Ministry of Social Development

Annual Report
2012/2013

MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

Contents

Chief Executive's foreword

Our Ministry is working towards aspirational goals for a large number of New Zealand people, families, children and communities. Our Annual Report is an important opportunity to reflect on progress during the past year towards the strategic priorities in our Statement of Intent.

In this Annual Report, we reflect on a year where we delivered the final phase of the Government's welfare reforms, progressed work on the Children's Action Plan and advanced towards our Better Public Services targets.

In May, we received our Performance Improvement Framework Follow-up Review which gave independent feedback on how we have performed since the initial review in 2011. The review noted that the challenges facing the Ministry are unprecedented, but that we are in a strong position to deliver. It concluded that the strength of our leadership and the commitment of our people give confidence that we'll achieve our goals. The review also gave insight on how we can achieve excellence in the next four years.

As outlined in our Statement of Intent, we are delivering an extensive Government reform programme including:

- the Investment Approach to Welfare Reform
- the Vulnerable Children's Strategy to improve the safety of children
- Investing in Services for Outcomes to improve our work with community providers
- strengthening the ways we can investigate and recover benefit fraud.

During the year the Government added the Social Housing strategy to this reform agenda.

The scale and scope of the reforms affect every part of the Ministry, as well as our partner agencies and providers. It is a credit to all that we have made steady progress across the reforms as well as delivering business as usual. I am heartened that we are seeing improved results for clients as a result.

As sector leader, we are charged with leading four Better Public Services results, the Social Sector Trials and the Children's Action Plan. We provide cross-government functional leadership in property management and the social sector response in Christchurch. With our partners across the public service and social sector, we are trying new and better ways of cross-sectoral working, from leadership to community level.

Like all Government departments, we face increasing operational cost pressures on top of the cost of delivering our key priorities. These can no longer be managed without far-reaching changes to our business. We have committed to a Ministry-wide programme of business transformation and simplification, making the most of technology, online and self-service transactions. We are also moving to apply investment approach principles to all we do, so that we deliver Government priorities and business as usual as effectively as possible.

To gain the benefits of innovation we must also manage the risks. Public confidence in the work we do and the information we hold is critical to our success. During 2012, we suffered a security breach of Work and Income kiosks. This was a difficult time, but we have used it as a catalyst to integrate best practice management of privacy and information security into everything we do. Our clients deserve no less.

Finally, I'd like to acknowledge the contribution of our people and partners. Ministry staff on the frontline and behind the scenes went above and beyond to support the complex work of our large Ministry this year. I would also like to highlight the enormous contribution of our partners across government and in communities. This year has given me confidence in our collective ability to achieve our goals and help New Zealanders to help themselves be safe, strong and independent.

Brendan Boyle
Chief Executive

The Ministry's purpose, outcomes and role

Our purpose – we help New Zealanders to help themselves to be safe, strong and independent.

Purpose and principles

In April 2013, we launched the Ministry's new purpose and principles to guide the way we will work in the future. These form the foundation of the organisational culture we need to achieve to deliver on our large, complex reform agenda as well as on the Government's expectations of us.

Our principles are that Ministry people:

- all own what we all do
- understand our role in the big picture, who can help us and who we can help
- take responsibility for what we do
- navigate ambiguity and the opportunity it brings to create better ways of doing things
- act with integrity, courage and transparency
- celebrate our achievements and those of our clients.

Ministry Outcomes for 2012/2013

In 2012, the Government set 10 challenging results for the public sector to achieve over the following five years, within five theme areas. In response to this challenge, we have developed eight Ministry Outcomes. They are:

- fewer children are vulnerable
- more people get into work and out of welfare dependency
- more young people are in education, training or work
- more young people contribute positively to their communities
- fewer children and young people commit crime
- fewer people commit fraud and the system is fair and sustainable
- more efficient and effective allocation of government resources to meet community needs
- more people interact with the Ministry in a digital environment.

Our role

Our core business is to provide services to help build successful individuals, strong healthy families and thriving communities.

We do this by having a presence in almost every town. Our staff have connections to every community. At some point we touch the lives of most New Zealanders. We do this through:

- the statutory care and protection of children and young people, youth justice services, adoption services
- delivering funding to community social service providers
- employment and income support services, New Zealand Superannuation and the administration of New Zealand's international welfare portability arrangements
- family services, which include support, information and advice for families and communities
- campaigns that challenge antisocial attitudes and behaviours
- allowances and loans to help students to meet the costs of tertiary study
- providing access to affordable health care for older people, families and lower-income New Zealanders
- services to uphold the integrity of the welfare system and to minimise the levels of debt our clients have
- providing access to concessions and discounts for senior citizens and people with low incomes
- leadership across the social sector
- the monitoring of four Crown entities – the Office of the Children's Commissioner, the Families Commission, the New Zealand Artificial Limb Board and the Social Workers Registration Board
- providing support to statutory tribunals, advisory committees and boards including the Social Security Appeal Authority, the Student Allowance Appeal Authority, the Social Workers Complaints and Disciplinary Tribunal, the Taskforce for Action on Violence within Families, the Work and Income Board, and Child, Youth and Family Residence Grievance Panels.

