

MINISTRY OF SOCIAL DEVELOPMENT **ANNUAL REPORT 2005/2006**
Helping New Zealanders lead successful lives



Our vision

What we want to achieve

An inclusive New Zealand where all people are able to participate in the social and economic life of their communities.

Our purpose

What we are here to do

We lead social development to achieve better futures for all New Zealanders.

Our values

The principles we will work by

People our clients are our number one priority, our people are our number one asset.

Performance we deliver evidence-based policy solutions and business results.

Professionalism we aim to be leaders in our fields.

We work together to put the interests of our clients and the organisation first.

We each own what we all do.

Partnerships we partner with stakeholders, business and communities.

Public service we commit to serve the people of New Zealand with honesty and integrity. We are accountable for what we do.

Helping New Zealanders lead **successful** lives

MINISTRY OF SOCIAL DEVELOPMENT **ANNUAL REPORT 2005/2006**

Chief Executive's Foreword



The Ministry of Social Development was formed five years ago with the merger of the Ministry of Social Policy and the Department of Work and Income. The challenge was to build a new agency that brought together the best of both its predecessors.

In 2001 we measured our success in terms of efficiency and customer service; we focused on our transactions with clients. Our aim then was to get on top of and in front of every area of our business, both service delivery and policy advice. Our success in delivering efficient customer focused services, over time, has allowed us to move to an outcomes approach focused on making a positive difference in the lives of New Zealanders. Now, making a real difference to the lives of New Zealanders is at the heart of the work we do.

This commitment to an outcomes approach has required a significant change in the way we do our business. An emphasis on outcomes has involved a review of all elements of our activity as a Ministry. We can see the results of this emphasis through the work we are doing to build strong, capable families through parenting support. We are building connected communities by supporting community groups. We are getting people who can work into jobs that lead to better jobs and improved incomes. And we are making sure people who can't work receive financial assistance. Students continue to have access to the education they need for employment, but by borrowing only what they need for study and making good course choices. We are ensuring that older New Zealanders continue to participate and contribute to their communities.

The outcomes focus starts with building a better understanding of the root causes of the barriers preventing New Zealanders from taking part in the economic, social and cultural life of their communities. Through our research we are able to pinpoint where the greatest areas of need are. We then use that knowledge to inform the policies that drive our activities.

How we develop those policies has also changed as a result of our outcomes approach. The Ministry's policy and service delivery functions now operate in active partnership. Sometimes the best evidence comes from our frontline staff and managers, and their direct feedback allows us to modify or adjust programmes and initiatives while they are running. At the same time, our policy people are building a valuable resource of evidence of what actually works.

People having access to the services they need is a key contributor to improved outcomes. With a network spanning 200 communities, we are connecting New Zealanders with broad-ranging social service support. Today we look at a person's life and the barriers holding them back – such as problems with ill health, childcare and transport. We then wrap a range of services and support around them to help them move towards independence. Our leadership and close co-operation with other agencies helps ensure people are able to get all of the support they need, no matter where it has to be found.

Five years after we began, we are seeing real dividends in improved outcomes for New Zealanders. We are making progress in breaking the cycles of dependency and getting people onto the path of self-reliance. New Zealand currently has an unemployment rate of just 3.6 percent, one of the lowest in the OECD. We are now seeing decreases in the total working age benefit population, with Unemployment Benefit numbers falling below 40,000 for the first time in 20 years.

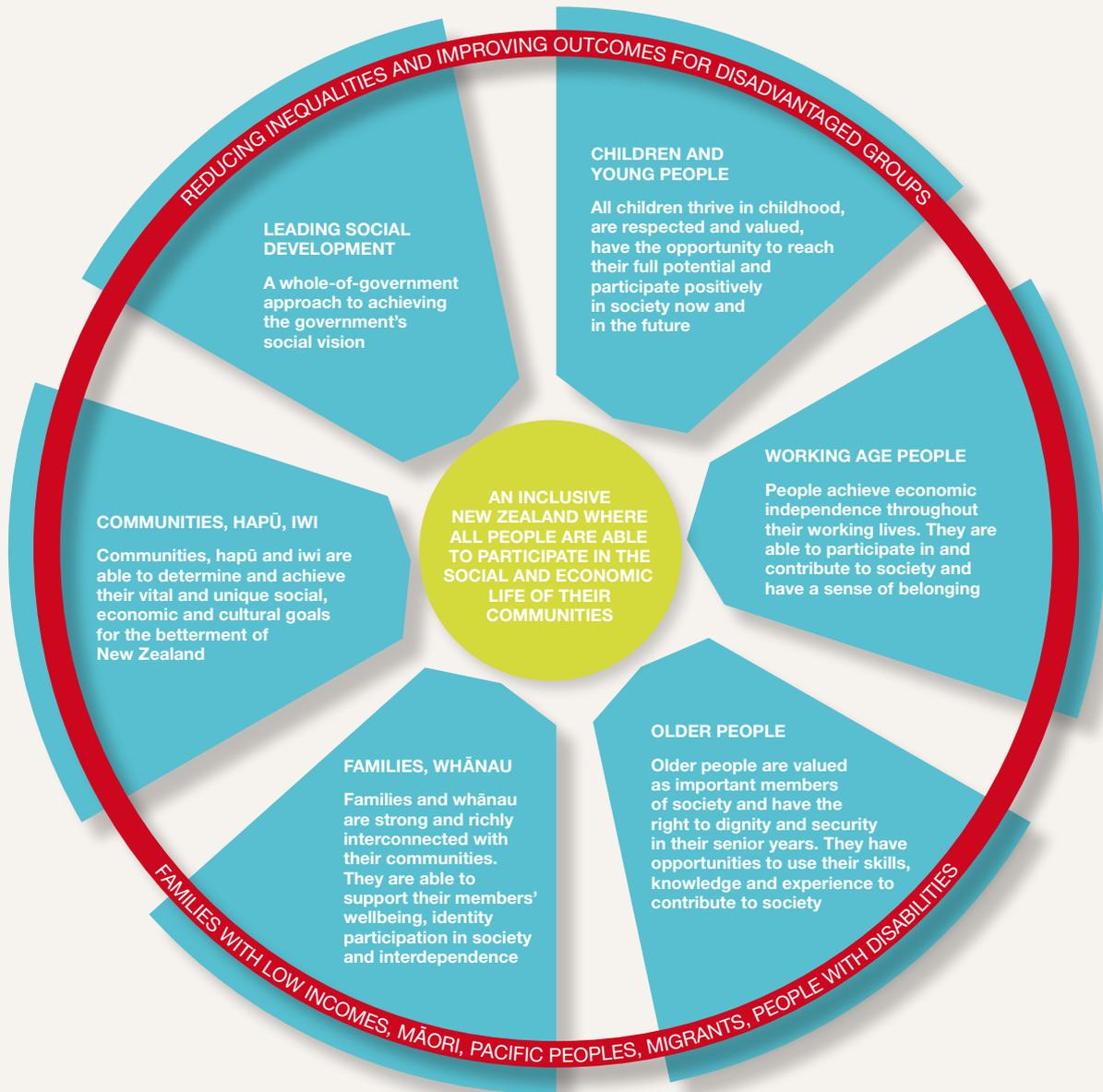
In March this year, the Government announced the merger of the Ministry of Social Development and the Department of Child, Youth and Family Services. The merger presents opportunities to use our combined policy and delivery resources to make greater progress in improving the lives of children and young people. Every child and young person has the right to be safe and secure, and we are committed to focusing our efforts and those of our social sector partners on reducing family violence, child abuse and neglect.

I am confident of our success. One thing the Ministry has learned is how to lead and manage change. Our people have embraced the outcomes focus. They have applied energy, innovation, and professionalism. I am hugely proud of their achievements.



Peter Hughes
Chief Executive

Ministry of Social Development **outcome framework**



Contents

Chief Executive's Foreword	2
● Helping New Zealanders Lead Successful Lives	7
Making a Difference through Leadership	9
Making a Difference for Children and Young People	15
Making a Difference for Working Age People	21
Making a Difference for Older People	27
Making a Difference for Families and Whānau	31
Making a Difference for Communities, Hapū and Iwi	37
A Ministry Moving Forward	41
Our Leadership Team	44
Furthering State Services Development Goals	46
Building our Capability	47
Building Consistent Performance	50
A Smaller Footprint	51
● Statement of Objectives and Service Performance	53
Statement of Responsibility	54
Report of the Auditor-General	55
Statement of Objectives and Service Performance	58
● Financial Statements	101



Helping New Zealanders lead **successful** lives



Isabel Evans

How we're making a difference through leadership

Regional Commissioner for Social Development

“We can't do this work alone.”

“Social development and economic development go hand in hand,” says Regional Commissioner for Social Development Isabel Evans. “In Auckland we work hard at binding the two together to make a difference to a person's life and future.”

As New Zealand's largest city, Auckland is a melting pot of culture and ethnicity, wealth, lifestyles and beliefs. Isabel sees Auckland's diversity as its strength. “Much of the world is represented here. We have a large and growing population aged under 25 years who are wide-ranging and mobile. These young people are our future. However, many face issues and difficulties. They need help to connect with a future of possibilities.”

But helping and supporting a young person to succeed can't be done by one agency or organisation alone. “It takes everyone working together – the young person, their family and community, and government agencies.”

Improving Outcomes for Young People in Counties Manukau is one of the many programmes currently targeting youth in Auckland. The project is drawing together the Ministries of Social Development, Justice and Education, and Police and the Counties Manukau District Health Board and a range of non-government organisations. Working collaboratively, we are building a collective response to issues such as youth violence that threaten the successful future of young people.

We are now extending the good results of this combined effort in Counties Manukau more widely in the region, with the establishment of the Auckland Youth Support Network. Under our leadership

central government agencies are today working alongside communities and local groups to make sure opportunities and improved services are readily available to Auckland's young people. “We want to ensure young people don't feel the need to push boundaries. We want them to avoid taking risks that extend them into behaviour and places that it's hard to come back from.”

Isabel sees early intervention as a key to success – stepping in early to build the connections with schools, training and work to give young people a future to look forward to.

With a number of collaborative initiatives operating successfully, Isabel believes that Auckland's agencies, organisations and communities are in better shape for a co-ordinated approach than in the past. “We've found that working closely together effectively takes time, hard work and goodwill. But we've also found that it has built a united focus that is improving the lives of individuals, families and the communities we serve.”

“working closely together effectively takes time, hard work and goodwill”

Social Development builds a strong, healthy society. This means a thriving economy, an educated population, high employment, and safe, healthy families supported by strong communities.

We want the whole social sector working together to support New Zealanders.

The Government's investment in the social sector is considerable. For us to make sound decisions about where that investment is made, we need an in-depth understanding of the factors that contribute to wellbeing. And we need that in-depth understanding to help us co-ordinate services and activities to support all New Zealanders lead successful lives.

Reporting on wellbeing

Each year *The Social Report* provides a picture of wellbeing and quality of life in New Zealand. The report looks at how people are coping in 10 areas of life, including education, health, living standards, paid work and safety. Overall, the 2006 report showed that New Zealanders continue to be better off financially, healthier and better educated than 10 years ago.

The 2006 report included a breakdown of regional data, showing how outcomes vary across the country. Over time this information will help councils and other organisations working locally to monitor the impact of their planning and services.

Our approach to Social Development

Social development needs to happen at both a national and a regional level.

Ensuring our regions are better informed helps to strengthen the capacity of our regional offices in leading social development at a local level. Where previously our Regional Commissioners focused solely on income support and employment outcomes, they now have an extended brief across the social sector. They must work closely with other government agencies, businesses, and community and voluntary organisations. To direct this activity, each region launched its work plan for 2006/2007. Previously, regional plans were produced by Work and Income with a strong employment focus. The new plans emphasise a social development approach. They set out key priorities and how the organisation will respond to the needs, challenges and opportunities in the regions.

Nationally, the leadership of social development involves leading and co-ordinating social sector policy development. To do this we work closely with other agencies. One of the fora for this activity is the Health, Education, Social Development and Justice Chief Executives (HESDJ) group. We are working together to identify areas where the agencies – the four largest in the social sector – can combine their efforts to best address problems. In future this work will focus heavily on the Government's priorities for the next decade: Economic Transformation, Families – Young and Old and National Identity. The Ministry has responsibility for leading the co-ordinated approach to promote the Families – Young and Old theme.

Our focus is on making sure economic and social development reinforce each other. This is the basis of our efforts within the Social Services Cluster, a partnership with the Department of Child, Youth and Family;¹ Housing New Zealand Corporation; and the Department of Building and Housing.

This year the Cluster chief executives developed an outcomes framework to guide the future co-ordination of policies and services. Under the umbrella of 'improving social and economic outcomes for New Zealanders today and tomorrow' the cluster will focus activity on building strong and resilient families, and vibrant and stable communities. Activity includes affordable quality housing, affordable childcare, income support, and family support and social services.

What we're doing to make a difference

We're making it easier to access services

For New Zealanders living in rural and remote areas, accessing government services often involves long drives or costly toll calls. Recognising the difficulty, the Government provided funding in 2001 for the establishment of Heartland Service Centres. The centres provide a one-stop-shop offering of government and, often, community support services. The opening of the Banks Peninsula – Heartland service centre in July 2006 brought the total number of centres in rural and remote locations to 32. Two centres have been established in more urban settings – in Whangarei, where there is a large youth population, and in Hornby, a community with high needs. More centres are planned for the coming year, in Aranui, Te Anau and Helensville.

Increasing co-ordination and access to services is important in allowing us to work together to quickly find effective ways to respond to client needs.

An integrated services pilot between Housing New Zealand Corporation and Work and Income has been so successful it has been rolled out to other Housing New Zealand neighbourhood units in Auckland and modelled by Work and Income service centres in other regions.

The agencies are working together to find good housing solutions for their common clients, jobs for those who are seeking employment, and ensuring the appropriate income assistance is being provided. By working closely together the agencies are better able to help their clients resolve a wider range of issues and achieve better outcomes for families.

The Social Policy, Research and Evaluation Conference is one way that we bring together the social sector. The next Conference is scheduled for 3–5 April 2007. The conference will have a practical focus, with the aim of encouraging the use of research and evaluation in social policy and practice.

¹ Prior to the merger the Department of Child, Youth and Family Services was a full member of the Cluster.

We're co-ordinating work across government agencies

Violence within families is one of the critical social issues identified in *Opportunity for All New Zealanders*, the Government's summary of social priorities and actions. Achieving an appreciable difference in preventing family violence requires the effort of the whole social sector. In recognising this, the Taskforce for Action on Violence within Families was established by Ministers in March 2005. The Taskforce is boosting the efforts of *Te Rito: New Zealand Family Violence Prevention Strategy* by providing greater co-ordination of the Government's work to eliminate family violence. The Taskforce produced *The First Report* during 2005/2006. It contains a range of recommendations focused on changing current attitudes and behaviours, and current policies and practices.

Former prisoners face a multitude of challenges when they re-enter the community. To improve prisoners' prospects we introduced the *Offender Reintegration Programme* in September 2005, an initiative we developed with the Department of Corrections. Prisoners attend training and employment programmes while in prison and receive ongoing support once they are in work.

We're also working in the international arena

We continued to work with the Ministry of Foreign Affairs and Trade and the disability sector to lead the development of a new United Nations Convention on the Rights of Persons with Disabilities. This is the first international human rights treaty of the new millennium and broke new ground for the UN through the active participation of non-government disability sector.

Looking forward

In the near future we will continue leading a co-ordinated approach across social sector agencies.

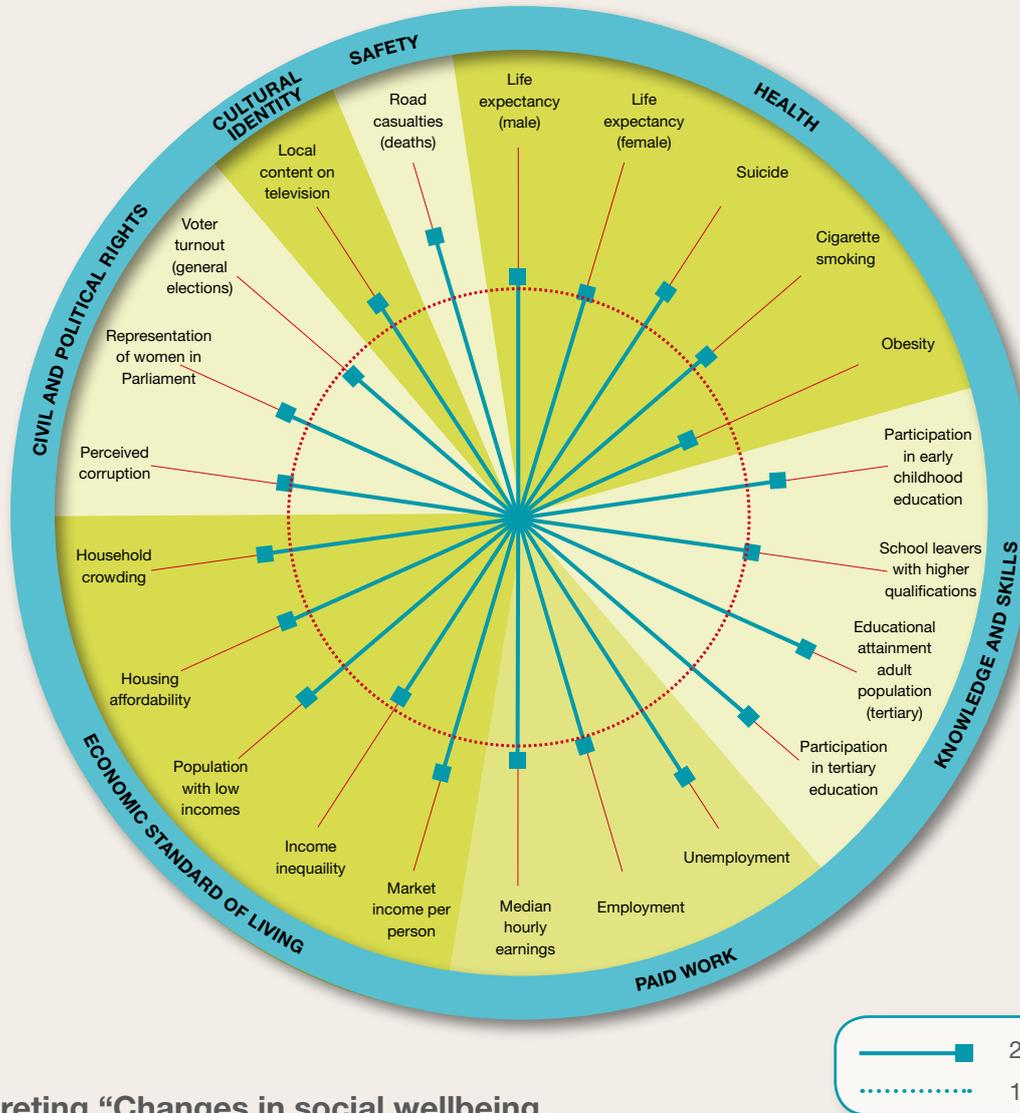
An important foundation for our work ahead is to understand what life might be like in future. We need to have a feel for the issues and challenges that will confront us so we can develop the policies that will build New Zealand's success socially. This is the focus of our Social Futures Project. The project will increase the quality of thinking about social outcomes and the key influences on those outcomes.

A key responsibility of the Office for Disability Issues is promoting and monitoring the implementation of the New Zealand Disability Strategy. Over the next year we will continue to work with government agencies and local government to ensure disabled people are valued and can participate in society.

There are many government and non-government agencies working to support families and communities. These services are not always consistent throughout the country. In some cases they aren't well connected; in other cases, communities themselves aren't involved. *Improving Outcomes for Young People in Counties Manukau, Auckland Youth Support Network Plan of Action 2006* is a significant commitment by government and non-government sectors to work together to improve outcomes for the young people of Counties Manukau, and other key areas across Auckland. The Plan builds on actions already initiated and spans various social sector agencies. We have found that we achieve better results when we work together with non-government agencies, communities and local government.

Such information will help us particularly in leading progress on the Government's priority of Families – Young and Old. This priority implies that all families have the support and choices they need to be safe and secure, and for every member to reach their potential. Our leadership in projects such as *The Social Report*, HESDJ Chief Executives Group and the Social Services Cluster will ensure we continue to apply our collective skills to build strong families that have every opportunity to participate in the economic, social and cultural life of this country.

Changes in social wellbeing 1995–1997 to 2003–2005



Interpreting “Changes in social wellbeing, 1995–1997 to 2003–2005”

The circle represents average performance against each indicator between 1995 and 1997, and the spokes represent the most recent performance, where possible averaged over the most recent three years (to smooth fluctuations). Where a spoke falls outside the circle, this means outcomes have improved since the mid-1990s; the further from the circle, the greater the improvement. Where a spoke falls inside the circle, outcomes in this area have deteriorated since the mid-1990s; the further the spoke is from the circle the more pronounced this effect.



14

Jana Hunt

How we're making a difference for children and young people

Youth Employment

“I left school at 16 because it was dumb.”

“And I've spent most of the last two years since unemployed and feeling negative about my life,” says 18 year old Jana Hunt.

But life for Jana is changing for the better. “Now I've seen the positive side. I've got a chance to change myself, a chance to better my life.” Jana has just begun a 20-week training course that when completed will see her become a deep sea fisher.

“I'm really looking forward to completing my training.”

Helping Jana make the leap between the dead end prospect of a life of unemployment and a positive future with opportunity is WERT. The Work Ethic Residential Training programme is a six-week live-in course run by Premier Personnel Development in the Bay of Plenty. The programme aims to place unemployed 18-24 year olds into employment or further training.

Like Jana, most of the young people participating in WERT have left school early with limited qualifications and life skills. Yet, like Jana, most WERT graduates – around 81 percent – move into further training or employment. Of Jana's intake, one went to work in an office, another has moved into trades training, two are enlisting in the army, and five – including Jana – are currently in training with the Westport Deep Sea Fishing School.

WERT is one of many youth initiatives we fund to provide practical ways to help at-risk school leavers move more smoothly into further education, training, work or other meaningful activities.

For Jana the decision to go on the WERT programme is proving a life-defining moment. “WERT was cool, it took me out of my comfort zone. I know I owe them more than I could possibly say.”

