

Changes in Appropriations (continued)

FIGURES ARE GST EXCLUSIVE	MAIN ESTIMATES 2009 \$000	SUPPLEMENTARY ESTIMATES 2009 \$000	VARIANCE 2009 \$000	EXPLANATION
Student Allowances	411,378	439,245	27,867	The increase is due to: - a higher than expected number of recipients. This was partly offset by the decrease caused from the 1 October 2008 income tax change, which reduced the gross payment rate.
Unemployment Benefit and Emergency Benefit	417,408	624,592	207,184	The increase is due to: - the higher than expected number of recipients reflecting the impact of the worsening economic conditions. This was partly offset by a lower than expected average payment rate (before indexation) and from a decrease in the gross payment rate due to the 1 October 2008 tax change.
VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
Benefits and Other Unrequited Expenses				
Medical Treatment ⁹¹	19,468	-	(19,468)	This appropriation was transferred to Vote Veterans' Affairs - Defence in 2008/2009. The administration of Medical Treatment was transferred from the Ministry of Social Development to the New Zealand Defence Force.
War Disablement Pensions ⁹¹	139,314	-	(139,314)	see above

Note 2: Student Loan advances

Source: Ministry of Education – Student Loan Scheme

Student Loans are stated at the carrying value as determined under NZ IAS 39 under the loans and receivables category. Independent advice from PriceWaterhouseCoopers (PWC) was sought to help with the determination of the carrying value of the Student Loan portfolio under NZ IFRS requirements. The Ministry of Social Development is responsible for the lending and the initial administration of Student Loans. The students can borrow for course fees, course-related costs and/or living costs. In March of each year, the majority of the balance of the loans is transferred to IRD.

Student loan nominal value

The nominal balance is the total obligations that borrowers have including loan principal, interest (from 2008 onwards there is an interest free policy) and penalties. The change in nominal value from year to year reflects the net growth of the portfolio through new lending less repayments and other adjustments such as write-offs due to death and bankruptcies. The nominal value is the basis for other values such as the carrying value and fair value.

⁹¹ The actual amount of expenses incurred against Medical Treatment and War Disablement Pensions appropriations in Vote Veterans' Affairs – Social Development was incurred under the authority of the Imprest Supply (First for 2008/2009) Act 2008 during the first month of 2008/2009 before responsibility for the administration of these appropriations shifted to the New Zealand Defence Force and the appropriations shifted to Vote Veterans' Affairs – Defence Force. As required by the Imprest Supply (First for 2008/2009) Act 2008, these amounts of expenses incurred were subsequently covered by appropriations made in the Appropriation (2008/2009 Estimates) Act 2008. However, in the 2008/2009 Supplementary Estimates (and in the Appropriation (2008/2009 Supplementary Estimates) Act 2009) the amount of each of these two appropriations was erroneously reduced by an amount that made the cumulative appropriation for the year zero, instead of being reduced by an amount that left the cumulative amount of each of these two appropriations no less than the amount of expenses already incurred.

Student loan carrying value

Student loans are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment loss.

Fair value on initial recognition of Student Loans is determined by projecting forward expected repayments required under the scheme and discounting them back at an appropriate discount rate. The subsequent measurement at amortised cost is determined using the effective interest rate calculated at initial recognition. This rate is used to spread the interest income across the life of the loan and determines the loan's carrying value at each reporting date.

The valuation model has been adapted to reflect current student loan policy. The carrying value is also sensitive to changes in a number of underlying assumptions, including future income levels, repayment behaviour and macroeconomic factors such as inflation and discount rate. The significant assumptions are included in the table Carrying value of Student Loans as at 30 June 2009.

Student loan fair value

Fair value is the amount for which the loan book could be exchanged between knowledgeable, willing parties in an arm's-length transaction as at 30 June 2009. It is determined by discounting the estimated cash flows at an appropriate discount rate. The estimated fair value of the Student Loan debt at 30 June 2009 has been determined to be approximately \$580.9 million (\$574.9 million at 30 June 2008).

Fair values will differ from carrying values due to changes in market interest rates, as the carrying value is not adjusted for such changes whereas the fair value was calculated using a discount rate that was current as at 30 June 2009. At that date, the fair value was calculated on a discount rate of 9.18 per cent, whereas a weighted average discount rate of 6.73 per cent was used for the carrying value. The difference between fair value and carrying value does not represent an impairment of the asset.

The fair value interest rate sensitivity is included in the table Carrying value of Student Loans as at 30 June 2009.

Impairment

Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the loan is impaired. Impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the loan, and that a 'loss' event (or events) has an impact on the estimated future cash flows of the student loan book that can be reliably measured.

Carrying value of Student Loans as at 30 June 2009

ACTUAL 2008 \$000	(FIGURES ARE GST INCLUSIVE WHERE APPLICABLE)	ACTUAL 2009 \$000
	VOTE SOCIAL DEVELOPMENT	
	Student loans	
1,008,807	Opening nominal balance	1,020,610
1,200,719	New lending	1,350,257
(78,817)	Repayment	(90,939)
(1,118,556)	Loan balance transfer to IRD	(1,138,790)
8,567	Administration fee	9,594
(110)	Other movement in nominal value	-
1,020,610	Closing nominal balance	1,150,732
	Net carrying value of student loans	
(443,620)	Cumulative fair value writedown	(444,133)
-	Cumulative Impairment	93,660
16,465	Cumulative interest unwind	30,872
(486,738)	Fair value writedown of new lending	(532,419)
93,660	Impairment	3,600
46,076	Interest unwind	64,111
454,555	Loan fair value adjustment transferred to IRD	360,500
-	Other movement	-
701,008	Net carrying value of student loans	726,923
	Significant assumptions behind the carrying value are:	
6.56%	Weighted average interest rate for calculating impaired value	6.73%
6.7%-6.8%	Interest rate applied to loans for overseas borrowers	6.7%-6.8%
2.5%-4%	CPI	1.5%-2.5%
3.5%-4.7%	Future salary inflation	1.5%-3.5%
	The estimated fair value of the student loan portfolio and key assumptions underpinning the fair valuation are:	
574,900	Fair value	580,900
9.19%	Discount rate	9.18%
(35,000)	Impact on fair value of a 1% increase in discount rate	(35,000)
39,000	Impact on fair value of a 1% decrease in discount rate	39,700

Student Loans are transferred to the IRD for collection each year. Interest and credit risk on those loans are held with the IRD. The Ministry has an interest and credit risk on the balance not transferred at year-end.