Cross-agency leadership

The Government has called on government agencies to organise themselves in a way that makes their services more accessible to New Zealanders. We must be leaders in our field and work collaboratively to make a bigger difference. This approach requires us to change the way we think about the public sector, including the way we deliver services. The Government has identified key areas where it wants to see results and this will require strong leadership from the sector agencies and their chief executives.

Social Sector Forum

The Social Sector Forum is a key mechanism to allow social sector agencies to deliver results together.

The Social Sector Forum was established by Cabinet to lead cross-agency work on social sector priorities. The Social Sector Forum is made up of the Chief Executive of the Ministry of Social Development, who is the Chairperson, the Chief Executives of the Ministries of Justice, Education and Health, and the infrastructure leader from the Ministry of Business, Innovation and Employment. Other chief executives are invited to work on relevant issues. Central agencies provide advice.

In 2013, the Forum agreed on eight priorities that are a mix of Better Public Services targets and cross-agency initiatives to:

- reduce the number of working-age Jobseeker Support clients who have been in receipt of benefit for more than 12 months
- increase participation in early childhood education
- decrease the number of assaults on children
- increase infant immunisation rates and reduce the incidence of rheumatic fever
- implement the Children's Action Plan (led by the Vulnerable Children's Board)
- continue and extend the Social Sector Trials (led by the Joint Venture Board)
- focus on youth mental health
- deliver a single, simplified approach to contracting.

Better Public Services Results for New Zealanders

The Chief Executive of the Ministry of Social Development leads public sector effort on four of the 10 Better Public Services Results for New Zealanders.

Public sector chief executives are accountable for making progress against each of the 10 Better Public Services Results for New Zealanders.

Better Public Services results

The Chief Executive of the Ministry of Social Development, in his role as Chairperson of the Social Sector Forum, leads the public sector to achieve the following Better Public Services results.

- Result 1: Reduce the number of people who have been on a working-age benefit for more than 12 months

  Progress on Result 1 is presented in the chapter More People into Work and out of Welfare Dependency.
- Result 2: Increase participation in early childhood education

  Our contribution to Result 2 in 2012/2013 is outlined in the chapter Fewer Children are Vulnerable, under The Right Services for Children in Care.

The Ministry contributes further through the welfare reforms of July 2013. These include new social obligations for our clients to ensure their children attend early childhood education or school, are enrolled with a GP, and complete regular heath checks.

- Result 3: Increase infant immunisation rates and reduce the incidence of rheumatic fever

  The Ministry's Gateway Assessment service and Family Start Programme contribute to Result 3. These initiatives ensure that children have access to health services they need. Information about these initiatives is included in the chapter Fewer Children are Vulnerable, under The Right Services for Children in Care.

- Result 4: Reduce the number of assaults on children

  The Ministry's contribution to Result 4 is included in the chapter Fewer Children are Vulnerable.

Results other chief executives lead and we contribute to

In 2012/2013, we contributed to the following Better Public Services results led by other public sector chief executives:

- Result 5: Increase the proportion of 18-year-olds with NCEA level 2 or equivalent qualification

  We contributed to Result 5 by providing the Youth Service to get disengaged young people back into training or education. Further information on the Youth Service is provided in the chapter More Young People are in Education, Training or Work.

- Result 7: Reduce the rates of total crime, violent crime and youth crime
- Result 8: Reduce reoffending

  For Results 7 and 8, we contributed by providing services such as Fresh Start and Military-Style Activity Camps. These programmes hold young offenders accountable for their offending and manage the risk of their reoffending. We also held Youth Justice Family Group Conferences as an early intervention to stop offending escalating. Further information on these services is provided in the chapter Fewer Children and Young People Commit Crime.

- Result 10: New Zealanders can complete their transactions with the Government easily in a digital environment

  For Result 10, we contributed by enhancing our digital service channels and by matching our clients' needs for digital interaction. Further information on these activities is provided in the chapter More People Interact with the Ministry in a Digital Environment.

Improving the lives of children

White Paper for Vulnerable Children

The Government's White Paper for Vulnerable Children was released in October 2012. It proposed a range of measures and reforms to reduce child abuse and neglect in New Zealand. The White Paper was the result of work by joint government agencies, led by the Ministry. It emphasised the need to identify our most vulnerable children and to target services to them so they get the protection and support they need.

We worked with Te Puni Kōkiri, the New Zealand Police and the Ministries of Education, Health, Justice, and Business, Innovation and Employment to prepare policy proposals for the legislation.

Vulnerable Children Bill

The White Paper signalled the Government's intention to underpin proposed measures and reforms with legislation. The Vulnerable Children Bill is an omnibus Bill containing a series of measures to protect and improve the wellbeing of vulnerable children. It includes the following changes:

Five government agencies made accountable for protecting vulnerable children

The Chief Executives of the Ministries of Education, Health, Justice and Social Development, and the Commissioner of Police will be accountable to the social sector Ministers for a cross-agency plan on vulnerable children. Their performance expectations will include protecting vulnerable children. They will also be responsible for ensuring child protection policies are in place for government agency staff who work with children.