Now armed with tools to gain better employment and financial security, Jana has a whole new attitude. “My future is bigger and brighter than I could ever imagine!”

“Now my future is bigger and brighter than I could ever imagine!”

We want New Zealand children to thrive in childhood.

We want them to be respected and valued.

We want them to have the opportunity to reach their full potential and participate positively in society now and in the future.

The early years of a child's development are crucial. They are also the time of greatest vulnerability. Many New Zealand families ably manage the balancing act of a life that involves raising children. However for some, added pressures affect their ability to cope.

From experience we know that the earlier families receive support, the better the results for children. Through *Early Years: Kia Puawai*, an early intervention initiative, government is leveraging off existing services to build a comprehensive system of services for children aged zero to six years that will effectively identify and meet the needs of all young children, especially at risk children. We are working to reduce behavioural problems that can lead to criminal offending. And we are working to improve health and wellbeing, including through reducing violence within the family.

Beyond their first years, children and young people still need a sense of being valued, of being connected with others. They need support to make sound choices for their future. *Youth Development Strategy Aotearoa* promotes a youth development approach to build these outcomes for young people aged 12 to 24. The Strategy underpins the work of all government agencies developing policy and services for youth. It encourages us to look at the big picture of young people's lives, giving them relevant and useful information and involving them in the decisions that affect them.

What we're doing to make a difference

We're providing help, right from the start

Research shows that intensive, in-home support programmes improve outcomes for families who need help. Through *Family Start*, trained workers visit the family home to give advice and support to caregivers of very young children. During 2005/2006 we extended *Family Start* services to 11 new sites throughout the country. We also introduced the Early Learning Programme pilot to 12 centres over 2005/2006. This programme provides financial help to *Family Start* or *Early Start* children so they can take part in early childhood education. Within just four months the programme saw an increase of 66 percent in take up of early childhood education in the trial sites.

**In 2005/2006
1,995 families participated
in *Family Start*.**

Families stay with the *Family Start* programme until they improve their circumstances and acquire skills that help them give their children the best possible start in life.

We're building strong families

Some families require the support of more than one government agency. Sometimes, some needs get overlooked as each agency focuses on dealing with their part of the problem. Within the *Strengthening Families* programme, family members get to meet with all their support agencies at one time. Then, together, we work on the solutions, ensuring all aspects are addressed. During the year we have worked on implementing recommendations from the *Strengthening Families* review, including publishing new guidelines and developing on-line reporting to support consistency across agencies.

We're supporting parents

Every child has the right to be safe and secure, and to live in a strong and loving family. SKIP (*Strategies with Kids, Information for Parents*) is another early intervention programme that builds parents' child-rearing skills. SKIP supports parents to raise their children in a positive loving way, using limits and boundaries rather than physical discipline. During the year we distributed \$1.3 million from the Local Initiatives Fund to support 64 community initiatives promoting positive parenting. We also distributed over two million resources – booklets, videos, badges, fridge magnets, posters and training modules – all carrying SKIP messages. Another of the SKIP objectives is to build the capabilities of the organisations working alongside families. In 2005/2006 we undertook capability building work with Plunket, Barnardos, Playcentre, Kōhanga Reo National Trust, Parents Centre, Birthright and REAP (Rural Education Activities Programme) Aotearoa.

Raising children can be most challenging for teenage parents. Their needs are multiple and complex. In 2005 there were 4,136 babies born to teenage mothers. We know from experience that youth-specific, co-ordinated case management improves health, development, education and welfare outcomes for teenage parents and their children. This year we secured Government funding of almost \$2.6 million for the next three years to help this parent group access community based services. This will include the appointment of specific Teenage Parent Service Co-ordinators from March 2007.

A fathering programme was devised and delivered by Te Aupouri Social Services in Kaitaia with support from SKIP's Local Initiatives Fund.

The programme ran three hours a week over six weeks and included topics such as Effective fathers, Fathering sons/Fathering daughters, Top 10 ways to be a better father, Dealing with inappropriate behaviour and Knowing when to praise your child.

Participants said:

- "I've learnt that it's easier to build boys than to fix men."
- "Our kids are counting on us to get it right – it's the small things that count to them."
- "I can't say enough about this course. It's fun, informative, challenging, caring, open and best of all it's for me, a dad!"

We're helping young people reach their potential

Young people today face many challenges as they move into adulthood. They need tools to help them make positive choices for their future. Youth Transitions Services draw together community resources to provide 15-to-19 year olds with support as they move from school to work, or training. Ten Youth Transitions Services are now up and running, providing training, mentoring, career planning, health, social, and employment services. By the end of 2006, 14 Youth Transition Services will be operating around the country.

As part of its long-term plan, the Ministry of Youth Development has widened its ability to reach young people through the establishment of four regional hubs across New Zealand. These hubs give us regional capability. We can make sure that youth development programmes and services are based on models of good practice and are able to respond to the diverse and changing needs of the youth population.

Regional hubs also promote and support youth participation, so young people can directly impact on decision making that affects them.

Youth Week, held this year from 15 to 21 May, is one way we recognise and celebrate our young people and the role they play in our communities. Sometimes, negative stereotypes undermine this role. The RE: DEFINE 2006 campaign set out to build on the progress we achieved from challenging those stereotypes in 2005, to changing them. The campaign's target audiences included media, policymakers and educators, whose influence over young people is often profound.

Ensuring such influencers hear the voices of young people is a key aim of *Aotearoa Youth Voices*. Under this branding youth participation advisors in Wellington and Auckland are working to get young people involved in government, schools, communities and local councils around the country.

StudyLink's school leaver programme called On Course, is designed to improve StudyLink's ability to share relevant information with school leavers in an engaging and motivating manner.

The programme is presented to senior secondary school students around the country each year.

The programme looks at different ways of funding tertiary study and provides specific information on Student Allowances and scholarships, as well as Student Loans and the implications of borrowing money. It also includes information about agencies that can help with the other aspects of the transition to tertiary study, such as the choice of what to study and where.

Where there are large populations of young people, more individuals are at risk of poor life outcomes. With such a high number of young people, Counties Manukau will significantly influence the future prosperity of our nation. Our research into youth gangs in Counties Manukau identified multiple reasons contributing to youth gang membership, including low incomes, lack of parental input and boredom. There is a \$2.5 million per year investment in this area over the next four years. This will continue to fund youth workers, to meet an urgent need for parenting programmes for parents of youth, and to address other critical gaps in services and programmes.

Looking forward

The viability and capability of community groups involved in the delivery of services to children and families is a strong focus for our forward work. Many organisations working at the flax roots are small and under-resourced, which can impact on their effectiveness. We are looking to build the support available to these groups by updating resources and increasing face-to-face support opportunities.

To encourage professional development in the sector, we are making available another 50 Social Work Study Awards and 50 Family Start Study Awards from February 2007. The NGO Social Work Study Awards offer non-government agency workers the opportunity to cover some of their costs if they are completing a qualification that meets social worker registration requirements. The Family Start Study Awards offer

family/whānau workers employed in *Family Start* sites to study towards diploma-level qualifications in social work, nursing, health or education.

Eliminating family violence is a significant current and future priority within the Government's Families – Young and Old theme. A first step in eliminating family violence is identifying families affected by family violence. *Integrated Service Response* is a new case management initiative that will tap the existing *Strengthening Families* network to identify such families. We are rolling out the service in seven centres initially and plan to be working with the first group of identified families by September 2006.

The need for such new responses was highlighted in *The First Report* of the Taskforce for Action on Violence within Families released on 28 July 2006. Building on initiatives promoted by *Te Rito: New Zealand Family Violence Prevention Strategy* the report proposed:

- a \$14 million national awareness campaign
- enhanced powers for police to enforce protection orders
- a \$9 million boost to non-government organisations dealing with violence
- three dedicated family violence courts in the Wellington region and one in Auckland.

Combining with Child, Youth and Family will further strengthen work already underway to improve care and protection services for children and young people. The merger will also provide the opportunity to develop new responses to the demand for services, by families, agencies and the public.



Jason Blodwell

How we're making a difference for working age people

New Service Approach

“I was amazed. After just one appointment I had a job and more financial help for my family.”

Moving cities with a young family and an uncertain future is a major decision. Jason Blodwell, a 27 year old Auckland bricklayer did just that to follow his dream of becoming a quantity surveyor.

While living in Auckland, Jason registered with the Registered Master Builders Association as the first step towards his dream. Through this connection he secured a scholarship from Construction Co. to study for a trade Certificate in Brick Laying. However, the only institution in New Zealand offering the qualification was over 600 kilometres away, at WelTech in Petone, Wellington.

“In deciding to move I was unsure how I was going to support my family while studying.”

The answer to that uncertainty came within only a week of the family's move, and with only one appointment with Wellington City Work and Income Pre-assessment Case Manager, Donna Bradley.

“I was really rapt with the service I received from Donna. We sat down and I told her my situation, everything I needed and all of my concerns. Within one week I was given part-time work as a bricklayer and extra financial assistance. The whole process was really quick and effective. From that one meeting with Donna, my family and I were financially better off – awesome.”

The efficient service Jason experienced is the result of Work and Income's new service approach. New clients now go through a detailed pre-assessment process

before a benefit is even discussed. The emphasis of the process is on finding work first, whether it's full-time or, as in Jason's case, part-time. We focus on looking at what a person can do, not what they can't, and providing the help a person needs to get into, and succeed, in employment. The new approach still recognises that some people can't work and offers support to New Zealanders for whom work is not an option.

Today Jason works three days a week at a Miramar bricklaying company, where after quick promotion, he is now a supervisor. And, still following the dream, three nights a week finds Jason studying for a better future at WelTech.

“From that one meeting with Donna, my family and I were financially better off – awesome.”

We want people to achieve economic independence throughout their working lives.

We want them to be able to participate in and contribute to society.

We want them to have a sense of belonging.

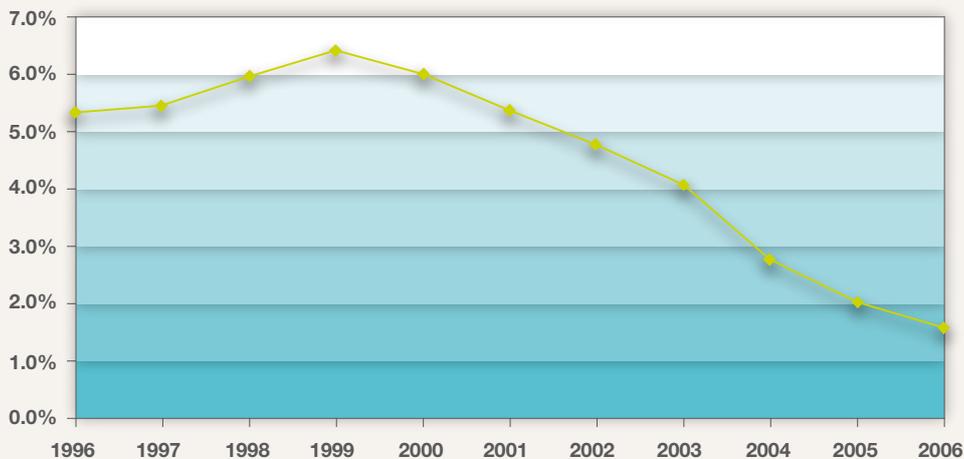
The number of working aged people receiving main benefits decreased by 10,000 (four percent) in the 12 months ended June 2006, and by 74,000 (21 percent) in the five years ended June 2006.

As at June 2006, this country had 280,000 working age people receiving main benefits. The 39,752² people on the Unemployment Benefit make up the smallest proportion of this figure. This is due to our sustained effort to make it easier and more attractive for unemployed people to move into work. But not only do we want people to get into employment, we want them to stay there and progress, so that they can enjoy increasing independence and quality of life.

Our *Sustainable Employment Strategy*, which we rolled out during the 2005/2006 year, promotes a demand-led service model. This means we are focusing our efforts on addressing New Zealand employers' needs, then working with our client base to identify and even build skills to match those needs. The Strategy is changing and developing our business. We are improving our recruitment and account management skills. We are developing technology-based tools to allow easier access and speed up services for both employers and job seekers.

2 Working aged people (aged 18–64 years)

Proportion of the working aged population receiving an Unemployment Benefit



Trends in proportion of the working aged population receiving Unemployment Benefits at the end of June, between 1996 and 2006.

Sources: IAP, numbers of working aged Unemployment Benefit recipients at the end of June. Statistics New Zealand, final population estimates, resident population aged 18–64 years, at 31 December.

The approach we are taking is seeing less New Zealanders having to rely on a benefit. We are seeing more New Zealanders improving their economic independence and social wellbeing. While we are committed to continuing with this approach we are also committed to providing social protection to those for whom work is not an option.

What we're doing to make a difference

We're focusing on work

Over the last five years we have reduced the number of working age people on income tested benefits by 21 percent. The driving force for this is our increased focus on helping unemployed people into work and helping them stay there.

In 2005/2006 we began trialling a *New Service Approach* in 12 Work and Income service centres. The real revolution of this approach is that instead of first focusing on benefit eligibility, we start with a discussion of a person's ability to work, looking at their skills, their needs and circumstances. We then identify achievable goals for that person and build services around those goals. For some this is full-time work. For others it is part-time. Some will be looking for immediate employment. For others the job search will be in the future, when their circumstances allow. Where immediate employment is the goal, we then match the client to the job opportunities to help them into work. We introduced the first elements of the model in all Work and Income service centres from May.

Where communities participate in creating their own social development solutions, the solutions are more likely to be effective. Over the last few years we have worked closely with Auckland's Pacific community to increase employment, job retention, earnings and job skills of Pacific clients. The original goal of our *Pacific Wave Strategy* was to reduce the number of Pacific people receiving the Unemployment Benefit by 50 percent, by June 2005 – a reduction of 2,766 clients. Having achieved that goal ahead of schedule, we established a new target: to further halve the number of Pacific Unemployment Benefit clients, by June 2007. Reaching this target will see an additional 1,311 clients in work.

We're making work pay for families

Participating in employment offers New Zealanders the best opportunity to improve their quality of life. For families, balancing the requirements of employment against the demands of parenting can create conflict. The Government's *Working for Families* package is making it financially easier to work and raise a family. It provides more help to low- and-middle-income parents to overcome barriers such as the need for childcare. From 1 April 2006, the third instalment of the package provided a higher income threshold. It included the introduction of a new In-Work Payment for working families. Now, some 350,000 New Zealand families – 85,000 more – are able to benefit from Working for Families assistance.

We are continuing to work on reshaping the existing social assistance system to create one that is more modern and flexible. We are looking at ways we can make employment and training programmes, and services more responsive to changes in the labour market.

Straight 2 Work programmes are developed by industry for industry, ensuring the training is relevant to the needs of the employers within that industry.

For the year ended 30 June 2006, 2,015 people participated in a Straight 2 Work programme.

We're understanding employers' needs better

With a continuing tight labour market, employers are under pressure to fill skills and labour shortages. We are working to understand better exactly what skills employers' need. This allows us to work with our clients to pinpoint the barriers and address them. We are keeping up with labour market trends and building relationships with industry and large employers. We are seeing mutual benefits result from this activity. Jointly designed training programmes are helping employers gain the skilled staff they need and Work and Income clients gaining access to sustainable job and career opportunities.

There are 26 formal corporate and industry partnership agreements.³

Corporate Partnerships

- Large employers and Work and Income work together to develop a tailored recruitment service offer that is responsive to the current and future staffing needs of employers and a constantly changing labour market.

Industry Partnerships

- Industries and Work and Income jointly design tailored employment programmes that assist to develop the skilled staff required to meet the industry's immediate and future workforce needs.

We're helping people become work fit

Gaining employment can prove especially challenging if you have a health problem. Through the PATHS (*Providing Access to Health Solutions*) programme we are drawing together public health, community mental health and welfare agencies. Our collective objective is to reduce the health barriers to employment of people receiving a Sickness or Invalid's Benefit. Solutions include clinical treatment and social support – whatever is needed to reduce or remove the barrier. We are operating PATHS in five District Health Board regions. Another five will be operating by mid-2007. The extended service will see an additional 23,588 people – and a total 66 percent of all clients receiving a Sickness or Invalid's Benefit – given the opportunity to improve their work prospects.

We're improving people's prospects through study

Education offers a strong foundation for employment. We administer scholarships that provide financial help to low-income students so they can access tertiary education. The scholarships also help the country retain graduates. The *Step Up Scholarship* helps pay the course fees of students studying an animal or human health degree, or a science or technology degree. In 2006 we awarded 240 scholarships to students taking animal or human health studies and 122 for science and technology studies. High-achieving tertiary students in their second year of study can apply for our

This year StudyLink delivered its StudyWise service to 15,000 Student Loan borrowers. StudyLink contacted students to help them make informed decisions about financing tertiary study.

³ As at September 2006

Bonded Merit Scholarship. We pay a maximum of \$3,000 per year for course fees for up to four years. Five hundred Bonded Merit Scholarships were awarded in 2006, and this will increase to 1,000 in 2007. Both Step Up and Bonded Merit scholarships require students to remain in New Zealand for a period of time after graduating.

Looking forward

Our focus on working age New Zealanders forms a strong part of our delivery on the Government's three priority themes: Economic transformation, Families – Young and Old and National identity. Economic transformation is about creating a high-income economy with opportunities for everyone. Families – Young and Old is about supporting families to be strong and safe for their members. National identity is about New Zealanders taking pride in who we are.

During the year we developed the *Integrity Outcome Framework* to change and improve the way we approach debt and the overall integrity of the benefit system. Where error, abuse and fraud occur, individual clients end up in debt. In cases of deliberate fraud a client can end up with criminal convictions and debt. In cases of errors that result in less than full entitlement being paid, a client can be placed in situations of undue hardship. This can have significant negative impacts on children, families, whānau and communities. We will continue to put more emphasis on preventing debt from happening in the first place.

As a Ministry we play a lead role in promoting Families – Young and Old and we will support families in the coming year through the continued delivery of the *Working for Families* package. We will also continue rolling out and refining our service models to ensure more working age New Zealanders are able to achieve economic independence through sustainable employment.

From 1 April 2006 Student Loans became interest free for borrowers living in New Zealand, encouraging skilled New Zealanders to keep their skills here.



John Cunningham

How we're making a difference for older people

Volunteer Community Co-ordinators

“Suddenly, after six months of retirement I found I had virtually nothing to do.”

“I lost confidence in myself. I struggled with a loss of self esteem and believed I was unable to achieve anything anymore.” But, as New Plymouth retiree John Cunningham later reflects: “how foolish can you be?”

Like many New Zealanders, John had invested the best part of four decades in work – in his case in education. “For 40 years I put all my energies almost entirely in school and other educational activities.” John says the change in social status following retirement can be devastating. “The break was huge. One day the boss; the next, a feather duster!”

Though he didn't want the school workload anymore he keenly felt the loss of contact and interaction with his colleagues. “I missed their company terribly.”

With the help of his wife Judy, John found a way out of his gloom. He got involved – very involved – in community life, initially as a resource for schools and then through joining Grey Power. “As I got older I thought keeping an eye on the interests of older people was a good idea.”

Through his work with Grey Power, John took part in the development of the *New Zealand Positive Ageing Strategy* and the promotion of the International Year of Older People. This involvement led to John becoming a Volunteer Community Co-ordinator (VCC) in New Plymouth.

Forty VCCs around New Zealand make up a network of contacts linking communities with the Office for Senior

Citizens. The VCCs bring together people from different cultures and backgrounds to participate in surveys and projects that promote positive ageing. The information gathered is then used to inform policies developed for older people. In 2005 the VCCs arranged participants to help shape the design of the pamphlet *How will you get around when you stop driving?*

For John the impact of this involvement couldn't have been more transforming.

“After having nothing to do and finding retirement difficult, I became very busy and involved in the community. A new world opened up.”

John is keen for others approaching or in retirement to offer their skills and knowledge. “Voluntary organisations are crying out for volunteers and people with expertise.” In John's experience, the rewards are worth the involvement. “Retirement is a challenging time but an exciting one.”

“Retirement is a challenging time but an exciting one.”

We want older people to be valued as important members of society.

We want them to have the right to dignity and security.

We want them to have the opportunities to contribute their skills, knowledge and experience.

People aged 65 years and over make up 12 percent of New Zealand's population. This proportion is growing, and is likely to double in the next 30 years. In 2001 the Government outlined its vision to build a New Zealand where people can age positively. The *New Zealand Positive Ageing Strategy* sets 10 goals for all government agencies to take on board when developing policies and programmes for older New Zealanders. These include empowering older people to make choices, providing opportunities for them to participate, and recognising the different issues facing men and women.

“Having contact with my elders, I have learnt about their life experiences in comparison to mine and the interaction with others during the workshops has also been great.”

**Angela Fogherly,
Katikati**

Each year government agencies must put forward an action plan to outline their contribution to the Strategy. Collectively this is the *New Zealand Positive Ageing Strategy* Action Plan. The development of the 2005/2006 Action Plan includes input from local government. Their involvement furthers Government's objective to see the delivery of integrated policies and programmes. Seventeen councils contributed their actions, including providing better access to local transport and public facilities, hosting sporting and recreation events for older people, and encouraging older people to get involved in council decision making.

What we're doing to make a difference

We're encouraging older New Zealanders to play a part

Today's generation of older New Zealanders are healthier and are living longer. Encouraging them to keep contributing has benefits not only for seniors themselves but also for the community, and for the country as a whole. Our SAGES programme taps into the knowledge of our older people, involving them in providing one-on-one life and home skills mentoring to families and individuals in need. SAGES matches a volunteer to a family or individual. The programme both encourages older New Zealanders to continue participating in community life, and builds the strength and capacity of New Zealand families. In 2005/2006 we contracted a further seven organisations to provide mentoring services, bringing the number of providers to 15. Now, a total of 277 volunteers will be helping some 554 families.

We're keeping older New Zealanders safe

Combating elder abuse is an issue identified in *Opportunity for All New Zealanders*, the Government's strategic framework for sustainable social development. Our review of national and international literature on elder abuse and neglect has shown us that it is important for communities to commit to reduce incidences in elder abuse and neglect. We are currently funding eight providers to operate Elder Abuse and Neglect Prevention Services (EANPS) in 22 sites nationally.