The Ministry's interest and credit risk is consistent with that of the IRD.

Note 3: Accounts receivables – benefits and allowances

The debtor portfolio held by the Ministry primarily relates to benefit overpayments, advances on benefits and recoverable special needs grants. Interest is not charged on benefit debt and recovery is restricted to prevent hardship, since it is counter-productive for the Crown to cause a return to benefit from paid employment, or to encourage prolonged receipt of benefit, due to the adoption of unduly vigorous debt collection practices.

The carrying value and fair value are the same for benefit debt. Since there is no market comparison, the fair value is determined by discounting the expected future cash flows by appropriate interest rates at year-end. The effective interest rates applied at year-end were between 5.6–6.46 per cent (7.03–8.58 per cent last year).

The fair value of the portfolio as at 30 June 2009 is \$413 million (\$374 million at 30 June 2008).

Social benefit receivables as at 30 June 2009

ACTUAL 2008 \$000		ACTUAL 2009 \$000
	By type	
373,557	Social benefit receivables	413,153
203	Advances - benefits and allowances	163
373,760	Total receivables	413,316
	By maturity	
149,739	Expected to be realised within one year	165,354
224,021	Expected to be held for more than one year	247,962
373,760	Total receivables	413,316
	Social benefit receivables	
836,320	Gross social benefit receivables	892,043
(462,763)	Impairment of social benefit receivables	(478,890)
373,557	Total social benefit receivables	413,153
	Impairment of social benefit receivables	
(169,190)	Balance at beginning of the year	(462,763)
(293,573)	Impairment losses recognised on receivables	(16,127)
-	Amounts written off as uncollectible	-
(462,763)	Balance at end of the year	(478,890)
(462,763)	Collective impairment allowance	(478,890)
-	Individual impairment allowance	-
(462,763)	Balance at end of the year	(478,890)
	Significant assumptions behind the carrying value are:	
7.03%-8.58%	Effective interest rate	5.6%-6.46%
	The estimated fair value of the Social Benefit Debt portfolio and key assumptions underpinning the fair valuation are:	
373,557	Fair value	413,153
(12,152)	Impact on fair value of a 1% increase in discount rate	(13,609)
13,535	Impact on fair value of a 1% decrease in discount rate	15,185

Impairment is calculated on a collective, not on an individual basis. There was a net movement in impairment losses of \$16.1 million during the year.

The fair value is sensitive to the discount rate and the expected future cash flows. A 1 per cent increase in the discount rate would decrease fair value by approximately \$13.6 million, whereas a 1 per cent decrease in the discount rate would increase fair value by approximately \$15.2 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue but are adjusted for likely negative future events such as mortality.

Interest rate risk is the risk that the fair value will fluctuate due to changes in interest rates. The effective interest rates applied to determine the fair value have decreased by between 1.4 per cent and 2.1 per cent from 1 July 2008 to 30 June 2009.

Credit risk is the risk that the 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 not any material individual concentration of credit risk. The credit risk is reduced by compulsory deduction from benefit and superannuation payments, provided hardship is not caused.

Note 4: Financial instrument risks

Classes and categories of financial assets

AS AT 30 JUNE 2008 DESIGNATION						AS AT 30 JUNE 2009 DESIGNATION					
AMORTISED COST \$000	LOANS & RECEIVABLES \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000		AMORTISED COST \$000	LOANS & RECEIVABLES \$000	HELD FOR TRADING \$000	FAIR VALUE THROUGH P&L \$000	TOTAL \$000	
-	143,805	-	-	143,805	Cash and cash equivalents	-	91,812	-	-	91,812	
701,008	-	-	-	701,008	Student Loans	726,923	-	-	-	726,923	
-	-	12,062	-	12,062	Foreign exchange contract	-	-	4,887	-	4,887	
701,008	143,805	12,062	-	856,875	Total financial assets by designation	726,923	91,812	4,887	-	823,622	

Classes and categories of financial liabilities

AS AT 30 JUNE 2008 DESIGNATION					AS AT 30 JUNE 2009 DESIGNATION					
AMORTISED COST \$000	HELD FOR TRADING \$000	THROUGH P&L \$000	FAIR VALUE \$000	TOTAL \$000		AMORTISED COST \$000	HELD FOR TRADING \$000	THROUGH P&L \$000	FAIR VALUE \$000	TOTAL \$000
280,506	-	-	-	280,506	Accounts payable	296,292	-	-	-	296,292
101,431	-	-	-	101,431	Tax payable	81,966	-	-	-	81,966
381,937	-	-	-	381,937	Total financial liabilities by designation	378,258	-	-	-	378,258

Foreign currency risk management

AS AT 30 JUNE 2008					AS AT 30 JUNE 2009			
NZD NZ\$000	AUD NZ\$000	OTHER NZ\$000	TOTAL NZ\$000		NZD \$000	AUD \$000	OTHER \$000	TOTAL NZ\$000
140,021	3,595	189	143,805	Cash and cash equivalents	90,555	1,030	227	91,812
701,008	-	-	701,008	Student Loans	726,923	-	-	726,923
12,062	-	-	12,062	Foreign exchange contract	4,887	-	-	4,887
853,091	3,595	189	856,875	Total financial assets	822,365	1,030	227	823,622
280,506	-	-	280,506	Accounts payable	296,292	-	-	296,292
280,506	-	-	280,506	Total financial liabilities	296,292	-	-	296,292

The Ministry needs to reimburse the Australian government for income support assistance provided to New Zealanders eligible under the 1994 Reciprocal Agreement. The reimbursement is paid in Australian dollars. The Ministry has bought foreign exchange forward contracts with the New Zealand Debt Management Office (NZDMO) to hedge the currency risk.