During the year we expanded services into Horowhenua and Taupo, and introduced a provider funding pool for specific projects and equipment purchases. We opened the pool in April 2006 and to date have distributed \$89,536 to 12 providers. We also appointed Age Concern New Zealand the national EANPS co-ordinator. The co-ordinator is responsible for helping to raise awareness of elder abuse and neglect, supporting service providers and ensuring services, resources and processes are consistent nationally.

We're making sure older people know of support

Making sure older people know about services and resources available in their area is an important part of having access to them. In 2005/2006 we teamed up with local support providers to host a series of Senior Expos. These expos provide the opportunity for a range of locally based social sector groups to display and demonstrate their services. Exhibitors range from sport and recreation organisations to health and disability support services.

The Office for Senior Citizens promotes October as *Greats and Grands* month. Children and schools are encouraged to celebrate grandparents and other older people. Many exciting activities take place during the month including 'exchange skills days' with students demonstrating their computer skills and older people teaching skills such as knitting and gardening.

Joint activities promote understanding between generations and are an important part of positive ageing.

We're valuing our veterans

The more we know about how veterans are managing, the better we can address their needs. Every two years we survey veterans to help identify improvements. In this year's survey we achieved a healthy satisfaction rating of 89 percent from the 70 percent who responded.

We are just one of a number of agencies and organisations involved in the welfare of New Zealand veterans. We worked with these organisations to encourage a co-ordinated and cohesive approach to veteran issues. As a result of our improved relationships one of our war pensions officers was invited by Veterans' Affairs New Zealand to help with the 2006 ANZAC commemorations in Gallipoli, Turkey.

Looking forward

With Families – Young and Old a Government priority, issues surrounding older New Zealanders and the policies and programmes we deliver will be a key focus for us in the immediate future.

On behalf of the Government we are working on a Card for seniors, aimed at improving older people's access to services and information from the public sector. Our current work is determining possible card format, supporting technology, eligibility criteria, entitlements, and concessions linked to the card and how we obtain these.

The increased focus on the Families – Young and Old theme has provided us with an opportunity to review the way we deliver services to older people. Given the increasing number and diversity of clients receiving New Zealand Superannuation, we need to be sure we are providing the right services. In recent years we have made significant changes to the way we deliver services to working age New Zealanders. The results are a clear endorsement of the approaches taken and we are currently reviewing approaches for the 65 and over population.



Gemma and Hoana Edmonds

How we're making a difference for families and whānau

Family Start

“Sometimes it’s just having the simple things done for you that can really make a difference.”

Gemma Edmonds moved to Whangarei two years ago. She was 19 years old and about to have her second child, with no local family support. Despite these factors, today Gemma is a confident and resourceful mother.

This positive result has taken a lot of determination and hard work by Gemma. And helping her on her way to success is the Whangarei *Family Start* programme.

“It’s been great doing the *Family Start* programme and having the support of the *Family Start* team. It really helps take the edge off stressful situations. Sometimes it’s just having the simple things done for you that can really make a difference to your daily life.”

Family Start is one of a range of early intervention programmes that provide support to New Zealand families with high needs. Evidence shows that the earlier we address problems within families the more improvement we will see in children’s health, their ability to learn and their social and emotional development. Under the *Family Start* programme, trained workers regularly visit families with very young children in their homes. Programme workers help parents to set and achieve goals so they can help themselves and gain confidence nurturing their children.

One of Gemma’s goals was to plant a vegetable garden to provide healthy food for the family and to help reduce her grocery bill. Through goal setting strategies and

Family Start support, Gemma discovered a real love for horticulture.

“When my children are older I plan to study for a certificate in horticulture. A few years ago I wouldn’t have even considered that possible.”

Whānau Whānui runs the Whangarei *Family Start* programme, with 12 staff providing advocacy, support and advice to families with high needs and young children. Over the next three years it will cater to 180 families.

“When my children are older I plan to study for a certificate in horticulture. A few years ago I wouldn’t have considered that possible.”

We want families and whānau to be strong.

We want them to be richly interconnected with their communities.

We want families to be able to support their members' wellbeing, identity and participation in society and interdependence.

Strong families, families that are resilient, families that can look after themselves, are vital to the economic, social and cultural strength of New Zealand. Many organisations provide services to families in this country, spanning government agencies, national non-government organisations and community groups. We established Family and Community Services two years ago to help bring some focus to this heavily populated sector. Their role is to lead and co-ordinate preventative and early intervention services for families, whilst strengthening the community sector that supports families.

Family and Community Services has achieved much over the last two years. For families and whānau, its focus is on improving the range and availability of preventative services and improving access to information and advice so problems don't escalate. Programmes such as *Family Start*, *SKIP* and *Strengthening Families* are now laying the foundations for healthy resilient families. These foundations are reinforced through FACS leadership role, as it is drawing together the work and activity of the sector to collectively address issues such as family violence.

Being able to participate in paid work is reported by working parents as providing benefits other than financial. Two-thirds said that they would want to have a job even if they were able to maintain a reasonable living standard without one. This is especially high among sole (86 percent) and Pacific (81 percent) parents.³

What we're doing to make a difference

We're helping New Zealand grow strong families

A key focus of our work is the development and strengthening of early intervention services for parents, families and whānau.

Family Start is one of our ongoing programmes designed to help families meet the challenges they face in raising children. Through the programme we provide home visits and support to families with high needs. Available from the time the mother is six months pregnant, *Family Start* involves many government and non government agencies. *Family Start* whānau workers provide families with information on entitlements, give advice and support and put them in touch with other sources of support. In 2005/2006 we opened 11 new sites and rolled out a new programme encouraging more children into early childhood education.

³ Colmar Brunton (2006) *Work, Family and Parenting Study: Research Findings, April 2006*

Toddlers Without Tears is designed to help parents manage toddler behaviour. It is being piloted with Well Child providers in Central Auckland and will be trialled with a larger group of parents in July next year.

The programme consists of three free sessions for parents on child development and managing common toddler behaviour issues such as tantrums and hitting and biting.

Following the trial the programme may be introduced to all parents as part of the national Well Child schedule.

There is considerable support for families out there in communities. But people need to know about that support before they can access it. Our 211 Family Helpline pilot and our online National Directory are two tools helping to inform families of what is available, while FamilyWeb shows some of the resources available online.

The National Directory is an online search tool of services and programmes to help families in New Zealand. It assists families to find out what organisations there are to help them, and provides contact details for these organisations. This year the National Directory was relaunched with a new, more user-friendly interface, and a revised information structure.

FamilyWeb provides access to a collection of online resources on personal and family-related topics. We launched the site this year with resource material for parents on raising children (0-12 years). We have since added links to resources on supporting young people (13-20 years), growing older and supporting your marriage or relationship. We plan to add another three topic areas and will be keeping all content up to date.

We are also doing the developmental work for a proposed new longitudinal study of New Zealand children and families. These studies track children from birth onwards. A research design has been proposed and field testing has started in the Auckland region, focusing on recruiting participants and data collection tools. This study has the potential to provide a secure information base for the development of future policy relating to children, young people and families.

We're aiming to improve New Zealand families' standard of living

Low income, debt and unemployment can strain a family's resilience. Ensuring low- and medium-income families have an adequate standard of living is the aim of the *Working for Families* package, announced in the 2004 Budget. The three-year package makes it easier for families to work and raise children. *Working for Families* offers a mix of initiatives including increased help with childcare and housing costs. On behalf of Government, we worked with Inland Revenue to introduce on 1 April 2006 a new In-Work

www.familyservices.govt.nz

Payment for working parents. This initiative ensures work pays more than a benefit for sole parents working more than 20 hours a week and couples working more than 30 hours a week. We expect that, when fully implemented in 2007, *Working for Families* will reduce child poverty by 70 percent.

Our evaluations of the *Working for Families* package show us that we are reaching the people who need it.

Over the past year we have helped New Zealand families manage when they find themselves unable to cope financially. We provide recoverable assistance and advance payment of a client's benefit when they need to meet essential costs for items like school uniforms or power bills. We ask that clients repay this in a sustainable way that avoids putting them under further financial strain or hardship. In the last financial year the uptake of this assistance has increased from \$110.8 million to \$112.9 million.

At the same time we are helping people stay out of debt through our Benefit Integrity Services Early Intervention and Prevention initiatives. Over the year, our focus on intervening early to prevent clients from getting into debt as a result of error, abuse or fraud saw the amount of beneficiary debt established reduce from \$198.3 million to \$189.3 million. Most importantly we are making sure that we get benefit entitlement right from the start.

We're supporting families to be free from violence

New Zealand communities today are a rich tapestry of cultures. The diversity of our population brings with it a range of expectations and traditions to daily life including family roles and parenting. The *Strong Pacific Families Strategy* aims to build strong Pacific families living free from violence. The Strategy stems from the Pacific strand of *Te Rito: New Zealand Family Violence Prevention Strategy*, the Government's framework for preventing family violence. We are working to build awareness and ownership of family violence prevention issues among Pacific leaders, with the aim of encouraging community action. We are currently working in four regions – Christchurch, Porirua, Manukau and Waitakere – and have held workshops with community leaders to set priorities for each region.

Persistent problems – such as family violence – require us to keep investigating new solutions. We are helping to lead new responses to family violence under the direction of the *Taskforce for Action on Violence within Families*. The *Family Violence Intervention Programme* is one such new response. Based in selected Work and Income offices, this programme enables people to disclose family violence to their case manager and gain the information and support they need. Nearly 4,000 Work and Income staff have been trained to 'recognise, respond and refer' by asking clients

about family violence, responding to disclosures by providing appropriate assistance and referring clients to family violence service providers for support. A client resource kit has been produced and in the year ahead we plan to improve the programme's training package. We will also work with all organisations involved to determine the most effective use of funding provided to deal with the expected increase in referrals.

Looking forward

From 2 October 2006, the income thresholds for childcare assistance will increase, making work more possible for families. We see giving parents the choice to work with more affordable childcare as a win-win for families and employers alike.

Our merger with Child, Youth and Family will enable us to strengthen significantly our early intervention services to New Zealand families and whānau. We will be well placed to ensure our policy and Child, Youth and Family services support each other in order that we gain the maximum benefit from our resources.

Families will be a priority. Communities with high numbers of families will soon benefit from the establishment of *Early Years Services Hubs*. The hubs are an intervention service focused on the health, wellbeing and education of young children. We will also be appointing 10 child advocates to provide support to children and young people aged up to 17 years who witness family violence. These positions are in the East Coast, Waitakere, North Shore/Rodney and the Hauraki. We are planning the next round of consultation to choose the areas for the next 10 advocate positions.



Adam Awad

How we're making a difference for communities, hapū and iwi

Settling In

“We try to help those trying to help us by identifying what’s working and what isn’t.”

Like many refugees, Somali Adam Awad arrived in New Zealand not knowing what the future held, but with high hopes.

Adam says refugees also arrive here with high health and wellbeing needs because of where they have come from and what they have been through. “But we want to lead healthy, creative lives. We want to contribute to New Zealand’s future.”

Five years later, today Adam helps other refugees make the transition to life in New Zealand as chair of the Refugee Changemakers Forum.

The Forum has played an active role in shaping the *Wellington Regional Action Plan for Refugee Health and Well-being*. The Plan is a blueprint for all agencies providing services to refugee communities. Under the plan, specific agencies are responsible for implementing more than 70 programmes. An inter-sectoral working group that includes refugee representatives then monitors the way services are provided and the Plan’s effectiveness overall.

Adam sees the Forum’s involvement with the Plan, and that of other groups, as a way of ensuring services meet refugees’ needs. “We try to help those trying to help us by identifying what’s working and what isn’t, by pointing out gaps in services and identifying opportunities for more effective use of resources and energy.”

The Plan is one of 38 projects supported during 2005/2006 by our *Settling In* initiative. The focus of *Settling In* is to help refugees and migrants settle well in New Zealand by building their capabilities to develop their own solutions to the challenges they face.

Many of the contributing groups see the collaborative way the Wellington plan was developed as important as the Plan itself. The development process brought together many people and organisations. This contact has created professional friendships, highlighted issues and opportunities, and given rise to innovative solutions.

For Adam, he most values the sense of trust developed by all those participating in the Plan. “It gives us hope. And no matter where refugees come from or what happened to us, it’s hope that keeps us going.”

“It gives us hope. And no matter where refugees come from or what happened to us, it’s hope that keeps us going.”

We want communities, hapū and iwi that are able to determine and achieve their vital and unique social, economic and cultural goals.

Strong, thriving communities whose members are valued and connected are the backbone of a dynamic and vital country. Community organisations play a vital role in building a sense of value and connection. And many people and organisations are investing in a wide range of activities that build the wellbeing of New Zealand communities. There is huge potential for collaboration between government and communities as we work towards shared goals and objectives. For the government sector to support this activity, we need to have a good understanding of New Zealand's communities and the groups that are working in them.

The Office for the Community and Voluntary Sector was established in 2003 to help gain a better understanding of and build a stronger working relationship with the sector. A key part of the Office's work is promoting good practice by government agencies involved with community and voluntary organisations. The *Good Practice in Action* programme makes available two online toolkits to help public agencies who are funding groups and to help agencies providing support to groups. The tools help public servants engage successfully with community, voluntary and Māori organisations.

What we're doing to make a difference

The Office for Disability Issues is leading a cross-government Review of Long Term Disability Supports, to identify the support services disabled people need to live ordinary lives.

www.odi.govt.nz

We're making it easier to deal with government

Community groups contracted by several agencies to provide services can find the multiplication of administrative and reporting requirements overwhelming, both in terms of time and running costs. Under the *Funding for Outcomes* initiative we are working to build better co-ordination across funding agencies. Our aim is to lessen the administration burden on community groups without reducing accountability. The *Good Practice in Action* seminars run by the Office for the Community and Voluntary Sector is also helping to build greater co-ordination by providing opportunities for the sharing of information and best practice.

We're building inclusion

On 10 April 2006, the New Zealand Sign Language Act became law, making New Zealand Sign Language an official language of this country. This event represented a huge step in acknowledging the Deaf community's presence, their rights and their equal value in society. The Act also set out principles to guide how government departments should use New Zealand Sign Language. We, along with the Ministries of Education, Health and Justice,

and public broadcasting agencies will begin to implement the Act in the 2006/2007 action plan for the *New Zealand Disability Strategy*.

We're building more effective co-ordinated services

Local Services Mapping is another initiative that we are leading to improve services for communities. *Local Services Mapping* is a planning tool that helps government agencies and communities carry out a stock take of the services in an area. We then use the information gathered to work out how together we will improve the delivery of those services to better meet local needs. The end products of the planning exercise are a profile report and action plan for each area. Of the 28 areas currently involved, we have to date completed profile reports for 10 areas. But already the exercise is improving relationships and planning co-ordination between the participants, and is resulting in a more efficient use of resources.

We're building stronger community capability

Many of the community and voluntary organisations at work in our communities are small. Often they lack the robust systems and processes needed to meet their strategic goals. We know that good quality support can relieve some of the burden and allow these groups to focus on what they do best – getting out there and helping New Zealanders.

Finding out where they can get the support they need is a first step. In August we published *Managing Well: resource for community and voluntary organisations*. This is a catalogue of over 120 resources, websites, newsletters, manuals and information sheets, including a directory of organisations whose support will help build administrative and operational effectiveness.

The community and voluntary sector works hard to comply with their legal requirements. In order to assist them to come to grips with the wide range of legislation affecting their sector, the Office for the Community and Voluntary Sector worked in partnership with the New Zealand Federation of Voluntary Welfare Organisations to produce *Keeping it Legal E Ai Ki Te Ture*. The resource provides information on a very wide range of topics, including what it means to be an incorporated society or charitable trust, through to legal obligations to volunteers and contractors. It has been enthusiastically welcomed, with 7,000 copies distributed and thousands of hits on the website.

The effectiveness of our *Strengthening Families* programme relies heavily on local input. Under the *Local Collaboration Initiative*, local management groups oversee the programme now in 54 areas around New Zealand. The groups typically include health, education, welfare, justice, housing, employment and local government representatives as well as members from community and iwi organisations. During 2005/2006 we worked with Local Management Groups and Strengthening Families Co-ordinators to identify improvements we can make to *Strengthening Families* as a model for future collaborative service delivery.

“Sharing the load of gathering together research and hard data to guide the future of development of the Kaikoura district has not only saved us time and money, but ensured the community’s views have been included.”

Kaikoura District Council Mayor, Kevin Heays

www.keepingitlegal.net.nz

Like many of our community initiatives, *Settling In* has a dual purpose. Firstly it provides support services to refugees and migrants to help them settle here. It also builds refugee and migrant's capability to develop their own solutions. This whole-of-government project operates in seven regions around the country. We funded a range of projects in 2005/2006 including a programme for Somali parents on bringing up teens in New Zealand, a Newcomers Network in Nelson, a programme for isolated older Asians in Auckland and a number of training and skills building programmes.

Through the *Community Initiatives Fund* we provide support for innovative social development projects run in communities by community leaders. The projects aim to make a positive difference for communities and families. Projects approved for funding this year include:

- an exchange between East Coast/Te Tai Rawhiti and Wellington/Poneke youth.
- a one year project to assess the issues faced by Somali women
- a project to assess the issues older Chinese people faced
- Adaid, a free online advertising service for not-for-profit groups
- a youth assistance programme providing direction to Westland young people.

Looking forward

Much of our future work will continue building the capabilities and capacity of community and voluntary organisations. This will include providing more operational support and guidance to the local management groups of *Strengthening Families*. Already we have work underway to increase support, strengthen professional development of programme co-ordinators and improve monitoring and feedback. We are also looking to improve co-ordination within the sector by expanding *Local Service Mapping* to a further 14 areas around the country and this will ensure plans are translated into action. We are also committed to promoting good practice across the government agencies to continue improving our working relationships with the sector.

A Ministry moving forward

The Ministry today

After the merger with the Department of Child, Youth and Family Services (1 July 2006) the Ministry has over 9,000 employees in 200 sites. The Ministry is now this country's largest government department and more importantly, as a result of the merger, we have strengthened our ability to help New Zealanders.

What we do

We provide advice, develop policies and deliver social services to improve the lives of New Zealand's children, young people, families, working age people and older people. We achieve this improvement using a social development approach – providing 'here and now' support for people needing assistance, and investing today for the long term.

Currently, we support more than one million New Zealanders in living successful lives by providing:

- income support, employment services and New Zealand Superannuation through Work and Income
- care and protection of children and young people, youth justice co-ordination, adoption information and community organisation funding, through Child, Youth and Family
- Student Allowances and Loans
- services to rural clients
- leadership and co-ordination of services.

We secure and administer funding for activities through five votes:

- Vote: Child, Youth and Family Services (from 1 July 2006)
- Vote: Senior Citizens
- Vote: Social Development
- Vote: Veterans' Affairs – Social Development
- Vote: Youth Development.

Over the 2005/2006 year we were responsible for administering \$14 billion in assistance to New Zealanders. This includes \$6.3 billion in New Zealand Superannuation, \$5.7 billion in social security benefits and \$1.434 billion in student loans, allowances and payments.

How we are organised

The Ministry is organised in to three broad clusters – policy; service delivery; and corporate, governance and risk. This structure allows our people to:

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

How we operate

Our approach is whole-of-Ministry. All of our services and activities are aligned, strongly led and tightly focused on the social development outcomes that matter.

To get the most from us, it shouldn't matter what part of the Ministry ordinary New Zealanders contact, they should be able to access any and all of our services. Under the leadership of Regional Commissioners for Social Development we are making our service more flexible and co-ordinated so that people have easy access to whatever service they need.

Our approach is not limited to the Ministry alone. We want to see the whole social sector working together to support New Zealanders. Taking the whole-of-government approach, we work with other government agencies, local government and communities to co-ordinate policies and services. Our ultimate goal is that there is no 'wrong door' into government services.

Our organisational structure at a glance



Our Leadership Team

The Ministry's Leadership Team is central to our governance framework. They provide a hub of expertise that ensures all the Ministry's efforts are focused on our strategic direction. The team meets regularly to consider issues of strategic importance.



Peter Hughes, Chief Executive

"We understand that we are here to help New Zealanders get on with their lives."

Peter heads the Ministry's Leadership Team, its governance committees and strategic forums. He has a cross-sectoral leadership role in which he chairs the:

- Health, Education, Social Development, and Justice Chief Executives' Group
- Social Services Cluster Chief Executives' Group, which comprises the Department of Building and Housing, the Housing New Zealand Corporation and the Ministry
- Taskforce for Action on Violence within Families, which advises the Family Violence Ministerial Team on how to make improvements to the way family violence is addressed.



Marcel Lauzière, Deputy Chief Executive, Social Development Policy and Knowledge

"We promote the importance of strong linkages between evidence, policy and practice to foster social success in New Zealand."

Social Development Policy and Knowledge monitors and advises on strategies that will improve the social wellbeing of New Zealanders. We provide an evidence base for social policy and services, and we lead cross-sectoral initiatives.



Nicholas Pole, Deputy Chief Executive, Social Services Policy

"We have the capacity to address long-standing and emerging social issues – and the potential to make a real difference in the lives of all New Zealanders."

The Social Services Policy group is leading the Families – Young and Old theme by providing social policy advice on children, families and communities, young people, working age people and older people. The Ministry of Youth Development is also in this group.



Patricia Reade, Deputy Chief Executive, Work and Income

"I am passionate about providing high-quality public services for New Zealanders that will stand the test of time and I am pleased to be in a position to help enable this."

Work and Income provides income support and employment services throughout New Zealand and offers a single point of contact for New Zealanders needing work-search support, income support and in-work support. We also manage Enterprising Communities grants to help community organisations design and implement projects that will create skills and job opportunities for people who find it hard to get work.



Tony Gavin, Deputy Chief Executive, Specialist Services

"We focus on what makes a positive difference to people's lives and we work to make it happen."

We provide services to a varied group of clients who have specific needs, including students, veterans and people who may be able to receive a pension from overseas, or New Zealand Superannuitants who are living overseas. Through Integrity Services we protect the integrity of the benefit system by preventing and reducing benefit error, abuse, fraud and debt.



Ray Smith, Deputy Chief Executive, Child, Youth and Family

“Our country’s wellbeing is dependent on happy, healthy and well-adjusted families. We are always working with this goal in mind.”