At balance date, the Ministry had a series of forward exchange contracts which entitles the Ministry to exchange NZ\$136.586 million with NZDMO for AUD\$114.865 million. On 30 June 2009, the market value of these contracts was NZ\$4.887 million (2008: NZ\$12.062 million).

Credit risk management

AS AT 30 JUNE 2008						AS AT 30 JUNE 2009				
AAA \$000	AA \$000	A \$000	NON- RATED \$000	TOTAL \$000		AAA \$000	AA \$000	A \$000	NON- RATED \$000	TOTAL \$000
-	143,805	-	-	143,805	Cash and cash equivalents	-	91,812	-	-	91,812
-	-	-	701,008	701,008	Student Loans	-	-	-	726,923	726,923
-	-	-	12,062	12,062	Foreign exchange contract	-	-	-	4,887	4,887
-	143,805	-	713,070	856,875	Total financial assets	-	91,812	-	731,810	823,622

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 its business, credit risk arises from debtors, deposits with banks and derivative financial instrument assets.

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office. These entities have high credit ratings.

Westpac have opted into the Crown Retail Deposit Guarantee Scheme. This scheme guarantees deposits up to the value of \$1 million per depositor.

For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

Credit risk has a significant impact on the valuation of student loans. The credit risk factor has been built into the student loan valuation model to calculate the fair value of this asset.

Concentration of credit exposure by geographical area

AS AT 30 JUNE 2008					AS AT 30 JUNE 2009					
NEW ZEALAND \$000	AUSTRALIA \$000	EUROPE \$000	OTHER \$000	TOTAL \$000		NEW ZEALAND \$000	AUSTRALIA \$000	EUROPE \$000	OTHER \$000	TOTAL \$000
140,021	3,595	189	-	143,805	Cash and cash equivalents	90,555	1,030	227	-	91,812
701,008	-	-	-	701,008	Student Loans	726,923	-	-	-	726,923
12,062	-	-	-	12,062	Foreign exchange contract	4,887	-	-	-	4,887
853,091	3,595	189	-	856,875	Total financial assets	822,365	1,030	227	-	823,622

Liquidity risk management

AS AT 30 JUNE 2008					AS AT 30 JUNE 2009					
CARRYING VALUE \$000	CONTRACTUAL CASH FLOWS \$000	0-12 MONTHS \$000	1-2 YEARS \$000	> 2 YEARS \$000		CARRYING VALUE \$000	CONTRACTUAL CASH FLOWS \$000	0-12 MONTHS \$000	1-2 YEARS \$000	> 2 YEARS \$000
280,506	280,506	280,506	-	-	Accounts payable	296,292	296,292	296,292	-	-
101,431	101,431	101,431	-	-	Tax payable	81,966	81,966	81,966	-	-
381,937	381,937	381,937	-	-	Total financial liabilities	378,258	378,258	378,258	-	-

Appendix A

Fees and expenses paid to members of statutory and other bodies serviced by the Ministry of Social Development to 30 June 2009

Advisory Group on Conduct Problems

Number of members:

Eleven members who are appointed for their individual expertise.
(2007/2008: 11 members)

Nature of work:

Established in November 2007, the Advisory Group on Conduct Problems provides advice to officials of the Ministries of Social Development, Education, Health and Justice on improving the delivery of behavioural services in New Zealand. The group provides advice on the identification, treatment and management of childhood conduct problems.

Fees and expenses paid:

The total amount of fees and expenses paid to 30 June 2009: \$20,615.
(2007/2008: \$33,712)

Number of meetings held:

Eight full meetings were held in the period ended 30 June 2009.
(2007/2008: five full meetings, plus one subgroup meeting)

Benefit Review Committees

Number of members:

Each Benefit Review Committee has three members: a community representative appointed by the Minister, and two Ministry staff members who have not been involved in the decision being reviewed. There were 82 community representatives spread throughout the 11 Work and Income regions.
(2007/2008: 79 community representatives)

Nature of work:

Benefit Review Committees are independent review bodies established under section 10A of the Social Security Act 1964. Their role is to take an impartial second look at benefit decisions to ensure they are correct and fair decisions with regard to procedure and law.

The benefit review process is an important part of ensuring that correct decisions are made by the Ministry on a case-by-case basis. The benefit review hearings are an opportunity for the applicants to explain why they disagree with a decision and for the Committee to review the Ministry's decision.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$138,198.
(2007/2008: \$146,025)

Number of reviews held:

There were 3,784 Review of Decisions lodged for the year ended 30 June 2009 and 1,047 Benefit Review Committee hearings held in this period.
(2007/2008: 3,856 Review of Decisions lodged and a total of 1,128⁹² Benefit Review Committee hearings were held)

Chief Executive Advisory Panel

Number of members:

The Chief Executive Advisory Panel was appointed on 14 July 2008 for a two-year term. It comprises three people who are respected community members who do not work for the Ministry.
(2007/2008: not applicable)

Nature of work:

The Chief Executive Advisory Panel was established as the second stage of the new Child, Youth and Family complaints system implemented from 21 July 2008. The first step is a review of the complaint by Child, Youth and Family. If the complainant is not satisfied with the outcome of the Child, Youth and Family review they can seek a review by the Chief Executive Advisory Panel. The panel provides advice to the Chief Executive who then makes the final decision.

Fees and expenses paid:

The total amount of fees and expenses paid to panel members to 30 June 2009: \$11,831.
(2007/2008: not applicable)

Number of meetings held:

Three meetings were held for the period ended 30 June 2009. The first was held after the panel's appointment as part of the induction process for panel members. Two subsequent meetings were held to consider complaints.
(2007/2008: not applicable)

Child, Youth and Family Care and Protection Resource Panels

Number of members:

There are 63 Care and Protection Resource Panels nationally. Each panel is made up of representatives from the local community who have knowledge and expertise relevant to the care and protection of children and young people in the local area. Panel members are appointed by the local site manager. Panels are not required to have a set number of members. The number of panel members varies from location to location, with an average of eight members per panel.
(2007/2008: 65 panels nationally)

Nature of work:

Care and Protection Resource Panels were established under section 428 of the Children, Young Persons, and Their Families Act 1989. Panels provide advice to social workers, care and protection co-ordinators and the Police who are intervening in cases of alleged abuse and neglect of children and young people.

Fees and expenses paid:

The total amount of fees and expenses paid to 30 June 2009: \$393,961.
(2007/2008: \$389,785)

92 The 2007/2008 Annual Report reported that a total of 655 Benefit Review Committee hearings were held.

Number of consultations held:

Panels meet at varying frequencies, largely driven by the number of cases requiring consultation. Most panels meet fortnightly. The number of consultations varies, due to the size of the site for which the panel is consulting and the demographic makeup of the area.

Child, Youth and Family Residence Grievance Panels

Number of members:

There are eight Grievance Panels nationally and each panel has three members. Seven of the panels are appointed to residences directly managed by Child, Youth and Family. The eighth panel is appointed to Te Poutama Arahi Rangatahi, the sexual abusers residential programme (Christchurch). This programme is delivered and managed by Barnardos under contract to Child, Youth and Family.

(2007/2008: eight panels nationally)

Nature of work:

Grievance Panels are the statutory bodies appointed to independently monitor and investigate grievances lodged by children and young people placed in residences established under section 364 of the Children, Young Persons, and Their Families Act 1989. The panels' functions and duties are listed under regulation 29 of the Children, Young Persons, and Their Families (Residential Care) Regulations 1996.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$86,110.

(2007/2008: \$24,183)

Number of reviews for the period 1 July 2007 to 30 June 2008:

Thirty-five formal reviews/investigations were conducted in relation to complaints lodged by young persons in residence. In addition, panel members visit the residences a minimum of once a month to monitor and provide information to staff and young people.

(2007/2008: 14 formal reviews/investigations conducted in relation to complaints lodged by young persons in residence)

Committee for the Study of the New Zealand Non-profit Sector

Number of members:

Nine members.

(2007/2008: nine members)

Nature of work:

The committee oversees the New Zealand input to the Johns Hopkins University international comparative study of the non-profit sector, and provides advice to Statistics New Zealand on the development of the non-profit sector satellite account.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$7,720⁹³.

(2007/2008: \$16,623)

Number of meetings held:

Two meetings were held for the period ended 30 June 2009.

(2007/2008: three meetings)

Disability Advisory Council

Number of members:

Thirteen members.

(2007/2008: 13 members)

Nature of work:

The council brings together the different perspectives of people with disabilities and family carers, and provides advice to the Office for Disability Issues. Council meetings are also opportunities to provide a disability perspective to other government agencies, as part of the New Zealand Disability Strategy.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$15,148⁹⁴.

(2007/2008: \$48,537)

Number of meetings held:

Four meetings were held for the period ended 30 June 2009.

(2007/2008: three meetings)

External Advisory Group for the Development and Implementation of a Work Programme on Child Maltreatment

Number of members:

Six members from government and non-government organisations. Members are appointed by the Ministry of Social Development in consultation with the Children's Commissioner.

(2007/2008: six members from government and non-government organisations)

Nature of work:

Established in May 2008, the objective of the External Advisory Group is to provide advice to the Working Group on Child Maltreatment Prevention.

Fees and expenses paid:

Fees and expenses paid for the period ended 30 June 2009: \$15,902.

(2007/2008: \$3,040)

Number of meetings:

Three meetings of the External Advisory Group were held during the period ended 30 June 2009.

(2007/2008: no meetings)

93 The 2007/2008 Annual Report included all expenses. Total expenses for 2008/2009 were \$11,827.

94 The 2007/2008 Annual Report included all expenses. Total expenses for 2008/2009 were \$57,636.

Family Services National Advisory Council

Number of members:

Twenty-five attendees (14⁹⁵ non-government organisations, 11 government representatives).

(2007/2008: 27 attendees (16 non-government organisations, 11 government representatives))

Nature of work:

The council provides a forum where stakeholders work together to develop and oversee the implementation of a vision and strategies to improve outcomes for families. The council is made up of senior representatives from government agencies and from non-government organisations (mandated by a wider group of non-government and community-based organisations), and people who provide an iwi/Māori and Pacific peoples perspective.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$13,984.

(2007/2008: \$19,667)

Number of meetings held:

Six meetings were held for the period ended 30 June 2009 (including one planning day).

(2007/2008: six meetings)

Internal Audit Review Committee

Number of members:

Three external members.

(2007/2008: three external members)

Nature of work:

The committee is an advisory body, established by the Chief Executive to be an effective governance mechanism providing independent advice on the Ministry's systems of internal control and its risk management framework.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$48,886.

(2007/2008: \$48,150)

Number of meetings held:

Four meetings were held for the period ended 30 June 2009.

(2007/2008: four meetings)

Māori Advisory Group on Conduct Problems – Te Roopu Kaitiaki

Number of members:

Seven members who are appointed individually for their expertise.