Child, Youth and Family works towards reducing the reoccurrence of abuse and neglect when children and young people have been harmed; and towards reducing reoffending where children and young people have committed crimes. Our ability to achieve this depends on us working closely with other government agencies and our community partners.



Richard Wood, Deputy Chief Executive, Family and Community Services

“Helping families to help themselves builds connected communities and helping communities to achieve their goals, supports families to be strong.”

Family and Community Services (FACS) was established two years ago to lead and co-ordinate services that support families, to strengthen the family services sector, and to provide more co-ordinated prevention and early intervention services. Two years on FACS has a major role in funding service providers. From 1 July 2006 we will be responsible for managing contracts with over 400 service providers that support families.



Christine Stevenson, Deputy Chief Executive, People, Resources and Capability

“The Ministry needs the right people, technology and resources so that we can make a difference for New Zealanders.”

People, Capability and Resources comprises three business groups that provide essential background support for all the Ministry’s work. We develop and implement the Ministry’s HR strategy, including learning and development opportunities for staff. We also provide strategic financial advice on planning, budgeting, reporting and consultancy, and we manage IT services to support the Ministry.



Helene Quilter, Deputy Chief Executive, Corporate and Governance

“Effective governance helps keep an organisation on track to achieve its goals and to make a real difference in the lives of New Zealanders.”

Corporate and Governance manages corporate planning and reporting, communication, media, ministerial servicing and legal functions. We provide appointment and monitoring advice on the crown entities responsible to the Minister for Social Development and Employment. We also look after the Ministry’s relationship with Beneficiary Advocates.



Graeme Carruthers, Deputy Chief Executive, Risk and Assurance

“We provide independent assurance of its systems, processes and controls to deliver effective and efficient services to all New Zealanders.”

Risk and Assurance oversees the Ministry’s risk management approach. We also provide internal audit and assurance services, prevent, detect and investigate internal fraud, and ensure effective security strategies are in place.

Furthering State Services Development Goals

In March 2006 the State Services Commission (SSC) launched a set of six development goals. These goals seek to lift the performance and service delivery of the State Service.

State Services Development Goals

Employer of choice

Ensure the State Services is an employer of choice – attractive to high achievers with a commitment

Excellent state servants

Develop a strong culture of constant learning in the pursuit of excellence

Networked state agencies

Use technology to transform the provision of services for New Zealanders

Co-ordinated state agencies

Ensure the total contribution of government agencies is greater than the sum of its parts

Accessible state services 'no wrong door'

Enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services

Trusted state services

Strengthen trust in the State Services, and reinforce the spirit of service

Our progress to date

As a major government agency, we support the State Services Development Goals and the SSC in implementing strategies that underpin those goals.

We have built a strong reputation as **an employer of choice** and reinforce this through good employment practices and the fostering of **a culture of learning and development**. We encourage our people to broaden their skills through leadership and study programmes and secondments.

We are focused on improving our service delivery to clients. Our **'no wrong door' policy** is well advanced. Through our relationship with Inland Revenue and initiatives such as Heartland Services and Strengthening Families we ensure services are more accessible.

New Zealanders can have **confidence in the integrity** of our people. We have put in place transparent processes and policies and have a zero tolerance towards staff fraud and misuse of information. This provides a good springboard in achieving the 'trusted state services' goal.

We support the 'co-ordinated state agencies' goal through our **leadership and co-ordination** across the social sector, especially in co-ordinating the government's Families – Young and Old theme. Our co-ordination and leadership occurs not only at a high strategic and policy level, but also through Regional Commissioners for Social Development and the Heartland Services.

We are committed to **better using IT** to improve service delivery to our clients. StudyLink uses IT extensively to deliver its services to students via the web. At the same time we recognise not all clients can access high technology tools and work to achieve a balance across client needs.

Building our capability

The Ministry's business is a people business. We impact the lives of over one million New Zealanders. For us to make a difference in those lives we rely on our people having the skills, abilities and commitment to deliver on our desired outcomes.

Our focus on being a good employer includes promoting equal opportunities. We continue to employ a diverse range of staff that complement the range of services and corporate functions we provide.

Isabel Evans was recognised as the Pacific Business Leader of the Year in June 2005, at the Pacific Business Awards and we were awarded the Mainstream Employer of the Year in December 2005. This reflects our commitment to the EEO Policy to 2010 Future Directions of EEO in the New Zealand Public Service.

Attracting and keeping the right people

Ensuring we have the people with the skills and abilities is a key priority for us, especially in today's tight labour market. We continue in our efforts to provide a work environment that is attractive to current and future employees. During 2005/2006, a joint PSA/Ministry working party reported on work-life balance issues and suggested ways we could further support employees with family commitments and promote healthy lifestyles. An online survey of Ministry people aged 40 years and older on ageing, work and retirement also identified initiatives that will help us better manage and retain older workers.

At the other end of the spectrum, the focus of our graduate recruitment programme this year was on recruiting graduates who will develop our future capability in policy, research, corporate, and information technology. To support this work we set up a graduate talent bank as part of an e-recruitment trial so graduates can register their interest in future applications.

Growing leaders

Effective managers – both current and those readying to move into leadership roles – are critical to our ability to deliver. Our Leadership Development Framework defines what effective leadership looks like in the Ministry and provides a suite of programmes to grow and develop leaders. During 2005/2006 we piloted a Framework process to identify the strengths, development needs and career aspirations of senior staff. The end product of the process is an individual development plan for each person to guide their growth and development.

To further strengthen our leadership capability, we focused this year on providing practical tools and support to managers. We extended our range of in-house leadership and management development workshops, which focus on encouraging leaders at all levels to create work climates that promote excellence. We also increased support for on-the-job learning, with a number of our managers either undertaking or completing NZQA level qualifications. In 2005/2006, 43 Ministry managers completed NZQA qualifications. Since February 2003, 250 Ministry managers have completed qualifications.

Strengthening our people

We are committed to supporting our people to do their jobs well and develop their potential.

During 2005/2006 we introduced a range of measures to build staff capability, including tailored performance management systems and opportunities to gain nationally recognised qualifications. Specialist Services' staff are additionally benefiting from the introduction of a capability framework and toolkit. The framework outlines the general requirements and pathways for building skills and knowledge. Specialist Services staff can use the framework and toolkit to help them build and develop the skills they need for specific roles.

Our governance of performance and risk

The Ministry's Leadership Team operates a collective model of decision making. They set a single, integrated plan of action for the organisation that crosses policy and delivery boundaries.



Subcommittees of the Leadership Team, chaired by the Chief Executive, have been established to oversee management of organisational performance, large projects, and priority work. This ensures that these matters all receive the scrutiny they need from senior management. To support this work we have developed best practice models for significant projects and large IT projects.

AUDIT COMMITTEE

The Ministry's Audit Committee operates independently of the Chief Executive and has the mandate to look across all the Ministry's activities. It is chaired by one of three external people, who have among them extensive experience in public and private sector financial and risk management, governance, and management of large projects including IT projects.

Work and Income continued to bring talented young people into the organisation through the cadet programme and also grow their potential through structured on-the-job learning. Work and Income also strengthened their management development programme to ensure all new frontline managers have the foundation management skills need to perform on the job.

We focused more on meeting the training and development needs of National Office staff and managers this year through the introduction of a new performance management approach. Business area managers were further encouraged in this task through a programme of coaching and ongoing support.

The right support tools

Skilled and able people, and effective and efficient systems are equal elements in the delivery equation. We reviewed our HR information systems and tools to identify enhancements that would support informed and effective decision making and simplify management processes. We also evaluated an e-recruitment tool to support a simple and seamless end-to-end recruitment process and will introduce this in 2006/2007.

Building consistent performance

Being the country's largest government department with an annual budget of around \$1.1 billion presents unique challenges and responsibilities.

To ensure we perform consistently across the Ministry, we have in place a governance framework promoting effective performance and risk management. A major feature of this framework is governance committees. Each is chaired by the Chief Executive. Each focuses on our performance Ministry-wide, ensuring our IT and research and evaluation programmes are focused on achieving government priorities. The committees are supported by best-practice models for governance of large projects and a Ministry-wide audit and risk programme.

Day to day, we manage performance and risk through our audit programme and risk management approach, and through the control environments that operate in each business unit. We have put in place a risk management approach that gives senior managers a clear view of their risks so they can manage them consistently and actively.

Growing risk-smart

The delivery of benefits, loans and other payments carries substantial risk. Across the Ministry we work hard to lessen the likelihood of failure, error or disruption and also to lessen the harm should any of these events happen. Our approach towards managing risk involves building a culture of risk awareness and action. We want all our people to be risk-smart and to work within a risk-smart culture so that when things go wrong, consistently the right things happen. In other words, when there is a problem, we own it, fix it, and learn from it.

A number of critical success factors underpin our culture:

- all our people know what their risk management responsibility is
- we protect and maintain our reputation and image at the highest standard
- risk management is an integral part of the Leadership Team's focus, and all members can confidently articulate risk status and strategies across the Ministry
- risk management is continuously reviewed and improved
- internal and external stakeholders are confident that we manage risk within acceptable levels.

“The Committee is able to contribute a wide range of knowledge and experience to test the Ministry’s risk assurance framework, ensuring that the Ministry’s decision-making processes are robust.”

**James Ogden,
external member and chair
of the Audit Committee**

A smaller footprint

We are committed to improving the sustainability of our activities to lessen our footprint on the environment. One way we put this commitment into practice is through participation in the government-wide Govt³ programme. This programme focuses on four key areas:

- recycling/waste minimisation
- buildings
- transport
- office consumables and equipment.

Much of our current contribution to Govt³ is focused on procurement, improving the energy efficiency of our buildings and reviewing practices such as ground and air travel. However, we recognise there are things our staff can do that will make a real difference, for example:

- turning off computer monitors at the end of the work day to save power
- turning off lights when meeting rooms are not in use
- reducing paper use/using the double-sided feature of printers and photocopiers wherever possible.

We are confident that our efforts can both reduce the demands of our operations on the environment and improve our efficiency and effectiveness overall.

Our Ministerial and Executive Services (MaES) unit has initiated a project under Govt³.

Called MaES³, the first stage of its work, focuses on paper usage – the Paper Plan for Change. The team is focusing on reducing, reusing and recycling paper. Examples of the changes have included:

- using electronic copies of documents, both within the team and for copies going to other teams, to reduce paper usage
- double-sided printing as a standard
- development of rules for reusing paper and collection points for reusable paper.

Prior to the project, the team used an average of 30 boxes of paper every three months. The team aimed to reduce paper usage by 50 percent within one year.

After nine months of the project being in action (to 30 June 2006), the team has reduced paper to 18 boxes used per quarter – a reduction of 40 percent.



statement of objectives and **service performance**

STATEMENT OF RESPONSIBILITY

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

I have the responsibility of 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 financial reporting.

In my opinion these financial statements fairly reflect the financial position and operations of the Ministry of Social Development for the year ended 30 June 2006.



Peter Hughes

Chief Executive

29 September 2006

Countersigned by:



Nick Gale

Chief Financial Officer

29 September 2006

REPORT OF THE AUDITOR-GENERAL

TO THE READERS OF MINISTRY OF SOCIAL DEVELOPMENT'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

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 of the financial statements of the Ministry, on his behalf, for the year ended 30 June 2006.

Unqualified opinion

In our opinion the financial statements of the Ministry on pages 58 to 133:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Ministry's financial position as at 30 June 2006;
 - the results of its operations and cash flows for the year ended on that date;
 - its standards of delivery performance achieved, as compared with the forecast standards outlined 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 outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - the schedules of non-departmental activities on pages 121 to 133 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 2006.

The audit was completed on 29 September 2006, 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 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. 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. 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 disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements. 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 financial statements 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 2006 and the results of its operations and cash flows for the year ended on that date. 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. In addition, the schedules of non-departmental activities 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 2006. The Chief Executive's responsibilities arise from sections 45A, 45B and 45(1)(f) of the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements 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 assignments in the areas of review of Minimum Processing Standards, and review of the Enterprising Communities Grants Process, which are compatible with those independence requirements.

Other than the audit and these assignments, we have no relationship with or interests in the Ministry.

A handwritten signature in black ink that reads "Ajay Sharma". The signature is written in a cursive style with a horizontal line underneath the name.

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

This audit report relates to the financial statements of the Ministry of Social Development (the Ministry) for the year ended 30 June 2006 included on the Ministry's website. The Chief Executive is responsible for the maintenance and integrity of the Ministry's website. We have not been engaged to report on the integrity of the Ministry's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 related audit report dated 29 September 2006 to confirm the information included in the audited financial statements presented on this website.

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

STATEMENT OF OBJECTIVES AND SERVICE PERFORMANCE

For the year ended 30 June 2006

Vote: Social Development

Output Expense: Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self Sufficiency

Description

Through this output expense the Ministry provides income support and services to encourage economic and social inclusion. This output expense contributes primarily to the Ministry's high-level outcomes for Working Age People and Families and Whānau. Our services under this output expense contribute to these outcomes by enabling working age people to participate in, and contribute to, society.

To achieve this, we will:

- ensure all clients receive their full and correct entitlements
- help people not in employment to receive the benefits to which they are entitled
- help people in employment know about and access the assistance to which they are entitled
- make work pay through the *Working for Families* package.

Scope

The scope of this output expense includes:

- providing information on the full range of assistance available so people can apply for assistance for which they might be eligible
- informing people of their rights and obligations when they receive income support
- assessing, verifying and paying income support
- managing people's needs for income support and other assistance, including responding to changes in people's circumstances in a timely and appropriate manner
- managing client debt repayments in a way that balances the client's ability to repay with the need to ensure integrity of the benefit system

- providing individual assistance to those for whom an employment outcome is not an immediate option, for example single parents caring for their children, people who have ill health or people with a disability
- providing information on social, community, and employment services, and referring people to the agencies that best meet their needs.

Working for Families

The *Working for Families* package announced in Budget 2004 provides new and increased financial assistance for low- and middle-income working families through:

- more help with house and childcare costs
- increased Family Assistance and a new In-Work payment
- higher income and abatement limits.

The primary focus of *Working for Families* is to make it easier to work and raise a family.

Services to Provide Income Support and Other Assistance to Eligible People

The average number of working age beneficiaries was forecast in the Ministry's *Statement of Intent 2005/2006* to remain under 300,000.

The actual average number of working age beneficiaries for 2005/2006 was 287,807.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
242,754	Revenue	245,343	232,345	245,343
3,450	Crown	4,395	7,835	8,185
426	Department	111	4,349	4,349
	Other			
246,630	Total Revenue	249,849	244,529	257,877
242,130	Total Expense	255,322	244,529	257,877
4,500	Net Surplus/(Deficit)	(5,473)	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quality		
91.3%	The percentage of clients satisfied with the level of service provided by contact centres will be no less than:	91.5% ¹	85%
82.8%	The percentage of clients satisfied with the level of service provided by case managers will be no less than:	82.8% ²	85%
	Timeliness³		
87.9%	The percentage of entitlement assessments completed within five working days will be no less than:	86.5%	85%
	Accuracy⁴		
90.8%	The percentage of entitlement assessments completed accurately will be no less than:	92.2%	90%
	Debt Management		
96.0%	The percentage of current debtors ⁵ repaying debt will be no less than:	96.0% ⁶	90%

1 Client satisfaction has been maintained as a result of a high level of training support provided to new staff.

2 Performance in 2005/2006 is consistent with the previous year's performance.

3 Accuracy and timeliness results exclude unverifiable cases. Unverifiable means that the record holds insufficient information to verify the accuracy and timeliness of that action. The total percentage of unverifiable records was 2.1% at the end of June 2006.

4 As above.

5 Current debtors are those clients who are currently in receipt of a benefit and have a debt with the Ministry.

6 Standardised processes ensured timely recovery of debt owed by clients and has resulted in consistent performance.

Output Expense: Services to Minimise the Duration of Unemployment and Move People into Work

Description

Through this output expense the Ministry provides services aimed at assisting jobseekers into sustainable employment⁷. This output expense contributes to the Ministry's high-level outcome for Working Age People by preparing clients for work, placing clients into employment, and supporting clients while in employment.

To assist clients into sustainable employment we work in partnership with industry to identify skill and labour shortages and to develop labour market opportunities for jobseekers; and we work with communities to enhance labour market development.

Scope

The scope of this output expense includes developing regional employment initiatives and providing tailored case management and contracted employment training to:

- help people who are receiving a benefit and are able to work to enter the workforce and achieve a sustainable employment outcome
- help people who are receiving a benefit and are not able to work immediately, or at all, to become work ready or to participate in their communities.

Assisting people into sustainable employment includes:

- assessing clients' capability to work
- supporting jobseekers to develop skills and knowledge relevant to labour market opportunities
- actively working with industry to identify employment opportunities for job-seeking clients
- matching jobseekers to appropriate employment opportunities
- providing clients with support once they are placed into employment.

The scope of this output expense also includes assisting disadvantaged communities and groups to recognise and develop their own labour market initiatives and to use their assets to create employment opportunities that lead to self sufficiency and contribute to the local economy.

⁷ Sustainable employment focuses on getting people into employment, spending longer periods in employment, having shorter transition periods between jobs and having the opportunity to move into higher-quality jobs over time. New result measures for sustainable employment were introduced by the Ministry in 2004/2005 that seek to demonstrate the move to generating sustainable employment outcomes for the Ministry's clients.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
225,989	Crown	229,924	265,914	231,924
560	Department	1,225	1,376	1,481
226,549	Total Revenue	231,149	267,290	233,405
221,949	Total Expense	227,611	267,290	233,405
4,600	Net Surplus/(Deficit)	3,538	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Getting clients into work		
36.5%	The proportion of job-seeking clients in receipt of a core benefit who exit into employment will be:	37.7%	35%
36.8%	The proportion of job-seeking clients in receipt of a core benefit with a duration of six months or more, who exit into employment will be:	38.7%	36%
	Clients remaining in work longer		
40.4 weeks	The average cumulative time that job-seeking clients, who exit to work, spend in employment over the course of a year will be:	40.4 weeks ⁸	36.5 weeks
66.0%	The proportion of job-seeking clients who exited into employment and achieved six months continuous employment will be: ⁹	65.5% ¹⁰	58%

8 A continued focus on linking together short-term work opportunities has contributed to clients spending longer periods in employment.

9 This measure is acknowledged as a proxy measure by the Ministry as the reference 'into employment', and the associated extended period of monitoring for the measure, means that these results could capture instances where the actual 'employment' outcome is contributed to by other circumstances outside of the Ministry's control.

10 A continued focus on linking together short-term work opportunities has contributed to clients spending longer periods in employment.

Output Expense: Services to Seniors

Description

Through this output expense the Ministry provides services to seniors living in New Zealand and overseas. These services aim to promote self-reliance, positive ageing, and independence for older people. This output expense contributes primarily to the Ministry's high-level outcome for Older People, by providing New Zealand Superannuation (NZ Super) and other entitlements, and by providing portability arrangements so New Zealand superannuitants have entitlement regardless of where they choose to live. It also contributes by increasing the network of international social security agreements.

Scope

The scope of this output expense includes:

- assessing, paying and reviewing entitlements for NZ Super and supplementary benefits, grants, allowances and subsidies paid to NZ Super clients or pensioners
- administering and implementing New Zealand's international social security agreements and general portability and special portability arrangements.

Outputs

The outputs contained within this output expense are:

- Services to Seniors
- International Services.

Services to Seniors

The average number of superannuitants was forecast in the Ministry's *Statement of Intent 2005/2006* to be 480,000. The actual average number of superannuitants for 2005/2006 was 487,838.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
29,737	Crown	35,844	34,789	35,844
132	Department	346	336	366
29,869	Total Revenue	36,190	35,125	36,210
28,164	Total Expense	34,824	35,125	36,210
1,705	Net Surplus/(Deficit)	1,366	-	-

Service Performance (NZ Super)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Timeliness¹¹		
85.7%	The percentage of entitlement assessments completed within five working days shall be no less than:	83.0% ¹²	85%
	Accuracy		
93.2%	The percentage of entitlement assessments completed accurately will be no less than:	94.6%	92%
	Quality		
94.3%	The percentage of clients satisfied with the level of service provided will be no less than:	94.3%	90%

Service Performance (International Services)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Accuracy		
93.6%	The percentage of entitlement assessments completed accurately will be no less than:	95.8%	92%
	Timeliness		
92.5%	Applications for payment overseas processed within 24 hours will be no less than: ¹³	96.3%	95%
92.4%	Review actions processed within five working days will be no less than:	94.7%	90%
96.0%	Correspondence replied to within five working days will be no less than:	94.2%	90%
95.6%	The percentage of all incoming calls that are answered within 20 seconds will be no less than:	92.3%	90%
	Satisfaction		
New measure in 2005/06	The percentage of independently surveyed clients satisfied with the level of service will be no less than:	85.0%	85%

11 Accuracy and timeliness results exclude unverifiable cases. Unverifiable means that the record holds insufficient information to verify the accuracy and timeliness of that action. The total percentage of unverifiable records was 2.1% at the end of June 2006.

12 Number of superannuitants for the year 2005/2006 exceeded the forecast by nearly 8,000, thus resulting in increased number of cases being assessed. Processing improvements are being made to increase the performance for this measure in 2006/2007.

13 This measure is dependent on the timely and regular receipt of information from our partners in Australia.

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

Description

Through this output expense the Ministry provides services to minimise fraud through: encouraging voluntary compliance and awareness of the consequences of non-compliance; using preventative barriers and early detection mechanisms; and investigating and applying sanctions to those committing benefit fraud.

Benefit Control provides assurance that the integrity of the benefit system provided by the Ministry is protected by preventing, detecting, deterring and sanctioning benefit fraud.

Scope

The scope of this output expense includes:

- helping clients to voluntarily comply and be aware of their obligations
- detecting and preventing fraud early, to mitigate client debt escalation and consequential barriers to their social and economic independence
- investigating irregularities and sanctioning deliberate fraud to deter reoccurrence by the offender, and to signal to others the seriousness and consequences of benefit abuse
- ensuring clients receive their full and correct entitlements.

Specific activities include:

- Early Intervention Strategy and Prevention:
 - data matching to detect clients who are receiving or have been receiving entitlements to which they are not eligible¹⁴
 - Early Intervention interviews and brokerage to ensure clients are receiving their correct and full entitlement, to remind them of their obligations, and to assist them to access additional services where required
 - Client Review Process to issue entitlement review forms to randomly-selected clients, encouraging the timely notification of changes in clients' circumstances
 - Selected Client Review to carry out lower level investigations on selected client situations that appear to differ from the information held by the Ministry.

¹⁴ Data matching also provides information to support investigations and prosecutions.

- Investigations and prosecutions:
 - the investigation of irregularities in client information and of allegations received from external sources, to detect and assess the overpayment of entitlements and to take follow-up action to deter clients from re-offending
 - prosecution action against clients who deliberately commit serious or continuous benefit fraud.

We conduct information matches with the:

- Inland Revenue Department
- Department of Corrections
- New Zealand Customs
- Accident Compensation Corporation
- Department of Internal Affairs – Deaths and Marriages Registry.

The matches with the Department of Internal Affairs and the Accident Compensation Corporation are new in 2005/2006. This is also the first year in which Student Allowance recipients are included in these matches. All the matches are carried out in full compliance with the requirements of the Privacy Act and the Privacy Regulations.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
34,080	Crown	35,928	30,911	35,928
157	Department	377	240	300
34,237	Total Revenue	36,305	31,151	36,228
33,308	Total Expense	34,669	31,151	36,228
929	Net Surplus/(Deficit)	1,636	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Client awareness		
No standard included in 2004/05	The percentage of clients aware of the consequences of committing benefit fraud will exceed:	84.0% ¹⁵	70%
	Quality		
New measure in 2005/06	The change of circumstances notification and benefit cancellation rate for clients contacted through the Early Intervention Strategy will exceed:	22.5% ¹⁶	15%
New measure in 2005/06	The average duration of fraudulent ¹⁷ overpayments will not exceed:	29 working days ¹⁸	45 working days
New measure in 2005/06	Of the cases that we prosecute, the proportion of successful prosecutions concluded will exceed:	94.5% ¹⁹	85%

15 This is an annual measure that became available in June 2006. The survey result indicates higher awareness among clients than expected.

16 The Early Intervention Strategy focuses on different client groups. The client group receiving Unemployment Benefit, by their very nature, change their circumstances more often and therefore enables increased reviews of benefit through the Strategy.

17 Fraud refers to a violation of a civil or criminal statute and involves intentional misrepresentation of facts for the purpose of obtaining unauthorised benefits from a programme; the misrepresentation may involve either the deliberate provision of incorrect facts or the deliberate failure to provide correct facts.

18 Results reflect the volumes of desk bound investigations such as Selective Client Reviews and letters sent to clients that enable a larger number of cases to be managed more quickly, reducing the duration of overpayments.

19 Results reflect increased efforts to achieve success in every prosecution, through a rigorous vetting process that improves the quality of cases forwarded for prosecution.

Output Expense: Debt Management – Former Beneficiaries

Description

Through this output expense the Ministry provides debt management services for non-current debt, which is debt owed by former beneficiaries. This output expense supports the achievement of the Ministry's outcomes by negotiating realistic repayment rates with former beneficiaries, by monitoring the integrity of the benefit system and returning money to the Crown.

Scope

The collection of non-current debt takes into account the individual's ability to repay and the management of the Crown's fiscal risk. We give due consideration to ensuring that debt repayments do not cause undue hardship or jeopardise a client's ability to stay in employment through unrealistic debt repayment levels. We take a whole-of-organisation approach to debt prevention and ensure our staff carry out their duties with due diligence and respect for the rights of clients.

The types of non-current debts collected in this output expense include:

- Special Needs Grants (recoverable)
- advances
- overpayments generated by Ministry or client error or oversight
- Liable Parent Contribution and Maintenance
- debt arising from abuse of the benefit system
- debt arising from Student Allowances and fraudulently received Student Loans
- debt arising from employment-related grants and allowances.

The collection of current benefit debt is managed in Output Expense: Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self Sufficiency.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
19,390	Revenue	19,024	18,854	19,024
82	Crown	198	155	180
	Department			
19,472	Total Revenue	19,222	19,009	19,204
17,825	Total Expense	17,969	19,009	19,204
1,647	Net Surplus/(Deficit)	1,253	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
\$72.903m	Actual collection of non-current beneficiary debt, New Zealand Superannuation debt, employment-related grants and allowances debt, liable parent contribution, maintenance debt, and major repairs and advances debt is expected to be:	\$70.911m	\$70m – \$73m
\$4.858m	Actual collection of Student Allowance debt and fraudulent Student Loan debt is expected to be:	\$7.007m ²⁰	\$5m – \$5.6m
	Quality		
83.0%	The proportion of collectable non-current beneficiary debtors on arrangement to pay, or paid in full within four months of debt establishment, will be no less than:	82.0%	82%

20 The value of debt establishment has increased as a result of data matching with Inland Revenue Department. This has also increased the value of debt collected.

Output Expense: Community Services Card

Description

Through this output expense the Ministry administers the distribution of the Community Services Card and provides information to the public about the card. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, Older People, and Families and Whānau. It contributes to these outcomes by reducing the effects of hardship, and by giving low- and middle-income people access to affordable primary health services.

Scope

The scope of this output expense involves administering the Community Services Card. These services are managed by the National Community Services Card Centre, which is a centralised processing unit with a call centre. The centre is responsible for:

- processing applications and reapplications
- ensuring people who are entitled to receive a card know how to apply
- producing and distributing the cards.

The future of the Community Services Card remains under review and is dependent on health sector developments regarding Primary Health Organisations and related services.

Community Services Card

The number of current cards issued was forecast in the Ministry's *Statement of Intent 2005/2006* to be 1,100,000. The actual number of cards issued was 1,013,524.

The volume of applications and renewals of Community Services Cards to be processed was forecast to be 206,000 and the actual number processed for 2005/2006 year was 204,562.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
5,898	Crown	5,797	7,028	5,797
207	Department	252	36	36
6,105	Total Revenue	6,049	7,064	5,833
5,382	Total Expense	5,453	7,064	5,833
723	Net Surplus/(Deficit)	596	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quality		
85.1%	The percentage of all calls to the Community Services Card centre answered within 20 seconds will be no less than:	87.2%	85%
	Timeliness		
95.4%	The percentage of initial applications and those requiring validation processed within two working days of receipt will be no less than:	91.1%	90%
	Accuracy		
95.7%	The percentage of Community Services Card entitlement assessments accurately completed as determined by regulation will be no less than:	94.7%	90%

Output Expense: Services to Students

Description

Through this output expense the Ministry provides financial support to New Zealand students who might otherwise be unable to access tertiary education. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People and Families and Whānau. It contributes to these outcomes by helping people gain qualifications which will improve their employment prospects and by providing support to families who have one or more members studying.

The StudyLink service line manages the delivery of Student Allowance and Student Loan services. Student Allowance and Student Loan policy is primarily the responsibility of the Ministry of Education. We have a protocol with the Ministry of Education, the Inland Revenue Department and the Tertiary Education Commission that defines the roles and responsibilities of each agency for the Student Allowance and Loan programmes. We also work closely with other agencies to ensure effective co-ordination and communication.

Scope

The scope of this output expense includes:

- providing information to help students understand all Student Allowance and Student Loan obligations and entitlements
- assessing, verifying and paying Student Allowances and Student Loans to students
- assisting students to consider all options for funding their study
- providing comprehensive information to students who are considering entering tertiary study.

Student Allowances

The volume of Student Allowance applications approved in 2005/2006 was forecast in the Ministry's *Statement of Intent 2005/2006* to be in the range of 66,000 to 71,000 (from a total of between 89,000 to 94,000 applications received).

The actual volume of Student Allowance applications approved for 2005/2006 was 61,841 from an actual number of allowance applications received of 88,044.

Student Loans

The volume of Student Loan accounts established in 2005/2006 was forecast to be in the range of 155,000 to 160,000 (from a total of between 194,000 to 199,000 applications received). The actual volume of Student Loan accounts established in 2005/2006 was 163,516 from an actual number of loan applications received of 210,278.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
31,908	Revenue	34,063	40,569	32,063
94	Crown	200	110	125
	Department			
32,002	Total Revenue	34,263	40,679	32,188
31,447	Total Expense	34,055	40,679	32,188
555	Net Surplus/(Deficit)	208	-	-

Service Performance (Student Allowances)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Timeliness		
97.9%	The initial entitlement assessment for a Student Allowance will be completed within five working days of application receipt:	95.4%	95%
	Accuracy		
98.0%	The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than:	97.7%	94%

Service Performance (Student Loans)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Timeliness		
97.6%	The initial entitlement assessment for a Student Loan will be completed within three working days of application receipt:	98.3%	95%
	Accuracy		
99.7%	The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than:	99.7%	95%

Service Performance (Student Allowances and Loans)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quality		
86.7%	The percentage of independently surveyed students satisfied with the level of service provided by the StudyLink contact centre will be no less than:	84.4%	85%
80.6%	The percentage of independently surveyed students satisfied with the level of service from StudyLink staff will be no less than:	82.3% ²¹	85%
80.7%	The percentage of independently surveyed institutions that are satisfied with the level of service from StudyLink staff will be no less than:	84.0%	85%

Service Performance (Highway to your Future programme)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quality		
98.0%	The percentage of independently surveyed users of the Highway to your Future programme who found the programme information valuable will be no less than:	92.1%	90%
92.0%	The percentage of New Zealand secondary schools contacted that will participate in one or more components of the Highway to your Future programme will be no less than:	95.3% ²²	90%

21 A number of initiatives including StudyWise, Application Support Service and improved resolution services have been undertaken and had a positive impact on overall satisfaction. Results for student satisfaction have been trending up slightly over the previous years, with further work underway to improve services.

22 Continuing to build excellent working relationships with the schools has fostered an increase in the uptake in participation.

Output Expense: Family and Community Services

Description

Through this output expense the Ministry provides services to families and communities. This output expense contributes to the Ministry's high-level outcomes for Families and Whānau, and for Communities, Hapū and Iwi. Our services under this output expense contribute to these outcomes by building the knowledge and capability of families and communities, by supporting programmes that build family resilience and safety, and by promoting social cohesion and participation in communities.

Our Family and Community Services service line leads and co-ordinates services to families and communities across New Zealand.

Scope

The scope of this output expense includes:

- delivering programmes and leading co-ordination processes for communities such as Heartland Services, local services mapping, community funding programmes, refugee and migrant service development, and the National Directory
- delivering programmes and leading co-ordination processes for families such as Strengthening Families, SKIP (Strategy with Kids: Information for Parents), Family and Community Helpline pilot, family violence prevention initiatives, and Family Start and other family support funding programmes.

The successful development and delivery of these programmes involves:

- establishing and maintaining partnerships with key stakeholders from central government, local government, non-government organisations and iwi/Māori
- planning for and aligning services at a regional and local level
- providing information for families and communities
- working with communities and providers to strengthen services for parents, and services to prevent violence within families and address the harm that it does
- building the capability of community-based providers
- administering funding programmes to support community-based services, including services planning, provider development, and the management of funding agreements and contracts.

Key Establishment Milestones

Family and Community Services was established on 1 July 2004. Some of its services are still in an establishment phase, in particular those providing information services to families. From 1 July 2005, Family and Community Services took on new responsibilities, including the administration of Non-Departmental Output Expense funded programmes.

Key establishment milestones for these new responsibilities include:

- *Information for families:*
 - completing a pilot of the Family Helpline and, subject to a favourable evaluation, laying the foundation for a nationwide service as funding becomes available
 - establishing a families' knowledge base on the family services website.
- *Funding/contracting:*
 - ensuring the capability to manage Non-Departmental Output Expense funding is available
 - managing the transfer of responsibilities from the Department of Child, Youth and Family Services with minimal disruption to service providers and their clients.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
10,602	Crown	18,149	15,243	18,149
22	Department	82	75	90
10,624	Total Revenue	18,231	15,318	18,239
10,481	Total Expense	17,943	15,318	18,239
143	Net Surplus/(Deficit)	288	-	-

Service Performance (Family and Community Services)

Actual 30 June 05	Performance Measures ²³	Actual 30 June 06	Standard 30 June 06
	Quantity		
29	Conduct local services mapping exercises. ²⁴	28	25
	Quality		
100%	Local services mapping exercises will meet the quality characteristics described in the Family and Community Services Mapping Guidelines. ²⁵	100%	100%

Service Performance (Heartland Services)

Actual 30 June 05	Performance Measures ²⁶	Actual 30 June 06	Standard 30 June 06
	Quality		
99.0%	Government departments operating out of Heartland Service Centres are satisfied with the facilities and co-ordination services provided by the Ministry of Social Development:	91.3%	90%
94.0%	Stakeholders are satisfied with the access to government services via Heartland Service Centres. ²⁷	86.1% ²⁸	80%

23 A number of functions are transferring to Family and Community Services (FACS) or are under establishment. For the Statement of Intent 2006/2007 and Output Plan FACS developed performance measures covering:

- funding administration and contracting
- provision of information to families and communities
- developments with communities and providers to strengthen services for families and communities.

24 The Local Services Mapping exercises consist of:

- a community profile and stocktake of existing services and programmes
- a consultation process with government funders and NGO/community organisations on the appropriateness and targeting of programmes and services, gaps and overlaps
- a report that outlines the local needs and priorities that will assist funders to make decisions on funding over future funding periods
- the development and implementation of an action plan to improve local services.

25 The quality characteristics in the Family and Community Services Mapping Guidelines are based on three key phases: developing the community report, developing a community action plan and implementation.

26 A number of functions are transferring to Family and Community Services (FACS) or are under establishment. For the Statement of Intent 2006/2007 and Output Plan FACS will be developing performance measures covering:

- funding administration and contracting
- provision of information to families and communities
- developments with communities and providers to strengthen services for families and communities.

27 Stakeholders include individual clients, local bodies and significant community organisations.

28 An advertising campaign through 27 community and regional newspapers around the country, which included co-ordinator profiles, reinforced a positive perception of government services that contributed to this positive result.

Output Expense: Social Development Leadership

Description

Through this output expense the Ministry provides social development leadership that contributes to the Ministry's strategic aim of leading social development. We do this through the provision of strategic social policy advice and through regional social development leadership.

Scope

The scope of this output expense includes:

- monitoring and reporting on the social wellbeing of New Zealanders
- using a social development approach to support policy decision making from a whole-of-government perspective
- providing government with evidence-based advice on current strategies and initiatives
- developing medium and long-term policy proposals relating to significant and cross-sectoral social policy issues
- bringing together research and evaluation evidence on key social policy issues for Government
- jointly co-ordinating social research through the Social Policy Evaluation and Research (SPEaR) committee
- facilitating the development of regional social development strategies
- providing input to local authorities' Long Term Council Community Plans
- leading, facilitating and contributing to whole of government regional and local social development initiatives
- contributing to building community capacity and capability at a local level.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
4,531	Revenue	4,491	5,056	4,491
23	Crown	63	52	52
4,554	Department	4,554	5,108	4,543
3,692	Total Revenue	4,414	5,108	4,543
862	Total Expense	140	-	-
	Net Surplus/(Deficit)			

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Strategic Social Policy advice		
	Quantity		
Standard met	Policy advice will be delivered in accordance with a key priorities annual plan agreed with the Minister for Social Development and Employment.	Standard met	Advice is delivered in accordance with the annual plan
	Quality²⁹		
Processes are complied with	Process An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed. ³⁰	Processes are complied with	Processes are complied with
Standard met	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets pre-determined best practice criteria.	Standard met	Standard met ³¹
Standard met	Feedback³² Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ³³
	Timeliness		
100%	Policy advice will be delivered to the Minister for Social Development and Employment within negotiated deadlines:	100%	100%
Standard met	Quarterly reports against the key priorities annual plan will be provided to the Minister for Social Development and Employment.	Standard met	No more than 7 weeks from the end of the quarter ³⁴
	Regional Social Development And Employment Plans		
Standard met	Regional Commissioners for Social Development will consult with their communities and staff to provide the Minister for Social Development and Employment with annual regional plans that state the strategic aims for each region for the following year.	Standard met	Consultation completed by 30 April 2006

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

30 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).

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

32 Stakeholders include:
 – the Minister for Social Development and Employment and the Minister's office
 – other government agencies
 – external stakeholders.

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

34 The standard for this measure coincides with the production of the quarterly reports against the Ministry's Output Plan to the Minister for Social Development and Employment.

Output Expense: Policy and Purchase Advice

Description

Through this output expense the Ministry provides social sector policy advice, research and evaluation, purchase and monitoring advice and Ministerial services. This output expense contributes to the Ministry's high-level outcomes for Children and Young People, Working Age People, Older People, Families and Whānau, and Communities, Hapū and Iwi.

Social Services Policy Advice

Social sector policy advice supports and strengthens strong families and communities and improves outcomes for children and young people, working age people and older people. This advice informs decisions on:

- the care and protection of children and the successful transition of young people to adulthood
- social and employment assistance and incentives to encourage participation in sustainable employment and in society
- positive ageing and retirement income issues
- better social outcomes for people with disabilities
- programmes that encourage the development of well-functioning and supportive families
- strengthening community infrastructure and investing in the community and voluntary sector.

Office for the Community and Voluntary Sector

The Office for the Community and Voluntary Sector ensures that government policy and service delivery effectively supports community, voluntary and tangata whenua organisations in achieving their objectives. The key functions of the Office are cross-sectoral policy development and advice and acting as a contact point for the community and voluntary sector on sector-wide issues. The Office provides support and reports to the Minister for the Community and Voluntary Sector, as agreed in a separate service agreement between that Minister and the Chief Executive of the Ministry of Social Development.

Office for Disability Issues

The Office for Disability Issues provides policy advice and related services for the Minister for Disability Issues. It leads, monitors and promotes the *New Zealand Disability Strategy*, provides policy advice on disability issues and leads strategic and cross-sectoral disability policy across government. It also provides Ministerial servicing and support for the Minister for Disability Issues, as agreed in a separate service agreement between that Minister and the Chief Executive of the Ministry of Social Development.

Social Research and Evaluation

We provide an ongoing programme of evaluation, social research, monitoring, forecasting, and data analysis. We actively promote research and evaluation findings, and promote social sector research and evaluation capability and capacity-building projects. This helps to ensure that:

- the Government's social investment strategies are based on sound evidence
- the New Zealand public and key stakeholders understand the key social issues and trends, along with their causes and consequences
- the wider social research and evaluation community develops its capability and capacity.

The scope of the social research and evaluation output includes:

- promoting and expanding the evidential base of information for social policy decision making
- identifying and assessing the implications of enduring and emerging social issues for policy advice
- assessing the effectiveness, impact and delivery of particular government policies and programmes, and assisting in their development
- building an understanding of the dynamics surrounding the delivery of social assistance and employment assistance
- developing and improving social assistance data/information
- undertaking operational research, performance monitoring and analysis of the Ministry's service delivery relationships, including with clients, employers, students and call centre users
- preparing fiscal forecasts for government expenditure on social assistance benefits.

Purchase and Monitoring

We provide purchase advice and monitoring services to the Minister for Social Development and Employment and the Associate Minister for Social Development and Employment (CYF), to improve effectiveness, efficiency and value for money in social service delivery agencies, and to monitor the delivery of services against requirements set by government.

We are responsible for providing purchase advice and monitoring services relating to the:

- Department of Child, Youth and Family Services
- Retirement Commissioner
- Children's Commissioner
- New Zealand Artificial Limb Board

- Families Commission
- Social Worker Registration Board.

The scope of the purchase advice and monitoring services includes:

- strategic purchase advice on the extent to which services contribute to government outcomes and results
- advice on the efficiency and cost effectiveness of services
- advice on new programmes and spending, particularly Budget proposals
- advice about the development of the Minister's Output Plans (or Output Agreements)
- quarterly reporting to the Minister on the performance of delivery agencies against their Output Plans (or Output Agreements), and the assessment of any delivery risks
- special projects related to service delivery performance
- service reviews at Minister's request
- facilitating effective working relationships with relevant agencies.

Ministerial Servicing

Through this output the Ministry provides Ministerial, advisory, support and administrative services to or on behalf of the Minister for Social Development and Employment and Ministerial advisory committees and groups.

The scope of the Ministerial servicing output includes:

- replies to Ministerial correspondence
- speeches, briefing notes, reports and other information as required
- replies to parliamentary questions
- replies required by legislation (includes Ombudsman, Official Information Act 1982, and Privacy Commissioner)
- advisory support and information for Ministers as required in Cabinet committees, select committees and Parliament.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
36,706	Revenue	40,800	36,678	40,800
1,164	Crown	1,403	1,088	1,388
	Department			
37,870	Total Revenue	42,203	37,766	42,188
36,393	Total Expense	41,396	37,766	42,188
1,477	Net Surplus/(Deficit)	807	-	-

Service Performance (Policy, Research and Evaluation)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Key Priorities		
Standard met	Policy, research and evaluation advice will be delivered in accordance with a key priorities annual plan agreed with the Minister for Social Development and Employment.	Standard met	Advice is delivered in accordance with the annual plan
Standard met	Policy advice from the Office for Disability Issues and the Office for the Community and Voluntary Sector will be delivered in accordance with a work programme that is agreed with their respective Ministers.	Standard met	Advice is delivered in accordance with the work programme
	Quality³⁵		
	Process		
Processes are complied with	An audit shows that the Ministry of Social Development's policy and research processes as outlined in the Quality Management System have been followed. ³⁶	Processes are complied with	Processes are complied with
	Technical robustness		
Standard met	An external independent review of the Ministry of Social Development's policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ³⁷
	Social research and evaluation reports		
Standard met	Internal and/or external reviewers critically appraise the quality and content of social research and evaluation reports that are intended for publication.	Standard met	Quality reviewed

35 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.

36 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).

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

Service Performance (Policy, Research and Evaluation) cont'd

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
Standard met	Feedback³⁸ Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ³⁹
	Timeliness		
100%	Policy and research and evaluation advice will be delivered to the Minister for Social Development and Employment, and the Ministers for Disability Issues and the Community and Voluntary Sector as appropriate, within negotiated deadlines:	100%	100%
Standard met	Quarterly reports against the key priorities annual plan will be provided to the Minister for Social Development and Employment.	Standard met	No more than 7 weeks from the end of the quarter ⁴⁰

Service Performance (Purchase and Monitoring)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
5	Provide advice on agency Statements of Intent, Output Agreements or Output Plans. ⁴¹	6	6
18	Provide monitoring reports on each agency's Quarterly Performance Report against their Statements of Intent, Output Agreements or Output Plans.	24	24 ⁴²
	Quality		
Standard met	Advice and reports will meet the quality characteristics described in the Ministry of Social Development's Quality Management System. ⁴³	Standard met	Quality characteristics met

38 Stakeholders include:

- the Minister for Social Development and Employment and the Minister's office
- the Associate Ministers for Social Development and Employment
- the Ministers for Disability Issues and for the Community and Voluntary Sector and their offices
- other government agencies
- external stakeholders.