(2007/2008: seven members)

Nature of work:

The group was established in June 2008 to provide advice to officials of the Ministries of Social Development, Education, Health and Justice. It provides advice on both engagement with and the appropriateness of interventions to Māori.

It will also explore giving advice on the delivery of Te Ao Māori programmes and tools to evaluate Te Ao Māori-based programmes.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$1,980.

(2007/2008: approximately \$1,980)

Number of meetings held:

One meeting was held for the period ended 30 June 2009.

(2007/2008: one meeting held)

Māori Reference Group

Number of members:

Twenty-one members.

(2007/2008: 15 members)

Nature of work:

The Māori Reference Group was established to provide advice to the Taskforce for Action on Family Violence. The group met for the first time in October 2006. The group also has a strategic subgroup made up of seven members.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$56,456.

(2007/2008: \$61,693)

Number of meetings held:

Two one-day meetings and one two-day meeting for the whole of the Māori Reference Group were held for the period ended 30 June 2009. Two one-day meetings were held for the smaller strategic group.

(2007/2008: eight one-day meetings and one two-day meeting)

Medical Appeal Board

Number of members:

Each board is made up of three members appointed by the Chief Executive for a particular purpose. Members are medical practitioners, rehabilitation professionals, or other persons who have the appropriate expertise in the fields of vocational training or vocational support for persons with sickness, injury or disability. There are 374 designated doctors available to be called up for medical appeal work.

Nature of work:

In accordance with section 53A of the Social Security Act 1964, the Medical Appeal Board reviews an appellant's eligibility for a benefit on medical grounds, including their capacity to undertake work independently. The Medical Appeal Board provides an opportunity to take a fresh look at decisions, using all the information about an appellant's medical circumstances or incapacity, on a case-by-case basis.

⁹⁵ NGO representatives on the council are appointed as individuals, and do not represent their organisations. During the year two members left and have not been replaced.

Fees and expenses paid:

Total fees and expenses paid to 30 June 2009: \$195,096.

(2007/2008: \$91,555)

Number of reviews/meetings held:

One hundred and ninety hearings were held to consider 277 medical appeal cases for the period ended 30 June 2009.

(2007/2008: 91 hearings were held to consider 120 medical appeal cases)

Pacific Advisory Group (Family Violence)⁹⁶

Number of members:

Seven members.

(2007/2008: eight members)

Nature of work:

The Pacific Advisory Group provides strategic advice on the implementation of Family and Community Services policies, services and initiatives that will have an impact on Pacific peoples in New Zealand. In 2008 the group was revised which resulted in a name change and revised membership. The nature of the group's work remains the same.

Fees and expenses paid:

Total fees and expenses paid to 30 June 2009: \$22,668.

(2007/2008: \$29,701)

Number of meetings held:

Five one-day meetings were held for the period ended 30 June 2009.

(2007/2008: six one-day meetings)

Pathway to Partnership Steering Group

Number of members:

The Steering Group for 2008/2009 has 12⁹⁷ non-government organisation (NGO) members drawn from key Ministry NGO forums (the Taskforce for Action on Violence Within Families, Family Services National Advisory Council, Child, Youth and Family's Chief Executive's Forum, Pacific Advisory Group and Māori Reference Group).

(2007/2008: 12 non-government organisations)

Nature of work:

The Pathway to Partnership Steering Group provided advice and input into the development and implementation of the Pathway to Partnership initiative for strengthening community-based family, children's and young people's services. The Steering Group was disestablished in June 2009.

Fees and expenses paid:

Fees and expenses paid to 30 June 2009: \$23,108.

(2007/2008: \$38,458)

Number of meetings held:

Seven of the 11 scheduled meetings were held for the period ended 30 June 2009.

(2007/2008: 14 meetings were held)

Social Policy Evaluation and Research Committee

Number of members:

An independent chairperson and representatives from 17 member agencies.

(2007/2008: independent chairperson and representatives from 17 member agencies)

Nature of work:

The Social Policy Evaluation and Research Committee is a cross-agency committee set up to help improve the knowledge base in the social sector. The group is made up of an independent chairperson and representatives from 17 agencies. The committee oversees the Government's investment in social policy research and evaluation, and undertakes particular projects, in accordance with the terms of reference approved by Cabinet in November 2001.

Fees and expenses paid:

Total amount of fees and expenses (independent chairperson only) paid to 30 June 2009: \$27,000⁹⁸.

(2007/2008: \$7,100)

Number of meetings held:

The chairperson held six one-on-one meetings and four associated subcommittee meetings for the period ended 30 June 2009. There were no major events, and no full committee meeting.

(2007/2008: three full meetings, three major events and seven associated subcommittee meetings)

Strategic Policy Reference Group

Number of members:

Five members⁹⁹.

(2007/2008: eight members)

Nature of work:

The Strategic Policy Reference Group was formed in 2000 to provide advice to the Ministry and the Government on middle- to long-term policy issues.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$6,196.

(2007/2008: \$15,099)

Number of meetings held:

One meeting was held for the period ended 30 June 2009.

(2007/2008: seven meetings)

⁹⁶ This group was previously known as the Pacific Advisory Group to Family and Community Services.

⁹⁷ At the end of the financial year membership was reduced to 11 as no replacement was made for the Family Services National Advisory Council member.

⁹⁸ Variance is due to revised arrangements with the new chairperson.

⁹⁹ Membership was reduced due to the resignation of three members.

Student Allowance Review Body

Number of members:

The Student Allowance Review Body is made up of three people: two experienced Ministry staff and a student representative (who acts in an advisory role only and provides a further perspective).

(2007/2008: three people – two Ministry staff and a student representative)

Nature of work:

The Student Allowance Review Body provides an independent review of StudyLink's decisions, to ensure that correct and fair decisions have been made in accordance with the law governing Student Allowance entitlement (section 305 of the Education Act 1989). Established in August 2007, the body operates in a similar way to the Benefit Review Committees.