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

40 The standard for this measure coincides with the production of the quarterly reports against the Ministry's Output Plan to the Minister for Social Development and Employment.

41 This measure has been expanded in 2005/2006 to include Statements of Intent and Output Agreements. This measure excludes the preparation of the Ministry's own Output Plan.

42 This measure has been expanded in 2005/2006 to include Statements of Intent and Output Agreements.

43 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).

Service Performance (Purchase and Monitoring) cont'd

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Timeliness		
100%	Purchase advice will be delivered to Ministers within negotiated deadlines: ⁴⁴	100%	100%
Standard met	Draft Statements of Intent, Output Agreements or Output Plans are reviewed and commented on by. ⁴⁵	Standard met	May 2006
Standard met	Quarterly Reports are reviewed.	Standard not met for one report ⁴⁶	Within 20 working days of receipt of the final agency report

Service Performance (Ministerial Servicing)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quality		
95.0%	The percentage of ministerial drafts provided for the Minister's signature where error could have been avoided will be no less than:	96.4%	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%
	Timeliness		
95.0%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt by the Ministry, unless otherwise agreed: ⁴⁷	93.6% ⁴⁸	95%
100%	The percentage of oral parliamentary questions will be answered by the time as specified by Minister's office: ⁴⁹	100%	100%
100%	The percentage of written parliamentary questions will be answered by the time as specified by Minister's office:	100%	100%

44 This measure has been expanded in 2005/2006 to include all Ministers that the Ministry provides purchase and monitoring advice to.

45 This measure has been expanded in 2005/2006 to include Statements of Intent.

46 Reports are reviewed prior to the Minister meeting with each entity. In most cases this requires completion in less than 20 working days. In the case of the Social Workers Registration Board (SWRB) the report was held back so that information could be included in the report for the Minister's meeting with the agency. Comments for the SWRB 1st quarterly report (November 2005) were sent to the Minister 22 days after receiving it.

47 This measure has been revised in 2005/2006 to encompass agreements that may be made between the Ministry and the Minister.

48 The time taken to establish a new government and subsequent allocation of ministerial portfolios, following the 2005 General Election, delayed completion of draft ministerial replies. There were also periods during the year where volumes of ministerials far exceeded expectations.

49 This measure has been revised in 2005/2006 to encompass agreements that may be made between the Ministry and the Minister.

Output Expense: Information Technology Services to the Department of Child, Youth and Family Services

Description

Through this output expense the Ministry provides basic information management and integration services to the Department of Child, Youth and Family Services (CYF). This output expense allows the Ministry to provide core IT infrastructure to CYF through the Social Sector Infrastructure (SSI) network. It also allows the Ministry to provide advice to CYF on IT trends and delivery impact assessments, to monitor performance, and to negotiate common contracts such as cellular and software contracts.

Scope

The scope of this output expense involves providing IT services to the Department of Child, Youth and Family Services, as set out in the agreed Service Level Agreement.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
33	Crown	–	33	–
9,956	Department	8,056	12,500	12,500
9,989	Total Revenue	8,056	12,533	12,500
9,984	Total Expense	8,019	12,533	12,500
5	Net Surplus/(Deficit)	37	–	–

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
100%	Availability Wide Area Network (WAN) Availability:	99.9%	99%
There was no scheduled down-time that exceeded the standard	Access ⁵⁰ Scheduled downtime for A and B sites. ⁵¹	There was no scheduled down-time that exceeded the standard	A sites – no more than 4 hours per site per month B sites – no more than 8 hours per site per month
Standard met	Unscheduled downtime – unplanned outage duration (minutes). ⁵²	Standard met	A sites – no more than 4 hours per site per month B sites – no more than 8 hours per site per month
100%	Event & Fault Management Priority 'A' response to calls to IT helpdesks:	100%	99% within 30 minutes
99.3%	Performance and Capacity Management Central Processing Unit (CPU) utilisation does not exceed 60% capacity. ⁵³	99.2%	95% of the time
97.3%	Network and Server Administration Scheduled back-ups completed overnight:	97.9%	97%

50 Scheduled downtime refers to outages that are within the control of the Information Systems Co-ordination Unit (ISCU). They include events such as a site being taken down due to maintenance or hardware failure.

51 'A' sites are priority sites and include core processing centres (all metro areas and telecommunications). 'B' sites are satellite sites.

52 Unplanned outages are outside the control of the ISCU. They include events such as power cuts due to workmen cutting cables and natural disasters (storms and floods etc.)

53 This measure indicates that for 95% of the time the servers are running at no more than 60% CPU capacity.

VOTE: SENIOR CITIZENS

Output Expense: Senior Citizens Services

Description

Through this output expense the Ministry's Office for Senior Citizens provides policy advice and Ministerial services. This output expense contributes to the Ministry's high-level outcomes for Older People, Families and Whānau, and Communities, Hapū and Iwi. It contributes to these outcomes by ensuring that older people can live independently and contribute to and participate in their families and communities as long as possible. This is achieved by providing advice on legislative, policy and operational issues that affect senior citizens, and by providing advice on related issues from an older people's rights and interests perspective.

Scope

The scope of this output expense includes:

- supporting the Minister for Senior Citizens in representing the rights and interests of older people in the Government's policy making process
- monitoring the *New Zealand Positive Ageing Strategy*
- promoting positive ageing concepts to government departments and local communities
- maintaining a broad involvement across the wide range of programmes, policies and services that impact on the lives and wellbeing of older people
- keeping a watching brief on other changes that affect older people and acting in an advisory capacity to other departments on older peoples' issues.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
1,017	Revenue	1,168	1,168	1,168
6	Crown	13	18	18
	Department			
1,023	Total Revenue	1,181	1,186	1,186
897	Total Expense	955	1,186	1,186
126	Net Surplus/(Deficit)	226	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Work Programme		
Sign-off received	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	Advice is delivered in accordance with the work programme
	Quality⁵⁴		
Processes are complied with	Process An audit shows that the Ministry of Social Development's policy processes as outlined in the Quality Management System have been followed. ⁵⁵	Processes are complied with	Processes are complied with
Standard met	Technical robustness An external independent review of the Ministry of Social Development's policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ⁵⁶
Standard met	Feedback⁵⁷ Feedback from stakeholders indicates the Ministry of Social Development is effectively leading policy thinking on social development issues which are in line with the Ministry's vision of an inclusive New Zealand.	Standard met	Standard met ⁵⁸
	Timeliness		
100%	Policy advice will be delivered to the Minister for Senior Citizens within negotiated deadlines:	100%	100%
Standard met	Two six monthly reports on the Work Programme will be provided.	Standard met	Within 20 working days from period end
100%	The percentage of draft Ministerial replies to be completed within 20 working days of receipt, unless specified urgent:	95.0%	95%

54 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.

55 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).

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

57 Stakeholders include:

- the Minister for Senior Citizens and the Minister's office
- other government agencies
- external stakeholders.

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

Description

Through this output expense the Minister of Veterans' Affairs will purchase the processing and payment of War Disablement Pensions and related allowances, Veteran's pensions and related concessions and rehabilitation loan scheme payments, and for the collection, monitoring, evaluating and reporting of related data. This output expense contributes to the Ministry's high-level outcomes for Working Age People and Older People, by providing veterans with information about and access to entitlements. More than 12 percent of veterans receiving or entitled to assistance are under the age of 65.

Scope

The scope of this output expense includes:

- processing and paying War Disablement Pensions and related allowances
- processing and paying Veteran's Pension and concessions
- making payments under rehabilitation loan provisions
- collecting, monitoring and evaluating War Disablement and Veteran's Pensions data
- ensuring veterans receive their full and correct entitlements
- providing accurate and timely reporting of expenditure, and the forecasting of such expenditure, and the reporting of trends and risks to Crown expenditure.

Processing and Payment of Pensions

The number of new applications for War Disablement Pension and applications for review of disablement processed in 2005/2006 was forecast to be 6,050 and the actual number processed in 2005/2006 was 8,992.

The number of new Veteran's Pension applications in 2005/2006 was forecast to be 1,200 and the actual number of applications processed in 2005/2006 was 1,308.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
4,133	Revenue	4,132	4,132	4,132
15	Crown	41	23	23
	Department			
4,148	Total Revenue	4,173	4,155	4,155
3,849	Total Expense	3,548	4,155	4,155
299	Net Surplus/(Deficit)	625	-	-

Service Performance

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
Standard met	Payments – War Disablement and Veteran’s Pensions payments made are.	Standard met	To be reported quarterly
	Quality		
97.9%	All actions processed by War Pension Services are accurate and will meet the accuracy standard of:	98.4%	95%
	Timeliness		
96.9%	The percentage of new disability applications and reviews of accepted disability that are administered and processed by the Ministry of Social Development (applications are acknowledged and the decisions of the claims panels relayed to veterans) will be completed within 14 working days: ⁵⁹	77.5% ⁶⁰	90%
97.3%	The percentage of National Review Officer decisions that are administered and processed by the Ministry will be completed within 14 working days:	90.5%	90%
99.8%	The percentage of ad-hoc payments, overseas treatment costs and rehabilitation reimbursements that will be made within 21 working days of receipt will be no less than:	97.2%	97%

59 This performance measure relates to the processing of the application to the stage of referral to the War Pensions Claims Panel and then the processing of the panel’s decision. It does not include the time taken for medical assessment and decision making by the panel.

60 Increased awareness of Veteran’s Pension entitlement, through the Royal New Zealand Returned and Associated Services’ campaign Operation Catch, combined with an increase in War Panel sittings and complexity of applications impacted negatively on performance. The increase in Panel sittings increased the number of decisions sent to War Pension Services and created an uneven work flow. Work is currently underway to review all processes and procedures to manage the work flow from the Panel.

Service Performance (cont'd)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
92.6%	Response to incoming calls – the percentage of all calls answered within 20 seconds will be no less than:	90.6%	90%
97.8%	The percentage of new Veteran's Pension applications that are administered and processed by the Ministry will be completed within 14 days:	97.6% ⁶¹	90%
	Veterans' Satisfaction		
Revised measure in 2005/06	The results of the veterans' satisfaction survey will be reported biennially to the Minister, where veterans' satisfaction will be not less than: ⁶²	89.0%	85%

61 As Veteran's Pensions are a main source of income applications are treated with urgency.

62 In 2005/2006 the Ministry changed the frequency of this survey from an annual to a biennial basis. This change will enable a more comprehensive survey to be undertaken. The first biennial survey was undertaken in 2005/2006.

VOTE: YOUTH DEVELOPMENT⁶³

Output Expense: Youth Development Policy Advice

Description

This output expense provides advice on policies, programmes, services and good practice that promote the *Youth Development Strategy Aotearoa*. This output expense contributes to the Ministry's high-level outcome for Children and Young People by improving outcomes for young people at local, regional and national levels.

Scope

The scope of this output expense includes:

- leading the development and implementation of the *Youth Development Strategy Aotearoa*
- researching and analysing the factors that influence young people's access to opportunities to economic and social wellbeing
- promoting effective cross-sectoral responses
- promoting good practice in respect of the *Youth Development Strategy Aotearoa*.

⁶³ All of the performance measures in each Output Expense with Vote: Youth Development are new in 2005/2006.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
2,808	Revenue	3,195	3,195	3,195
10	Crown	193	14	178
–	Department	145	–	145
2,818	Total Revenue	3,533	3,209	3,518
2,637	Total Expense	3,339	3,209	3,518
181	Net Surplus/(Deficit)	194	–	–

Service Performance (Policy Advice)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
New measure in 2005/06	Policy, research and evaluation advice will be delivered in accordance with the annual plan agreed with the Minister of Youth Affairs.	Standard met	Advice is delivered in accordance with the annual plan
	Quality⁶⁴		
New measure in 2005/06	Ministerial servicing will be delivered to the satisfaction of the Minister of Youth Affairs.	Standard met	Standard met
	Process		
New measure in 2005/06	An audit shows that the Ministry's policy and research processes as outlined in the Ministry of Social Development's Quality Management System have been followed. ⁶⁵	Processes are complied with	Processes are complied with
	Technical robustness		
New measure in 2005/06	An external independent review of the Ministry of Youth Development's policy advice confirms that it meets predetermined best practice criteria.	Standard met	Standard met ⁶⁶
	Research and evaluation reports		
New measure in 2005/06	Internal and/or external reviewers critically appraise the quality and content of research and evaluation reports that are intended for publication.	Quality reviewed	Quality reviewed
	Feedback⁶⁷		
New measure in 2005/06	Feedback from stakeholders indicates that the Ministry is effectively leading policy thinking on social development issues which are in line with the <i>Youth Development Strategy Aotearoa</i> . ⁶⁸	Standard met	Standard met ⁶⁹

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

65 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).

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

67 Stakeholders include:

- the Minister of Youth Affairs and the Minister's Office
- the Associate Minister of Youth Affairs
- other government agencies
- external stakeholders.

68 As above.

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

Service Performance (Policy Advice) cont'd

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Timeliness		
New measure in 2005/06	Policy and research advice will be delivered to the Minister of Youth Affairs as appropriate, within negotiated deadlines:	100%	100%
New measure in 2005/06	The percentage of draft responses to Ministerial correspondence and Official Information Act and Ombudsman Act requests are submitted to Ministers within 15 working days of receipt, with a nil error rate (where that error could have been avoided):	91.0% ⁷⁰	100%
New measure in 2005/06	The percentage of draft responses to parliamentary questions are to be submitted to Ministers within agreed timeliness, with a nil error rate (where the error could have been avoided):	100%	100%

70 The time taken to establish a new government and subsequent allocation of ministerial portfolios, following the 2005 General Election, delayed completion of draft replies.

Output Expense: Facilitating Young People's Voices

Description

This output expense provides advice that incorporates young people's input into policy, programme and service development in order to improve outcomes for young people at a local, regional and national level. This output expense contributes to the Ministry's high-level outcome for Children and Young People.

Scope

The scope of this output expense includes:

- promoting and facilitating youth development and youth participation at a regional and local level, including delivering events and workshops that assist local government and youth and social development providers to implement the *Youth Development Strategy Aotearoa*
- providing information and managing international events and obligations that enable young people to participate in decision-making.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
868	Crown	677	678	677
4	Department	9	11	11
872	Total Revenue	686	689	688
850	Total Expense	646	689	688
22	Net Surplus/(Deficit)	40	-	-

Service Performance (Facilitating Young People's Voices)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
	Quantity		
New measure in 2005/06	Communication and facilitation activity is delivered in accordance with the annual plan agreed with the Minister of Youth Affairs.	Standard met	Advice is delivered in accordance with annual plan
	Quality		
	Resources		
New measure in 2005/06	Within the distinct culture and identity and separate operating framework of the Ministry, communication and information resources will meet the quality characteristics outlined in the Ministry of Social Development's Quality Management System. ⁷¹	Standards met	Quality standards are met
	Feedback		
New measure in 2005/06	Feedback from stakeholders indicates that the Ministry is effectively communicating with young people, their families and communities, as well as central and local government and the youth development sector, in line with the Government's youth development agenda. ⁷²	Standard met	Standard met ⁷³
New measure in 2005/06	Feedback from young people indicates that the Ministry is effectively facilitating opportunities for youth participation in decision making at a local, regional and national level.	Standard met	Standard met ⁷⁴
	Timeliness		
New measure in 2005/06	Services will be delivered to the Minister of Youth Affairs within negotiated deadlines:	100%	100%

71 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).

72 Stakeholders include:

- the Minister of Youth Affairs and the Minister's office
- the Associate Minister of Youth Affairs
- other government agencies
- external stakeholders.

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

74 As above.

Output Expense: Enabling Youth Development

Description

This output expense provides advice that enables the implementation of the *Youth Development Strategy Aotearoa* through the design, delivery and management of youth development programmes and services at a local and regional level. This output expense contributes to the Ministry's high-level outcome for Children and Young People.

Scope

The scope of this output expense ensures the delivery of programmes and services according to the agreed policy guidelines and criteria. Specifically, it includes:

- assessing, negotiating, monitoring, paying and reviewing, and where appropriate taking corrective action, in the purchase of programmes and services from third parties, consistent with the Services for Youth Development policy and criteria
- establishing four Youth Development Regional Hubs to provide, identify and support emerging and new youth development opportunities to improve outcomes for young people
- undertaking local services mapping for young people in each of the regional hubs
- providing services that administer the Youth Development Partnership Fund consistent with the Youth Development Partnership Fund policy and criteria
- providing services that administer the Commonwealth Youth Programme.

Financial Performance

Actual 30 June 05 \$000	Financial Performance (Figures are GST exclusive)	Actual 30 June 06 \$000	Main Estimates 30 June 06 \$000	Supplementary Estimates 30 June 06 \$000
	Revenue			
1,453	Crown	2,542	1,122	2,542
5	Department	15	12	12
1,458	Total Revenue	2,557	1,134	2,554
1,299	Total Expense	2,070	1,134	2,554
159	Net Surplus/(Deficit)	487	-	-

Service Performance (Enabling Youth Development)

Actual 30 June 05	Performance Measures	Actual 30 June 06	Standard 30 June 06
New measure in 2005/06	Purchase services for young people as per agreed policy and criteria:	100%	100%
New measure in 2005/06	Administer the Youth Development Partnership Fund as per agreed policy guidelines, criteria:	100%	100%
New measure in 2005/06	Establish and maintain regional hubs.	4	4
New measure in 2005/06	Initiate local services mapping exercises. ⁷⁵	4	4
	Quality		
New measure in 2005/06	Feedback Feedback from stakeholders indicates that the Ministry is effectively engaging with young people, their families and communities, as well as central and local government and the youth development sector, in line with the Government's youth development agenda. ⁷⁶	Standard met	Standard met ⁷⁷

75 The local services mapping exercise for young people involves government agencies, local government and community organisations working together to develop a shared vision of integrated funding and service to young people within the community; completing a stock-take of local service needs and current services and ensuring through practical agreements that funding and service provision contribute to the implementation of the *Youth Development Strategy Aotearoa*.

76 Stakeholders include:

- the Minister of Youth Affairs and the Minister's office
- the Associate Minister of Youth Affairs
- other government agencies
- external stakeholders.

77 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 2006

Reporting Entity

The Ministry of Social Development is a government department as defined by section 2 of the Public Finance Act 1989.

These are the financial statements of the Ministry of Social Development prepared pursuant to the Public Finance Act 1989.

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

Measurement System

The financial statements have been prepared on the historical cost basis, modified by the revaluation of land and buildings.

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 presented in the Main Estimates tabled on Budget Day as amended by the Supplementary Estimates and any transfer made by the Order in Council 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 Departmental Output Expenses using a three-staged costing system which is outlined below.

Cost Allocation Policy

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 costs charged 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 2006, direct costs accounted for 79.9% of the Ministry's costs (2005: 80.7%).

Receivables and Advances

Receivables and advances are recorded at estimated realisable value after providing for doubtful and uncollectable debts.

Operating Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased items are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Fixed Assets

Fixed assets are stated at historical cost or valuation, less accumulated depreciation.

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence, to reflect the highest and best use of those assets. Land and buildings are revalued at least every three years. Additions between revaluations are recorded at cost.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance in the revaluation reserve, the debit balance is expensed in the Statement of Financial Performance.

All other fixed assets with a cost price in excess of \$2,000 are capitalised and recorded at historical cost. Any write-down of an item to its recoverable amount is recognised in the Statement of Financial Performance.

The initial cost of a fixed asset is the value of consideration given to acquire or create the asset and directly attributable costs of bringing the asset up to the working condition for its intended use.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets, other than freehold land and work in progress, at rates which will write-off the cost or valuation of the assets to their estimated residual values, over their estimated useful lives.

Estimated useful lives for the main classes of assets are:

Type Of Assets	Estimated Life (Years)
Buildings (including components)	10 to 50
Leasehold improvements	3 to 10
Computer equipment	3 to 5
Software	3 to 8
Furniture, fittings and office equipment	3 to 5
Motor vehicles	4

Leasehold improvements are capitalised and the cost is amortised over the unexpired period of the lease, or the estimated useful life of the improvements, whichever is shorter.

Assets under construction, classified as work in progress, are not depreciated. The total cost of a capital project is transferred to the appropriate asset category on its completion and then depreciated.

Income Tax

The Ministry is exempt from paying income tax in terms of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided.

Goods and Services Tax (GST)

The Statement of Financial Position is exclusive of GST, except for Creditors and Payables and Debtors and Receivables which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Commitments

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

Contingent Assets and Liabilities

Contingent assets and liabilities are disclosed at the point at which the contingency is evident.

Foreign Currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Monetary assets and liabilities are translated to New Zealand dollars at the closing mid-point exchange rate. The resulting unrealised exchange gain or loss is recognised in the Statement of Financial Performance. Other exchange gains or losses, whether realised or unrealised, are recognised in the Statement of Financial Performance in the period to which they relate.

Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, trade debtors, employee advances and accounts payable. All financial instruments are recognised in the Statement of Financial Position and revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. All financial instruments are shown at their estimated fair value.

Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date.

Employee benefits include annual leave, long service leave and retirement leave. Annual leave has been calculated on a nominal basis at current rates of pay while the other provisions are stated at the present value of the future cash outflows expected to be incurred.

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 by, or repayment of capital to, the Crown.

Provisions

Provisions are recognised when management has approved a business decision that results in a present obligation to transfer economic benefits. The amount and/or timing of the expenditure that will be undertaken is uncertain but still probable and measurable.

Other Liabilities

All other liabilities are to be recorded at the estimated obligation to pay.

Taxpayers' Funds

This is the Crown's net investment in the Ministry.

Changes in Accounting Policies

There have been no changes in accounting policies, including cost allocation accounting policies, since the date of the last audited financial statements.