Fees and expenses paid:

The amount of fees and expenses paid to 30 June 2009: \$3,892.

(2007/2008: \$4,217)

Number of meetings held:

Thirty-five cases were heard in the period ended 30 June 2009.

(2007/2008: 33 cases were heard)

Taskforce for Action on Violence within Families

Number of members:

Eight government departments, three Crown entities¹⁰⁰, two members of the judiciary, and seven non-government organisations.

(2007/2008: eight government departments, three independent Crown entities, two members of the judiciary and seven non-government organisations)

Nature of work:

The Taskforce for Action on Violence within Families was established in June 2005 to advise the Family Violence Ministerial Team on how to make improvements to the way family violence is addressed, and how to eliminate family violence in New Zealand.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$53,484.

(2007/2008: \$45,120)

Number of meetings held:

Six meetings were held for the year ended 30 June 2009.

(2007/2008: six meetings)

Taskforce on Whānau-centred Initiatives

Number of members:

Six members.

(2007/2008: six members)

Nature of work:

The Taskforce on Whānau-centred Initiatives was established by the Minister for the Community and Voluntary Sector in June 2009 to develop a policy framework for social services aimed at improving the wellbeing of Māori whānau.

Fees and expenses paid:

Total amount of fees and expenses paid to 30 June 2009: \$5,980.

(2007/2008: no fees or expenses paid)

Number of meetings held:

One meeting was held for the period ended 30 June 2009.

(2007/2008: no meetings)

Working Group on Child Maltreatment Prevention

Number of members:

Eight members comprising senior officials from the Ministries of Health, Education and Social Development, the New Zealand Police, a representative from the non-government sector, Māori Reference Group, Pacific Advisory Group and Office of the Children's Commissioner. Members are appointed by the convenor of the working group, a senior official from the Ministry of Social Development.

(2007/2008: eight members)

Nature of work:

Established in May 2008, the Working Group on Child Maltreatment Prevention will prepare and oversee a work programme for the Taskforce for Action on Violence within Families for the prevention of child maltreatment.

Fees and expenses paid:

Fees and expenses paid for the period ended 30 June 2009: \$14,287.

(2007/2008: no fees or expenses paid¹⁰¹)

Number of meetings held:

The working group met 23 times for the period ended 30 June 2009.

(2007/2008: three meetings held)

100 The word independent has been removed as, under the Crown Entities Act 2004, only one is legally classified as an independent Crown entity. The others are an autonomous Crown entity and a Crown agent.

101 Fees and expenses relating to 2007/2008 activity were not paid until 2008/2009.

Appendix B

Improving outcomes for disadvantaged groups

Treasury Circular 2005/04 requires us to report on our effectiveness in reducing inequalities. To achieve the Ministry's outcome of an inclusive New Zealand where all people are able to participate in the social and economic life of their communities, special efforts are required for disadvantaged groups, including Māori, Pacific peoples, refugees and migrants, families with low incomes, youth and people with disabilities. Some significant initiatives during 2008/2009 included:

Children and Young People

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
Pacific Strategy, the Pacific Responsiveness Plan (PRP)	<p>Child, Youth and Family's Pacific Strategy, the Pacific Responsiveness Plan, places particular emphasis on:</p> <ul style="list-style-type: none"> improving the capacity and capability of Pacific social service providers completing a review of the Pacific Responsiveness Plan achieving permanency for Pacific children in care. 	<ul style="list-style-type: none"> The full review of the PRP was completed in November 2008. It concludes that many positive initiatives with the Pacific sector have led to improved outcomes for Pacific communities. The review's recommendations will inform the new Pacific Action Plan, yet to be developed. There have been notable successes for Pacific providers including a number of providers gaining Child, Youth and Family approval status. A network of 12 Pacific providers in the Auckland region has formed an umbrella body, which is a collaboration of all Pacific social services in wider Auckland. Completed a pilot initiative with two sites in the northern region with the goal of achieving permanency for Pacific children in care in those areas. This resulted in 70 per cent of Pacific children moving out of care permanently. Interagency collaboration on the work on Early Intervention led by the Ministry of Justice through the Pacific Programme of Action continues. We have 125 Pacific qualified social workers, making this the highest qualified grouping of people in Child, Youth and Family. Seven per cent of Pacific staff are identified as Pacific managers, an increase from two per cent in 2005. The total number of Pacific staff members is 359, up from 297 in 2005.
Building capacity to work effectively with Māori	<p>There is a stronger focus on induction training for all new staff. A number of new training modules are now available to build staff competence to practice biculturally. For the first time Child, Youth and Family has a leadership development course specifically for Māori and Pacific staff. The course is designed to support Māori and Pacific staff into management positions. Māori managers who have knowledge of te reo me ona tikanga are in a better position to influence and support staff to improve their bicultural practice. Sites should have competent Māori in leadership roles and skilled Māori social workers who know and understand Māori.</p>	<p>There are currently 325 Māori social workers, which includes senior practitioners and supervisors. More than 68 per cent have either a relevant undergraduate degree or social work diploma, up from 55 per cent a year ago. Seventeen per cent of managers in Child, Youth and Family identify as Māori and their placement in the organisation is in areas where there are high numbers of Māori who engage with Child, Youth and Family.</p>