All policies have been applied on a basis consistent with the previous year.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2006

Actual 2005 \$000		Note	Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
	Revenue				
651,907	Crown		681,077	697,714	681,077
16,313	Other	1	17,124	28,230	29,439
–	Foreign Exchange gains		3,235	–	–
668,220	Total revenue		701,436	725,944	710,516
	Expenditure				
320,049	Personnel costs	2	358,860	342,518	362,295
295,393	Operating costs	3	298,240	334,039	307,470
32,388	Depreciation		31,730	45,888	37,252
2,457	Capital charge	4	3,403	3,499	3,499
650,287	Total expenses		692,233	725,944	710,516
17,933	Net operating surplus		9,203	–	–

STATEMENT OF MOVEMENTS IN TAXPAYERS' FUNDS

For the year ended 30 June 2006

Actual 2005 \$000		Note	Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
17,933	Net surplus for the year		9,203	-	-
	Other recognised revenues and expenses:				
5,229	- Increase in revaluation reserves		-	-	-
23,162	Total recognised revenues and expenses for the year		9,203	-	-
(244)	Capital repayment to the Crown		-	-	-
(17,933)	Provision for repayment of surplus to the Crown		(9,203)	-	-
4,985	Movements in Taxpayers' Funds for the year		-	-	-
107,574	Taxpayers' funds as at beginning of year		112,559	107,327	112,559
112,559	Taxpayers' funds as at end of year		112,559	107,327	112,559

STATEMENT OF FINANCIAL POSITION

As at 30 June 2006

Actual 2005 \$000		Note	Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
	Taxpayers' funds				
104,870	General funds		104,870	104,867	104,870
7,689	Revaluation reserve		7,689	2,460	7,689
112,559	Total taxpayers' funds		112,559	107,327	112,559
	<i>Represented by:</i>				
	Current assets				
107,540	Cash and bank		121,120	79,845	90,233
3,422	Accounts receivable	5	2,302	1,889	3,422
3,299	Prepayments		2,496	1,859	3,299
114,261	Total current assets		125,918	83,593	96,954
	Non-current assets				
103,599	Fixed assets	6	91,879	95,065	102,974
103,599	Total non-current assets		91,879	95,065	102,974
217,860	Total assets		217,797	178,658	199,928
	Less current liabilities				
48,069	Accounts payable and accruals	7	53,010	36,132	48,070
17,933	Provision for repayment of surplus to the Crown		9,203	–	–
23,394	Provision for employee entitlements	8	26,742	18,561	23,394
4,310	Other provisions	9	3,607	6,111	4,310
93,706	Total current liabilities		92,562	60,804	75,774
	Less non-current liabilities				
11,595	Provision for employee entitlements	8	12,676	10,527	11,595
11,595	Total non-current liabilities		12,676	10,527	11,595
105,301	Total liabilities		105,238	71,331	87,369
112,559	Net assets		112,559	107,327	112,559



Peter Hughes
Chief Executive
29 September 2006



Nick Gale
Chief Financial Officer
29 September 2006

STATEMENT OF CASH FLOWS

For the year ended 30 June 2006

Actual 2005 \$000		Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
	Cash flows from operating activities			
	<i>Cash provided from:</i>			
	Supply of outputs to:			
651,907	– Crown	681,077	697,714	681,077
14,775	– Other	21,330	28,230	29,439
675	– Net GST received	(971)	–	–
667,357		701,436	725,944	710,516
	<i>Cash applied to:</i>			
	Production of outputs			
313,772	– Personnel	354,115	344,218	363,995
298,072	– Operating	292,294	334,039	307,470
2,457	– Capital charge	3,829	3,499	3,499
614,301		650,238	681,756	674,964
53,056	Net cash inflow from operating activities	51,198	44,188	35,552
	Cash flows from investing activities			
	<i>Cash provided from:</i>			
1,140	Sale of fixed assets	1,952	1,700	1,700
	<i>Cash applied to:</i>			
26,871	Purchase of fixed assets	21,637	36,627	36,627
(25,731)	Net cash outflow from investing activities	(19,685)	(34,927)	(34,927)
	Cash flows from financing activities			
	<i>Cash applied to:</i>			
20,973	Repayment of surplus to crown departments	17,933	–	17,932
(20,973)	Net cash inflow/(outflow) from financing activities	(17,933)	–	(17,932)
6,352	Net increase/(decrease) in cash held	13,580	9,261	(17,307)
101,188	Add opening cash and deposits	107,540	70,584	107,540
107,540	Closing cash and deposits	121,120	79,845	90,233
	Cash and deposits comprises			
107,540	Cash and bank balances	121,120	79,845	90,233
107,540		121,120	79,845	90,233

RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

For the year ended 30 June 2006

Actual 2005 \$000		Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
17,933	Net operating surplus	9,203	–	–
	<i>Add/(less) non-cash items:</i>			
32,388	Depreciation	31,730	45,888	37,252
–	Bad debts	105	–	–
(11)	Doubtful debts	98	–	–
1,068	Non-current employee entitlements	1,081	–	–
–	Other non-cash items	–	(1,700)	(1,700)
33,445	Total non-cash items	33,014	44,188	35,552
	<i>Add/(less) working capital movements:</i>			
(1,522)	(Increase)/decrease in accounts receivable	917	–	–
(1,440)	(Increase)/decrease in prepayments	803	–	–
1,139	Increase/(decrease) in accounts payable	5,912	–	2
675	Increase/(decrease) in GST payable	(971)	–	–
4,833	Increase/(decrease) in provision for employee entitlements	3,348	–	–
(1,801)	Increase/(decrease) in other provisions	(703)	–	–
1,884	Net working capital movements	9,306	–	2
	<i>Add/(less) non-operating activity items:</i>			
(206)	Net gain on sale of fixed assets	(325)	–	(2)
(206)	Net non-operating activity items	(325)	–	(2)
53,056	Net cash inflow from operating activities	51,198	44,188	35,552

STATEMENT OF COMMITMENTS

As at 30 June 2006

The Ministry has long-term leases on premises, which are subject to regular reviews. The amounts disclosed below as future commitments are based on the current rental rates.

Operating leases include lease payments for premises, computer equipment and other office equipment.

Actual 2005 \$000		Actual 2006 \$000
	Capital commitments	
1,935	Less than one year	–
1,935	Total capital commitments	–
	Operating commitments	
	<i>Non-cancellable accommodation leases:</i>	
25,705	Less than one year	28,353
19,371	One to two years	24,331
31,397	Two to five years	42,333
8,091	More than five years	5,877
84,564	Total non-cancellable accommodation leases	100,894
	<i>Other non-cancellable contracts:</i>	
22,286	Less than one year	18,065
13,926	One to two years	2,672
25,905	Two to five years	959
–	More than five years	931
62,117	Total other non-cancellable contracts	22,627
146,681	Total operating commitments	123,521
148,616	Total commitments	123,521

112

STATEMENT OF CONTINGENT LIABILITIES

As at 30 June 2006

Actual 2005 \$000		Actual 2006 \$000
301	Personal grievances claims	195
301	Total contingent liabilities	195

The Ministry had not given any guarantees or indemnities under section 59 of the Public Finance Act 1989 as at balance date.

STATEMENT OF DEPARTMENTAL APPROPRIATIONS AND EXPENDITURE

For the year ended 30 June 2006

Actual* 2005 \$000	Summary by Output Expenses (Figures for 2006 are GST exclusive)	Actual 2006 \$000	Appropriation Voted** 2006 \$000	Unappropriated Expenditure 2006 \$000
	Appropriations for classes of outputs:			
	VOTE: SOCIAL DEVELOPMENT			
272,958	Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency	255,322	257,877	–
250,268	Services to Minimise the Duration of Unemployment and Move People into Work	227,611	231,405	–
31,898	Services to Seniors	34,824	36,210	–
37,588	Services to Protect the Integrity of the Benefit System	34,669	36,228	–
20,259	Debt Management – Former Beneficiaries	17,969	19,204	–
6,145	Community Services Card	5,453	5,833	–
35,447	Services to Students	34,055	34,188	–
11,809	Family and Community Services	17,943	18,239	–
4,261	Social Development Leadership	4,414	4,543	–
41,127	Policy and Purchase Advice	41,396	42,188	–
11,233	Information Technology Services to the Department of Child, Youth and Family Services	8,019	12,500	–
722,993	Total Vote Social Development	681,675	698,415	–
	VOTE: SENIOR CITIZENS			
1,025	Senior Citizens Services	955	1,186	–
1,025	Total Vote Senior Citizens	955	1,186	–
	VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
4,368	Processing and Payment of Pensions	3,548	4,155	–
4,368	Total Vote Veterans' Affairs – Social Development	3,548	4,155	–
	VOTE: YOUTH DEVELOPMENT			
2,989	Youth Development Policy Advice	3,339	3,518	–
959	Facilitating Young People's Voices	646	688	–
1,481	Enabling Youth Development	2,070	2,554	–
5,429	Total Vote Youth Development	6,055	6,760	–
733,815	Total Departmental Output Expenses	692,233	710,516	–

* The Actual 2005 expenditure is stated inclusive of GST.

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

STATEMENT OF UNAPPROPRIATED DEPARTMENTAL APPROPRIATIONS

For the year ended 30 June 2006

The Ministry of Social Development had no instances of unappropriated expenditure for the year ending 30 June 2006 (2005: nil)

TRANSFERS UNDER SECTION 26A OF THE PUBLIC FINANCE ACT 1989

	Supplementary Estimates 2006 \$000	Section 26A Transfers 2006 \$000	Final Voted* 2006 \$000
VOTE: SOCIAL DEVELOPMENT			
Services to Minimise the Duration of Unemployment and Move People into Work	233,405	(2,000)	231,405
Services to Students	32,188	2,000	34,188

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

Note 1: Other Revenue

Actual 2005 \$000		Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
2,761	Sub-lease rental recoveries	2,040	9,349	9,494
9,956	Information technology recoveries from Department of Child, Youth and Family Services	8,056	12,500	12,500
3,596	Other recoveries	7,028	6,381	7,445
16,313	Total other revenue	17,124	28,230	29,439

Information technology recoveries from other departments represent the revenue received for the provision of an IT infrastructure for the Department of Child, Youth and Family Services.

Note 2: Personnel Costs

Actual 2005 \$000		Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
302,890	Salaries and wages	336,842	327,358	346,585
6,903	Retirement and long service leave	5,434	1,750	1,750
178	Restructuring costs	216	190	190
10,078	Other personnel expenses	16,368	13,220	13,770
320,049	Total personnel costs	358,860	342,518	362,295

Note 3: Operating Costs

Actual 2005 \$000		Actual 2006 \$000	Main Estimates 2006 \$000	Supplementary Estimates 2006 \$000
840	Audit fees	780	900	900
–	Other services provided by our Auditors	7	–	–
37,350	Rental, leasing and occupancy costs	40,624	55,629	43,215
–	Bad debts written-off	105	–	–
(11)	Movement in provision for doubtful debts	98	–	–
(206)	Net loss/(gain) on sale of fixed assets	(325)	–	–
93,183	Training opportunity programmes (TOPs)	88,947	93,667	93,667
164,237	Other operating expenses	168,004	183,843	169,688
295,393	Total operating costs	298,240	334,039	307,470

Note 4: Capital Charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds as at 31 December and 30 June each financial year in arrears. The capital charge rate for the year ended 30 June 2006 was 8.0% (2005: 8.0%). The Ministry also earns notional interest based on the daily cash balances held, and this is used to offset against the capital charge. The notional interest rate is 4.8% per annum (2005: 4.8%).

Note 5: Accounts Receivable

Actual 2005 \$000		Actual 2006 \$000
3,856	Trade debtors	2,833
(528)	Less: Provision for doubtful debts	(626)
3,328	Net trade debtors	2,207
94	Employee advances	95
3,422	Total accounts receivable	2,302

Note 6: Fixed Assets

Cost/ Valuation 2005 \$000	Accumulated Depreciation 2005 \$000	Carrying Amount 2005 \$000		Cost/ Valuation 2006 \$000	Accumulated Depreciation 2006 \$000	Carrying Amount 2006 \$000
5,540	–	5,540	Land – at valuation	5,540	–	5,540
12,730	663	12,067	Buildings – at valuation	12,729	1,724	11,005
–	–	–	Buildings (improvements) – at cost	1,105	9	1,096
43,515	31,904	11,611	Leasehold improvements	46,634	35,871	10,763
126,310	86,963	39,347	Computer equipment and Software	146,617	108,642	37,972
4,892	4,837	55	Furniture and fittings	4,889	4,858	31
7,027	3,290	3,737	Office equipment	6,915	4,097	2,818
16,339	5,004	11,335	Motor vehicles	16,672	5,305	11,367
			Work in progress:			
2,287	–	2,287	– Leasehold improvements	1,506	–	1,506
17,620	–	17,620	– Computer equipment and software	9,781	–	9,781
236,260	132,661	103,599	Total fixed assets	252,388	160,506	91,879

Paul Butchers, a registered valuer with CB Richard Ellis Ltd, revalued the Ministry's land and buildings as at 31 December 2004. The Ministry revalues its Lands and Buildings every three years.

Note 7: Accounts Payable and Accruals

Actual 2005 \$000		Actual 2006 \$000
6,452	Trade creditors	7,574
1,989	GST payable	1,018
39,628	Accrued expenses	44,418
48,069	Total accounts payable and accruals	53,010

Note 8: Provision for Employee Entitlements

Actual 2005 \$000		Actual 2006 \$000
	Current Liabilities	
8,397	Retirement and long service leave	10,402
14,997	Provision for annual leave	16,340
23,394	Total current portion	26,742
	Non-current Liabilities	
11,595	Retirement and long service leave	12,676
11,595	Total non-current portion	12,676
34,989	Total employment entitlements	39,418

Note 9: Other Provisions

	Opening balance \$000	Additions \$000	(Incurred) / (Charged) \$000	Reversals \$000	Closing balance \$000
Provision for ACC	2,856	–	317	–	3,173
Provision for onerous leases	1,454	–	(1,020)	–	434
Total other provisions	4,310	–	(703)	–	3,607

Note 10: Financial Instruments

The Ministry is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, trade debtors, employee advances and accounts payable.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Ministry, causing the Ministry to incur a loss. In the normal course of its business, the Ministry incurs credit risk from trade debtors and transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

The Ministry does not require any collateral or security to support financial instruments with financial institutions that the Ministry deals with, or with the NZDMO, as these entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The maximum exposures to credit risk at balance date were:

Actual 2005 \$000		Actual 2006 \$000
107,540	Cash and bank	121,120
6,721	Debtors, receivables and prepayments	4,798

Fair value

The fair value of all financial instruments is approximately equivalent to the carrying amount disclosed in the Statement of Financial Position.

Interest rate risk

Interest rate risk is the risk that the Ministry's return on the funds it has invested will fluctuate due to changes in market interest rates. All interest received is paid to the Crown directly. The Ministry has no significant exposure to interest rate risk on its financial instruments. Under section 46 of the Public Finance Act 1989 the Ministry cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure on funds borrowed.

Foreign Currency

At balance date, the Ministry has no forward exchange contracts (2005: \$21.505million).

Note 11: Related Party Information

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

The Ministry enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with the Ministry, related party disclosures have not been made for transactions of this nature.

Apart from those transactions described above, the Ministry has not entered into any related party transactions.

Note 12: Major Budget Variations

Figures are GST exclusive	Main Estimates \$000	Supplementary Estimates \$000	Variance \$000	Explanation
Personnel Costs	342,518	362,295	19,777	The increase in personnel costs is due to the reprioritisation of funds to help pay for salary increments and meet other obligations under collective contract settlements.
Operating Costs	334,039	307,470	(26,569)	The decrease in operating costs is due to the re-prioritisation of funds to help meet increased personnel costs and transfer of funds to future years for the replacement of the Ministry's key business systems.

Changes in appropriations

The table below summarises the material changes in appropriation between the Main Estimates and the final Supplementary Estimates for the 2005/2006 financial year.

Figures are GST exclusive	Main Estimates \$000	Supplementary ⁷⁸ Estimates \$000	Variance \$000	Explanation
VOTE: SOCIAL DEVELOPMENT				
Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to promote Self Sufficiency	244,529	257,877	13,348	The increase is mainly due to a transfer of funding from Services to Minimise the Duration of Unemployment and Move People into Work and Services to reflect a greater percentage of time frontline staff spent working on benefit issues than was expected at the start of 2005/2006.

Changes in appropriations (cont'd)

Figures are GST exclusive	Main Estimates \$000	Supplementary ⁷⁸ Estimates \$000	Variance \$000	Explanation
Services to Minimise the Duration of Unemployment and Move People into Work	267,290	231,405	(35,885)	The reasons for the decrease include: <ul style="list-style-type: none"> a transfer of funding to Services to Provide Benefit Entitlements and Obligations to Working Age Beneficiaries and to Promote Self-Sufficiency to reflect a greater percentage of time frontline staff spent on benefit issues than was expected at the start of 2005/2006 an expense transfer to 2007/2008 towards funding the replacement of the Ministry's key business systems a section 26A transfer of funds to Services to Students appropriation.
Services to Protect the Integrity of the Benefit System	31,151	36,228	5,077	The increase is largely due to a fiscally neutral adjustment to recognise the uneven impact of absorbing wage increases for the last 3 years. The Ministry has experienced on average a 4% wage increase over the last 3 years. Capability funding was last received in 2003/2004.
Services to Students	40,679	34,188	(6,491)	The reasons for the change includes: <ul style="list-style-type: none"> an expense transfer to fund the replacement of the Ministry's key business systems reprioritise funding to other appropriations for the uneven wage impacts section 26A funding transfer received for increased demand following changes to Student Loan policies from 1 April 06.
Family and Community Services	15,318	18,239	2,921	The increase is due to: <ul style="list-style-type: none"> transfer of reprioritised funding to meet the costs of managing the Family Start contract responsibility from Department of Child, Youth and Family Services capability funding for uneven wage impacts.
Policy and Purchase Advice	37,766	42,188	4,422	The increase is mainly due to additional funding reprioritised within existing Vote Social Development baselines to fund the impact of uneven wage increases.
VOTE: YOUTH DEVELOPMENT				
Enabling Youth Development	1,134	2,554	1,420	A fiscally neutral transfer from Vote Social Development was approved to fund the Regional Youth Development programme.

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

Note 13: New Zealand International Financial Reporting Standards

This note outlines the Ministry's progress towards adopting the New Zealand equivalents of the International Financial Reporting Standards (NZ IFRS) to prepare the Financial Statements of the Government effective from 1 July 2007.

The Government announced in 2003 that the Crown will first adopt NZ IFRS for its financial year beginning 1 July 2007. This means that the Ministry of Social Development's Statement of Intent for 2007/2008 will need to recognise IFRS requirements in its Forecast Financial Statements.

The Ministry has already conducted a preliminary assessment of the impacts of adopting the NZ IFRS. It is currently in the process of developing policies consistent with NZ IFRS requirements. The potential areas of impact from adoption of NZ IFRS may change as implementation unfolds or standards are revised.

The 2007/2008 financial statements will require the restatement of 2006/2007 comparative figures and the 1 July 2006 opening balance sheet to ensure all information presented in those accounts are prepared on a consistent basis. Treasury has advised that it will be gathering comparative information throughout the 2006/2007 financial year in parallel with current reporting requirements under Generally Accepted Accounting Practice (GAAP).

Note 14: Post Balance Date Events

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

The Department of Child, Youth and Family Services merged with the Ministry of Social Development effective from 1 July 2006.

NON-DEPARTMENTAL FINANCIAL STATEMENTS AND SCHEDULES

For the year ended 30 June 2006

Actual 2005 \$000		Actual 2006 \$000
	Summary:	
13,702,004	Expenditure and Appropriations	14,580,695
70,582	Revenue	50,617
463,070	Capital Receipts	481,740
5,726,303	Assets	1,117,499
243,329	Liabilities	265,979
380	Trust Monies	310

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 \$14.581 billion of non-departmental payments, \$532.3 million of non-departmental revenues and receipts, \$1.117 billion of assets and \$266.0 million of liabilities on behalf of the Crown for the year ended 30 June 2006. 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 2005/2006.

STATEMENT OF ACCOUNTING POLICIES: NON-DEPARTMENTAL

For the year ended 30 June 2006

Measurement System

Measurement and recognition rules applied in the preparation of the non-departmental financial statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies.

The 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 2005/2006.

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 presented in the Main Estimates tabled on Budget Day as amended by the Supplementary Estimates and any transfer made by the Order in Council under section 26A of the Public Finance Act 1989.

Expenses

Expenses are recognised in the period to which they relate.

Welfare benefits

Welfare benefits are recognised in the period when an application for a benefit has been received and the eligibility criteria met.

Grants and subsidies

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.

Revenues and Receipts

The Ministry administers revenue on behalf of the Crown. These revenues include programme recoveries, administration fees and interest charges on Student Loans advanced. Revenue is recognised when it is earned, except for programme recoveries (relating to ceased welfare benefits) which are recognised when the periodic application review date occurs and the original eligibility criteria are no longer met.

The Ministry also collects monies on behalf of the Crown relating to the benefit recoveries and repayments of Student Loans. These receipts are recognised when received.

Receivables and Advances

Receivables and advances, except for Student Loans advances, are stated at estimated realisable value, after providing for doubtful and uncollectable debts.

Student Loans are stated at the fair values as at 31 October 2005 as determined under the New Zealand International Financial Reporting Standards – NZIFRS IAS 39 and was measured at amortised cost as at 30 June 2006.

Commitments

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

Contingent Assets and Liabilities

Contingent assets and liabilities are disclosed at the point at which the contingency is evident.

Foreign Currency

Foreign currency transactions are converted into New Zealand dollars at the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on date of settlement is recognised.

Monetary assets and liabilities are translated to New Zealand dollars at the closing mid-point exchange rate. The resulting unrealised exchange gain or loss is recognised in the Schedule of Non-Departmental Expenses. Other exchange gains or losses, whether realised or unrealised, are recognised in the Schedule of Non-Departmental Expenses in the period to which they relate.

At balance date, the Ministry has NZ\$199.336 million worth of forward exchange contracts (2005: NZ\$231.192 million). The value of these forward exchange contracts at spot rate of 30 June 2006 is NZ\$212.777 million.