Working Age People

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
Pacific Wave	<p>A significant proportion of Pacific peoples receiving an unemployment-related benefit live in the Auckland region.</p> <p>The Pacific Wave strategy, implemented in June 2003, is centred on the principle that by increasing the employment, job retention, earnings, and occupational skills of Pacific peoples, welfare dependency will reduce and the economic wellbeing of Pacific peoples will improve.</p>	<p>As at 30 June 2009, there were 4,045 Pacific peoples receiving an unemployment-related benefit in Auckland. The Pacific Wave Unit was actively involved in supporting the region to reduce the number of Pacific peoples receiving an unemployment-related benefit.</p> <p>Activity included:</p> <ul style="list-style-type: none"> • Working with specific service centres and engaging with them at Job Search seminars with the purpose of moving Pacific clients into employment. • Working with training providers to ensure employment outcomes for Pacific peoples are achieved. • Working closely with low-decile secondary schools. • Working with Career Services to facilitate Fono and So'ō for Pacific students. • Providing support at Working for Families promotions and Pacific focused public events. • Providing advice and support to young parents at the Tangaroa College Teen Pregnancy Unit.
Industry Partnerships/seasonal labour strategy	<p>Industry Partnerships are an effective way of addressing skill and labour shortages. Industry Partnerships provide a key pathway for clients disadvantaged in the labour market to gain industry-endorsed training, specific industry skills and access to sustainable employment aligned with their career aspirations.</p>	<p>While there is currently no specific ethnicity focus, the uptake of Industry Partnerships programmes by clients identifying as Māori and Pacific peoples is significant.</p> <p>In 2008/2009, 39.5 per cent of clients helped through national Industry Partnerships were Māori. Māori also made up the highest proportion of assisted clients by ethnicity. Pacific peoples made up 12.6 per cent of all clients assisted. Youth clients (aged 15–24 years) made up 47.8 per cent of total clients assisted, significantly more than any other age group.</p> <p>National Industry Partnerships helped more clients from non-unemployment-related benefits than expected. In 2008/2009, 27.9 per cent of clients assisted were receiving a Domestic Purposes Benefit, Sickness Benefit or Invalid's Benefit.</p>

Older People

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
Elder abuse, neglect and prevention services	<p>Family and Community Services funds providers to operate elder abuse and neglect prevention services throughout the country.</p>	<p>Contracted to support over 1,100 clients (up from 870 in 2007/2008) by funding 24 agencies to increase the public's awareness of elder abuse, to train caregivers and to provide support to older people at risk of harm.</p>

Families, Whānau, Communities, Hapū and Iwi

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
<p>Settling In: Refugee and Migrant Social Services</p>	<p>This initiative provides community-based assistance that will enable refugee and migrant groups to access and develop their own social services to meet their community's needs. It operates in Auckland, Hamilton, Wellington, Napier, Nelson, Marlborough and Christchurch.</p>	<p>During 2008/2009 inter-sectoral work was undertaken with central and local government, NGOs, refugee and migrant communities and host communities to address the needs in these regions. Details include:</p> <ul style="list-style-type: none"> • Engaged 12 local authorities and ethnic councils across New Zealand to support refugee and migrant families. • Funded 32 projects with 24 territorial authorities (up from 14 in 2007/2008) to support people to become fully functioning participants in their communities. • 100 per cent of projects achieved the contracted outcomes within the agreed timeframes. • Most of the projects were related to diverse communities rather than to specific ethnicities. However, more than 60 ethnicities were involved in some way across the range of projects. • The 2008 evaluation of Settling In concluded it is a very successful programme contributing to the achievement of a wide range of outcomes for refugees and migrants. These include improvements in health and wellbeing, social connectivity, host community relationships and settled family lives. • The wide range of projects that were funded in 2008/2009 included: <ul style="list-style-type: none"> - community needs assessments - social work and counselling - a range of youth initiatives - programmes to teach basic parenting in New Zealand skills - programmes to address issues arising out of isolation - work with women and families - programmes to raise the awareness of, and address, family violence issues.
<p>Family Start Study Awards NGO Study Awards</p>	<p>These two sets of study awards offer financial assistance to:</p> <ul style="list-style-type: none"> • Family Start employees to study towards a tertiary qualification in social work, health or early childhood education • employees of non-government organisations to study towards a degree-level qualification (or equivalent) in social work. 	<p>There are currently 175 NGO social work study award recipients and 91 Family Start study award recipients. The total number of study award recipients is 266.</p> <p>Family Start figures are lower than originally estimated, primarily due to an amended qualification threshold, reducing the number of reward applicants.</p> <p>Since the inception of the study award programme, 108 NGO social work study award recipients and 29 Family Start study award recipients have qualified. Therefore, 137 recipients of study award funding have qualified to date.</p> <p>In 2009, Family Start study award recipients identified with the following ethnic groups:</p> <ul style="list-style-type: none"> • Māori (61 per cent) • Pacific (17 per cent) • 'other' or 'unspecified' – ethnicities in the 'other' categories include Asian, Afghani, African, Swiss, Australian and British (18 per cent) • New Zealand European/Pakeha (4 per cent). <p>NGO social work award recipients, in the four years since the programme began, identified with the following ethnic groups:</p> <ul style="list-style-type: none"> • Māori (40 per cent) • Pacific (9.3 per cent) • Asian (4 per cent) • 'other' or 'unspecified' (5 per cent) • New Zealand European/Pakeha (41.3 per cent).

Families, Whānau, Communities, Hapū and Iwi (continued)