SCHEDULE OF NON-DEPARTMENTAL EXPENSES

For the year ended 30 June 2006

The Schedule of Non-Departmental Expenses summarises non-departmental expenses that the Ministry administers on behalf of the Crown. Further details are provided in the Statement of Non-Departmental Expenditure and Appropriations on pages 125 to 129.

Actual 2005 \$000	(Figures are GST inclusive where applicable)	Actual 2006 \$000	Budget 2006 \$000
	VOTE: SOCIAL DEVELOPMENT		
91,377	Classes of Outputs to be Supplied by Other Parties	118,221	124,997
12,068,375	Benefits and Other Unrequited Expenses	12,401,311	12,427,894
110,629	Other Expenses to be Incurred by the Crown	450,695	815,286
1,080,266	Capital Contributions to Other Persons or Organisations	1,158,611	1,147,887
43	Loss/(gain) on foreign exchange	(6)	–
102,938	Change in debt provisions and debt write-off	165,135	175,645
–	Other operating expenses	22,773	22,146
13,453,628	Total Vote Social Development	14,316,740	14,713,855
	VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT		
238,311	Benefits and Other Unrequited Expenses	256,471	255,729
238,311	Total Vote Veterans' Affairs – Social Development	256,471	255,729
	VOTE: YOUTH DEVELOPMENT		
9,968	Classes of Outputs to be Supplied by Other Parties	7,389	7,465
97	Other Expenses to be Incurred by the Crown	95	95
10,065	Total Vote Youth Development	7,484	7,560
13,702,004	Total Non-Departmental Expenses	14,580,695	14,977,144

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2006

The Statement of Non-Departmental Expenditure and Appropriations details expenditure and capital payments incurred against appropriations. The Ministry administers these appropriations on behalf of the Crown.

Actual 2005 \$000	Type of Appropriation (Figures are GST inclusive where applicable)	Actual 2006 \$000	Appropriation Voted* 2006 \$000	Unappropriated Expenditure 2006 \$000
	VOTE: SOCIAL DEVELOPMENT			
	Classes of Outputs to be Supplied by Other Parties:			
2,501	Capacity Building Initiatives	903	1,745	–
1,902	Children's Commissioner	1,762	1,762	–
–	Connected Communities	2,415	2,446	–
7,891	Families Commission	7,459	7,459	–
3,883	Retirement Commissioner	5,043	5,044	–
450	Social Workers Registration Board	467	467	–
–	Strong Families	16,985	21,692	–
4,112	Student Placement Services	3,511	3,512	–
70,027	Vocational Services for People with Disabilities	79,186	80,327	–
611	Youth Academy Services	490	543	–
91,377	Total Non-Departmental Output Expenses	118,221	124,997	–
	Benefits and Other Unrequited Expenses:			
749,652	Accommodation Supplement	843,169	843,269	–
5,106	Assistance for People Requiring Care	6,081	6,184	–
90,584	Benefits Paid in Australia	79,638	79,638	–
63,172	Child Disability Allowance	69,872	69,754	118
79,334	Childcare Assistance	109,615	109,543	72
9,850	Defence Force Allowance	10,153	10,020	133
266,992	Disability Allowance	260,791	262,544	–
7,753	Disability Allowance Telephone Support	6,735	6,722	13
1,547,087	Domestic Purposes Benefit	1,492,593	1,492,651	–
–	Family Start/NGO Awards	223	284	–
20,922	Independent Youth Benefit	18,408	19,116	–
1,025,617	Invalid's Benefit	1,073,209	1,073,731	–
–	Merit Scholarships	1,485	1,500	–
6,083,189	New Zealand Superannuation	6,413,619	6,415,033	–
55,555	Orphan's/Unsupported Child's Benefit	64,383	64,194	189
74	Relocation Assistance	127	124	3
1,330	Residential Social Rehabilitation Assistance	1,501	1,496	5
683	Scholarship and NQF/NCEA Awards	2,159	3,402	–

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS (cont'd)

Actual 2005 \$000	Type of Appropriation (Figures are GST inclusive where applicable)	Actual 2006 \$000	Appropriation Voted* 2006 \$000	Unappropriated Expenditure 2006 \$000
509,644	Sickness Benefit	541,143	540,164	979
80	Special Annuities	61	61	–
175,177	Special Benefit	160,290	162,231	–
53,718	Special Needs Grant	51,788	52,939	–
227	Special Transfer Allowance	199	202	–
2,232	Step Up Scholarships	3,864	4,080	–
359,176	Student Allowances	354,132	350,654	3,478
2,442	TeachNZ Scholarships	5,127	11,971	–
–	Temporary Additional Support	1,335	4,054	–
36,153	Training Incentive Allowance	32,191	42,911	–
2,993	Transition to Work	3,039	2,835	204
19	Transitional Working for Families Supplement	27	30	–
831,136	Unemployment Benefit	711,812	713,904	–
88,478	Widow's Benefit	82,542	82,653	–
12,068,375	Total Benefit and Other Unrequited Expenses	12,401,311	12,427,894	5,194
	Other Expenses to be Incurred by the Crown:			
–	Bad Debt Provision	350,849	692,000	–
777	Community Labour Market Development Assistance	3,692	10,222	–
102,091	Employment Assistance	83,883	100,243	–
7,758	Out of School Care Programmes	10,563	11,108	–
–	Stronger Communities Action Fund	1,703	1,703	–
3	Suspensory Loan Abatement	5	10	–
110,629	Total Other Expenses to be Incurred by the Crown	450,695	815,286	–
	Capital Contributions to Other Persons or Organisations:			
227	Community Services Card Reimbursements	217	216	1
110,803	Recoverable Assistance	112,851	113,268	–
969,236	Student Loans	1,045,543	1,034,403	11,140
1,080,266	Total Capital Contributions to Other Persons or Organisations	1,158,611	1,147,887	11,141
13,350,647	Total Vote Social Development	14,128,838	14,516,064	16,335

STATEMENT OF NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS (cont'd)

Actual 2005 \$000	Type of Appropriation (Figures are GST inclusive where applicable)	Actual 2006 \$000	Appropriation Voted* 2006 \$000	Unappropriated Expenditure 2006 \$000
	VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
119	Interest Concession Land and Buildings	102	102	–
12,924	Medical Treatment	14,848	14,757	91
118,697	Veteran's Pension	128,168	128,079	89
106,571	War Disability Pensions	113,353	112,791	562
238,311	Total Vote Veterans' Affairs – Social Development	256,471	255,729	742
	VOTE: YOUTH DEVELOPMENT			
	Classes of Outputs to be Supplied by Other Parties:			
–	Services for Young People	6,708	6,783	–
–	Youth Development Partnership Fund	681	682	–
6,082	Conservation Corps	–	–	–
1,242	Specialist Youth Service Corps	–	–	–
250	Young New Zealanders' Challenge	–	–	–
1,045	Youth Service Corps	–	–	–
1,349	Youth Suicide Prevention Information Service	–	–	–
9,968	Total Non-Departmental Output Expenses	7,389	7,465	–
	Other Expenses to be Incurred by the Crown:			
95	Commonwealth Youth Programme	95	95	–
2	Crisis Support Fund	–	–	–
97	Total Other Expenses to be Incurred by the Crown	95	95	–
10,065	Total Vote Youth Development	7,484	7,560	–
13,599,023	Total Non-Departmental Expenses	14,392,793	14,779,353	17,077

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

STATEMENT OF UNAPPROPRIATED NON-DEPARTMENTAL EXPENDITURE AND APPROPRIATIONS

For the year ended 30 June 2006

Unappropriated Expenditure 2005 \$000	Type of Appropriation (Figures are GST inclusive where applicable)	Unappropriated Expenditure 2006 \$000	Approval under Section 26B Public Finance Act* 2006 \$000	Unappropriated Expenses after Section 26B approval 2006 \$000
	VOTE: SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
1,639	Accommodation Supplement	–	–	–
–	Child Disability Allowance	118	200	–
1,541	Childcare Assistance	72	100	–
–	Defence Force Allowance	133	852	–
5	Disability Allowance Telephone Support	13	50	–
1,166	New Zealand Superannuation	–	–	–
201	Orphan's/Unsupported Child's Benefit	189	200	–
–	Relocation Assistance	3	8	–
–	Residential Social Rehabilitation Assistance	5	10	–
–	Sickness Benefit	979	3,000	–
–	Student Allowances	3,478	5,500	–
–	Transition to Work	204	500	–
565	Unemployment Benefit	–	–	–
62	Widow's Benefit	–	–	–
5,179	Sub-total	5,194	10,420	–
	Capital Contribution to Other Persons or Organisations:			
2	Community Services Card Reimbursements	1	5	–
–	Student Loans	11,140	12,000	–
2	Sub-total	11,141	12,005	–
	VOTE: VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
	Benefits and Other Unrequited Expenses:			
–	Medical Treatment	91	275	–
46	Veteran's Pension	89	500	–
470	War Disability Pensions	562	1,000	–
516	Sub-total	742	1,775	–
5,697	TOTAL	17,077	24,200	–

The Minister of Finance approved the additional expenditure relating to the demand driven Benefits and Other Unrequited Expenses (BOUE) under section 26B of the Public Finance Act, prior to 30 June 2006. Authority to additional expenditure was also approved for the Defence Force Allowance to help pay for the extra New Zealand Defence Force staff deployed to East Timor.

The expenditure relating to Benefits and Other Unrequited Expenses (BOUE) appropriations is forecast on a mid-point average basis. This method of forecasting expects a mixture of over and under-expenditure of appropriations. Therefore, some of the BOUE appropriations are expected to be exceeded each year. In the 2005/2006 year, 10 out of 37 specific BOUE appropriations that the Ministry administered exceeded the budgets prepared for the 2005/2006 Supplementary Estimates.

The other unappropriated expenditure incurred in the Community Services Card Reimbursements and the Student Loans appropriations. Community Services Card Reimbursements appropriation provides reimbursements for low-income earners who are eligible for, but yet to receive, a Community Services Card. Higher than expected demand for reimbursement of general medical expenses resulted in the 2005/2006 Supplementary Estimates appropriation of \$216,000 to be exceeded by \$1,000.

Student Loans appropriation expenditure exceeded by \$12 million due to higher than expected demand for Student loans following the change to interest free student loan policy from 1 April 2006. The actual expenditure resulted in the 2005/2006 Supplementary Estimates appropriation of \$1.034 billion to be exceeded by \$11.140 million.

SCHEDULE OF NON-DEPARTMENTAL REVENUE

For the year ended 30 June 2006

Actual 2005 \$000	(Figures are GST inclusive where applicable)	Actual 2006 \$000	Budget 2006 \$000
	VOTE: SOCIAL DEVELOPMENT		
45	Interest Revenue	43,281	12
(571)	Maintenance Capitalisation	(690)	(600)
–	Programme Recoveries	27	–
7,529	Student Loan – Administration Fee	7,999	7,924
63,579	Student Loan – Interest Charge	–	50,746
70,582	Total Non-Departmental Revenue	50,617	58,082

SCHEDULE OF NON-DEPARTMENTAL CAPITAL RECEIPTS

For the year ended 30 June 2006

Actual 2005 \$000	(Figures are GST inclusive where applicable)	Actual 2006 \$000	Budget 2006 \$000
	VOTE: SOCIAL DEVELOPMENT		
192,701	Benefit Recoveries – Current Debt	194,353	193,158
3,489	Benefit Recoveries – Liable Parent Contributions	2,930	2,913
73,336	Benefit Recoveries – Non-Current Debt	74,140	75,379
227	Community Services Card Recoveries	217	216
131,708	Recoveries from United Kingdom Pensions	145,525	144,396
61,609	Student Loans – Repayment of Principal	64,575	64,429
463,070	Total Non-Departmental Capital Receipts	481,740	480,491

SCHEDULE OF NON-DEPARTMENTAL ASSETS

As at 30 June 2006

The Schedule of Non-Departmental Assets summarises the assets that the Ministry administers on behalf of the Crown.

Actual 2005 \$000	(Figures are GST inclusive where applicable)	Note	Actual 2006 \$000	Budget 2006 \$000
	VOTE: SOCIAL DEVELOPMENT			
	Current assets:			
73,209	Cash and bank balances		105,688	73,209
824,472	Student loans advanced*	1	896,765	891,558
(126,364)	Provision for doubtful debts – student loans		(305,240)	(356,397)
183,555	Accounts receivable – benefits and allowances	2	190,795	186,047
8,539	Prepayments – benefits and allowances		6,807	8,539
	Non-current assets:			
4,550,633	Student loans transferred to IRD*		102	4,550,633
607,297	Accounts receivable – benefits and allowances	2	630,411	607,297
(395,428)	Provision for doubtful debts – benefits and allowances		(408,147)	(422,531)
390	Advances – benefits and allowances		318	311
5,726,303	Total Non-Departmental Assets		1,117,499	5,538,666

* The Student Loan Scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and Inland Revenue Department. Our 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 Inland Revenue Department in March and April each year.

SCHEDULE OF NON-DEPARTMENTAL LIABILITIES

As at 30 June 2006

The Schedule of Non-Departmental Liabilities summarises the liabilities that the Ministry administers on behalf of the Crown.

Actual 2005 \$000	(Figures are GST inclusive where applicable)	Actual 2006 \$000	Budget 2006 \$000
	VOTE: SOCIAL DEVELOPMENT		
	Current Liabilities:		
49,422	Accruals – government departments	–	49,422
155,816	Accruals – other than government departments	186,724	210,482
37,390	Tax payable	78,240	37,390
701	Other current liabilities	1,015	701
243,329	Total Non-Departmental Liabilities	265,979	297,995

STATEMENT OF TRUST MONIES

For the year ended 30 June 2006

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 2006 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2006 were as follows:

Account	As at 30/06/2005 \$000	Contribution \$000	Distribution \$000	Revenue \$000	Expenses \$000	As at 30/06/2006 \$000
Australian Debt Recoveries	5	54	(55)	–	–	4
Australian Embargoed Arrears	290	2,314	(2,421)	–	–	183
Maintenance	85	1,276	(1,238)	–	–	123
Netherlands Debt	–	26	(26)	–	–	–
UK Reciprocal Pension	–	–	–	–	–	–
Total	380	3,670	(3,740)	–	–	310

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 the 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 that is payable.

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.

SCHEDULE OF NON-DEPARTMENTAL COMMITMENTS

As at 30 June 2006

Actual 2005 \$000		Actual 2006 \$000
	Operating Commitments	
27,118	Less than one year	74,960
896	One to two years	–
91	Two to five years	–
–	More than five years	–
28,105	Total operating commitments	74,960

SCHEDULE OF NON-DEPARTMENTAL CONTINGENT LIABILITIES

As at 30 June 2006

Actual 2005 \$000		Actual 2006 \$000
55,525	Quantifiable contingent liabilities	67,340
55,525	Total contingent liabilities	67,340

A total of six quantifiable claims (2005: eleven cases) lodged against the Ministry remain unresolved as at 30 June 2006. This represents the potential amount that will be paid if the claims are successful.

NOTES TO THE NON-DEPARTMENTAL FINANCIAL STATEMENTS

Note 1: Student Loan Advances

Student Loans are stated at the fair values as at 31 October 2005 as determined under the New Zealand International Financial Reporting Standards – NZIFRS IAS39 and was measured at amortised cost as at 30 June 2006.

Independent advice was sought to assist with the determination of the fair values of the Student Loan Portfolio under NZIFRS requirements.

CARRYING VALUE OF STUDENT LOANS as at 30 June 2006	Actual 2006 \$000
VOTE: SOCIAL DEVELOPMENT	
Student Loans opening balance as at 1 July 2005 under GAAP	698,498
Fair Value Adoption under IFRS – IAS 39 at 1 July 05 @ 76.5%	(68,098)
Impairment as a result of Oct 2005 policy changes (nil interest rate on new borrowings)	(97,037)
Student Loans transferred to IRD for collection	(645,601)
Student Loans new lending for 1 July 2005 to 30 June 2006	1,045,543
Fair value write down on new lending	(328,459)
Student Loan administration fees	8,000
Effective Interest Unwind at 6.63%	43,254
Student Loan Debt Repayments	(64,575)
Carrying Value Student Loans as at 30 June 2006	591,525

Note 2: Accounts Receivables – Benefits and Allowances

The accounts receivables – benefits and allowances represent benefit overpayments, advances on benefits and recoverable special needs grant. The net book value as at 30 June 2006 was \$413 million.

APPENDIX: FEES AND EXPENSES PAID TO MEMBERS OF STATUTORY AND OTHER BODIES SERVICED BY THE MINISTRY OF SOCIAL DEVELOPMENT

Benefits Review Committee

Number of members:

Benefits Review Committee (BRC) hearings are a chance for a review panel to take a fresh look at decisions made by the Ministry of Social Development delivery units (Work and Income, and Specialist Services). Each panel has three members, consisting of a Community Representative appointed by the Minister and two Ministry of Social Development staff members who have not been involved in the decision being reviewed. There were 86 community representatives spread throughout the 11 Work and Income regions.

Nature of work:

Benefit Review Committees are 'quasi-judicial' bodies established under section 10A of the Social Security Act 1964, to take an impartial second look to ensure 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 of Social Development on a case by case basis. The benefit review hearing is an opportunity for the applicant to explain why they disagree with the decision and for the Committee to review the Ministry of Social Development's decision.

Committee fees and expenses paid (GST exclusive):

Total amount of committee fees and expenses paid to 30 June 2006: \$184,056.

Number of reviews for the period 1 July 2005 to 30 June 2006:

There was 5,348 Review of Decisions lodged for the year ending 30 June 2006. Of these 1,940 were scheduled to go onto a Benefit Review Committee. 1,088 Benefit Review Committee hearings were held in this period.

Ministerial Advisory Council for Senior Citizens

Number of members:

Five members.

Nature of work:

The Advisory Council act in an advisory capacity to the Minister for Senior Citizens on matters concerning the wellbeing of senior citizens.

Council fees and expenses paid (GST exclusive):

Total amount of advisory council fees and expenses paid to 30 June 2006:
\$12,277.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Five meetings.

Disability Advisory Council

Number of members:

Thirteen members.

Nature of work:

To provide the Office with advice on its work programme and to raise issues.

Council fees and expenses paid (GST exclusive):

Total amount of advisory council fees and expenses paid to 30 June 2006:
\$80,000.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Four meetings.

Family Services National Advisory Committee (FSNAC)

Number of members:

Nine Government Organisations, 10 Non-Government Organisations (NGOs), four Māori, three Pacific and Ministry of Social Development secretariat.

Nature of work:

To provide a forum where stakeholders in the provision of services that support families will work together in developing and overseeing the implementation of a vision and strategies that improve outcomes for families.

Committee fees and expenses paid (GST exclusive):

Three thousand, three hundred and ninety dollars.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Six meetings.

Pacific Advisory Group to family and community services

Number of members:

Thirteen full members, two co-opted members, facilitator and the Family and Community Services (FACS) secretariat.

Nature of work:

To provide strategic advice on the implementation of FACS policies, services and initiatives that impact on Pacific peoples in New Zealand and to support the Taskforce for action on violence within families Pacific representative.

Advisory Group fees and expenses paid (GST exclusive):

NGOs paid at \$240 + GST per day or \$270 per day less withholding tax for individuals.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Three full day meetings.

Medical Appeals Board

Number of members:

Medical Appeal Boards are independent bodies established to ensure that correct and fair decisions are made within the legislation (Section 53A of the Social Security Act 1964). Each board is made up of three members appointed by the chief executive for the particular purpose, being medical practitioners, rehabilitation professionals, or other persons having appropriate expertise in the fields of vocational training or vocational support for persons with sickness, injury or disability. There are 102 Designated Doctors available to be called up for Medical Appeal Work.

Nature of work:

Medical Appeal Boards review an appellant's eligibility for a benefit on medical grounds including the capacity to undertake work independently. Medical Appeal Boards are a chance to take a fresh look at decisions on all the information about an appellant's medical circumstances or incapacity on a case by case basis. Section 53A of the Social Security Act 1964 gives a client of the Ministry the right of appeal on medical grounds.

Board fees and expenses paid (GST exclusive):

Total fees and expenses paid for the year ending 30 June 2006:
\$129,568.78.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

One hundred and ninety two hearings held for the year ending 30 June 2006.

Strategic Policy Evaluation and Research Committee (SPEaR)

Number of members:

Nineteen member agencies and an independent chair.

Nature of work:

The group is made up of 19 agency representatives who oversee the Government's investment in social policy, research and evaluation. In accordance with the terms of reference and particular projects approved by Cabinet in November 2001.

Committee fees and expenses paid (GST exclusive):

Total amount of Chairperson fees and expenses paid to 30 June 2006:
\$20,666.50.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Six full committee meetings and associated subcommittees.

Committee for the study of the New Zealand Non-Profit Sector

Number of members:

Eight members.

Nature of work:

Oversight of New Zealand input to the Johns Hopkins University International comparative study of the non-profit sector, and advice to Statistics New Zealand on development of the non-profit sector satellite account.

Committee fees and expenses paid (GST exclusive):

Total amount of committee fees and expenses paid to 30 June 2006: \$34,647.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Seven meetings.

Strategic Policy Reference Group

Number of members:

Twelve members.

Nature of work:

To provide advice to the Ministry of Social Development and Government on middle to long-term policy issues.

Reference Group fees and expenses paid (GST exclusive):

Total amount of reference group fees and expenses paid to 30 June 2006: \$11,994.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Six meetings.

Taskforce for action on violence within families

Number of members:

Thirteen government organisations and five NGOs.

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.

Taskforce fees and expenses paid (GST exclusive):

Total amount of Advisory group fees and expenses paid to 30 June 2006: \$77,820.07.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Twelve meetings and related workshops.

Advisory Group to the Taskforce for action on violence within families

Number of members:

Four government organisations, The National NGO Family Violence Prevention Alliance (made up of 11 NGOs) and two additional NGOs.

Nature of work:

The Advisory Group supports the work of the Taskforce by providing it with information, analysis and advice on specific issues impacting upon violence within families. It also assists the Taskforce's Secretariat to manage and co-ordinate inter-agency work to identify policy, legislative, and service opportunities for preventing violence within families.

Advisory Group fees and expenses paid (GST exclusive):

Total amount of Advisory group fees and expenses paid to 30 June 2006: \$10,002.90.

Number of meetings held for the period 1 July 2005 to 30 June 2006:

Twelve meetings and related workshops.



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