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
<p>Whānau Violence Prevention Best Practice project</p>	<p>This initiative involves the facilitation and training of Māori practitioners in the Mauri Ora model, which is a unique whānau-orientated family violence prevention framework.</p>	<p>Funded training and support of nearly 100 Māori practitioners to provide 'by Māori for Māori' interventions, and to help them meet their annual certification, licensing and supervision requirements.</p> <p>Training was delivered in Taranaki, Tamaki Makaurau (2) Taumaranui, Manawatu and the South Island.</p>
<p>Māori Reference Group (MRG), Advisors to the Taskforce for Action on Violence within Families (Taskforce)</p>	<p>The MRG will provide a reference point and strategic advice to the Ministry on policy implementation, on services and initiatives that have an impact on Māori in New Zealand, on family violence and kaupapa Māori, and will develop a Māori Programme of Action (MPOA) focused on the elimination of violence within whānau.</p>	<p>The MRG's MPOA was presented to the Taskforce in August 2008. The Taskforce gave its approval to the actions contained in the MPOA.</p> <p>The MRG has developed a process and plan that engages all areas of Te Ao Māori in owning and addressing the issues of family violence and child abuse with the inclusion of the MRG on key inter-agency groups.</p> <p>The plan will look at consolidating the MRG's Action Plan that covers a five-year period from October 2008 to June 2013, by allocating action portfolio's to the MRG and by monitoring and updating progress.</p>
<p>Pacific Advisory Group (PAG), Advisors to the Taskforce for Action on Violence within Families (Taskforce)</p>	<p>The PAG will provide a reference point and strategic advice to the Ministry on policy implementation, and on services and initiatives that have an impact on Pacific families and communities.</p>	<p>PAG's priorities focus on community leadership engagement processes within specific Pacific nations and across Pacific communities. Plans are underway to support and work with community leaders on current and planned family and communities led initiatives.</p> <p>The aim is to use these opportunities for dialogue, and to share key messages and tools/resources to reinforce strong Pacific families and communities, with a focus on prevention and early intervention.</p> <p>The PAG has provided advice on projects such as Child Maltreatment, Community Response Fund, Pacific Research Agenda and the Family Violence Campaign.</p>

Families, Whānau, Communities, Hapū and Iwi (continued)

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
<p>SKIP</p>	<p>Strategies With Kids, Information For Parents (SKIP) supports parents to have loving and healthy relationships with their children. It is aimed at parents and caregivers of children aged from birth to five years.</p> <p>There are three strands of work within the SKIP programme. These are:</p> <ol style="list-style-type: none"> 1. The Local Initiatives Fund – this fund supports community initiatives that promote positive parenting. 2. Resource development – SKIP resources are developed for providers, local level promotional activities and for parents and caregivers seeking advice and information on positive parenting. 3. Partnerships – building partnerships with national organisations to promote common positive parenting goals. 	<p>Two Local Initiatives Fund funding rounds were administered in 2008/2009, supporting 54 new community projects (up from 42 in 2007/2008) to help families learn more about positive parenting.</p> <p>Round nine SKIP Local Initiatives Fund (LIF) was finalised in October 2008. The panel recommended that 27 applications receive a total funding of \$737,000 (excluding GST). Of the 27 successful applications, seven (25.9 per cent) were Māori organisations, two (7.4 per cent) were Pacific organisations and two (7.4 per cent) ethnic community providers.</p> <p>Round 10 SKIP Local Initiatives Fund (LIF) was finalised in June 2009. The panel recommended that a further 27 applications receive a total funding of \$670,000 (excluding GST). Of the 27 successful applications, three (11.1 per cent) were Māori organisations, nine (33.3 per cent) were Pacific organisations and two (7.4 per cent) ethnic community providers.</p> <p>Distributed over 110,000 sets of parenting pamphlets across New Zealand and developed new SKIP resources during the year. These resources included Aroha in Action, a booklet produced in collaboration with Amokura, SKIP and the Campaign for Action on Family Violence to encourage families/whānau to keep mokopuna safe, particularly around adults using drugs and alcohol.</p> <p>The Tatai Korero DVD was launched in Māori Language Week 2008, distributed to all SKIP's national partners, Family Start, Parents as First Teachers programmes and formed the basis of workshops at the Plunket National Conference, the Rural Education Advice programme workshop, and Te Tari Puna ora o Aotearoa's Māori tutors' hui.</p> <p>SKIP develops partnerships with national organisations to promote common positive parenting goals. This involves working together to identify opportunities for organisations to strengthen parenting support and to find ways this can be done.</p> <p>We worked in partnership with nine national NGOs to encourage positive parenting and to embed and strengthen positive parenting messages and activities throughout national organisations, and we supported a network of SKIP trainers working in local communities.</p> <p>Some of the organisations in which capacity-building initiatives have been undertaken across New Zealand so far include Plunket, Barnardos, Playcentre, Kohanga Reo National Trust, Parents Centre, Birthright, Rural Education Activities programme (REAP), Aotearoa, and Cook Islands Health Network.</p>
<p>Improving outcomes for whānau</p>	<ul style="list-style-type: none"> • The Whānau-centred Initiatives Taskforce has been established by Cabinet to develop a policy framework for a whānau-centred approach to Māori development. • The Taskforce is required to report back formally to the Minister for the Community and Voluntary Sector by the end of January 2010. • The Minister for the Community and Voluntary Sector will report to Cabinet with recommendations by the end of February 2010. 	<p>The Taskforce was established and its membership confirmed in June 2009. The Taskforce has six members and held its first meeting on 24 June 2009.</p> <p>The Ministry of Social Development provides secretariat support for the Taskforce.</p>

Leading Social Development

INITIATIVE	PURPOSE	ACTIVITY IN 2008/2009
<p>New Zealand Disability Strategy</p>	<p>The New Zealand Disability Strategy has a vision of a society that highly values the lives of, and continually enhances the full participation of people with disabilities. It provides an enduring framework to ensure that government departments and agencies consider disabled people before making decisions.</p> <p>By implementing the Strategy, New Zealand will become a more inclusive society, eliminating the barriers to people with disabilities participating in and contributing to society.</p>	<p>Published Work in Progress 2008, the annual report from the Minister for Disability Issues on implementing the Disability Strategy in December 2008.</p> <p>The New Zealand Disability Strategy is the Government's commitment to improve the lives of people with disabilities in New Zealand.</p> <p>Work in Progress 2008 contains selected highlights of government agencies' work against the objectives of the strategy.</p>





MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Bowen State Building, Bowen Street, PO Box 1556, Wellington 6140, New Zealand
Telephone +64 4 916 3300 Facsimile +64 4 918 0099
Email info@msd.govt.nz Web www.msd.govt.nz

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