Screening and vetting of the children's workforce

There will be standard checks for the central government children's workforce to screen out potential abusers. These will include identification checks, through the Police, records and history checks and a risk assessment with periodic reassessments. Work restrictions will be placed on previous serious offenders who may pose a risk to children.

Minimising the risk of harm to children

Child Harm Prevention Orders may be made against those who pose a high risk of offending against children in the future. Parents who have had a child permanently removed from them due to abuse or neglect of the child, or who have killed a child before, must prove they are safe to parent any subsequent children.

Children's Action Plan

The Children's Action Plan derives from the White Paper. It lists the actions that will be completed to protect children, and when each action will be achieved.

We are working with other agencies on a National Activity Hub that will provide a central point of contact for services to protect vulnerable children.

We have made significant progress on the 25 actions and activities in the Children's Action Plan, including the establishment of:

- a Vulnerable Children's Board, comprised of the chief executives of the major social sector agencies
- an Advisory Expert Group on Information Sharing (AEGIS)
- a Children's Action Plan Directorate
- two Children's Team demonstration sites in Rotorua and Whangarei overseen by interim Regional Children's Directors
- a draft outcomes framework for the Strategy for Children and Young People in Care.

We have also been progressing work on a Predictive Risk Model that will help us to identify vulnerable children earlier by using relevant data.

The Ministry of Health led a cross-agency initiative to develop and implement an interim IT system to support the work of the Children's Teams in Rotorua and Whangarei.

The Families Commission Social Policy and Evaluation Research Unit (SuPERU) is leading an evaluation of the Children's Action Plan. This includes evaluating the Children's Teams and ensuring we capture the correct data to guide and measure the work of the Children's Teams so we know we are delivering results for vulnerable children and families.

Vulnerable Children's Board

The Vulnerable Children's Board was established to lead the implementation of the Children's Action Plan, including the development of the Vulnerable Children Bill. The Board is chaired by the Chief Executive of the Ministry of Social Development, and includes the Chief Executives of Te Puni Kōkiri, and the Ministries of Health, Education, and Justice, and the Deputy Chief Executive (Infrastructure and Resource Markets) of the Ministry of Business, Innovation and Employment. It also includes the Commissioner of Police.

The Board is leading the implementation of the Children's Action Plan including the development of the Vulnerable Children Bill.

The Board reports to a Ministerial Oversight Group. The Group is chaired by the Minister for Social Development and comprises the Ministers of Finance, Justice, Health, Education and Police and the Minister for Whānau Ora.

Children's Teams

Two Children's Teams in Rotorua and Whangarei bring together frontline professionals to protect vulnerable children and young people. The teams are made up of local education, health and social sector professionals who work with children.

The two demonstration sites have interim Regional Children's Directors to provide regional leadership. Executive groups at each site provide local support and multi-agency guidance on the development, implementation and functioning of the Children's Teams.

The Rotorua Children's Team began delivering services on 29 July 2013. The Whangarei Children's Team will begin delivering services on 1 October 2013.

Children's Action Plan Directorate

In November 2012, the Children's Action Plan Directorate was established to oversee the implementation of the Children's Action Plan and an interim National Children's Director was appointed. In June 2013, a National Children's Director was appointed.

Social Sector Trials

In 2012/2013, we worked with the Ministries of Education, Health and Justice and the New Zealand Police to change the way social services are delivered.

An evaluation of the first six Trials, in Kawerau, Gore, Waitomo, Taumarunui, Horowhenua and South Waikato, showed they have improved community collaboration and increased community responsiveness to issues faced by young people.

The six original Trials have been extended until June 2014. Ten new Trials went live on 1 July 2013.

The Trials made progress in achieving outcomes for young people and the wider community. They resulted in a broader base of services aimed at young people in each location. All the stakeholders involved in the evaluation reported that the Trials created a tangible opportunity for agencies, services and individuals in local communities to work collaboratively, share resources, and achieve better outcomes for young people.

Whānau Ora

The Whānau Ora approach empowers whānau as a whole rather than focusing separately on individual family members and their problems.

Whānau Ora is an interagency approach to providing health and social services to support New Zealand families in need.

The Chief Executive is a member of the Whānau Ora Governance Group. The Group oversees the implementation of Whānau Ora and advises the Minister for Whānau Ora on policy settings, priorities and regional management. The Group also leads and co-ordinates across government agencies and other stakeholders to encourage involvement in Whānau Ora.

In 2012/2013, we established four Integrated Contracts with Whānau Ora providers, bringing the total number of Whānau Ora Integrated Contracts to 27.

Enabling Good Lives

Enabling Good Lives is a new way of supporting disabled people. It offers them greater choice and control over the support they receive and the lives they lead. It uses an approach similar to the Social Sector Trial models.

Working with people from the disability sector, employer groups and other government agencies, we developed the Disability Action Plan for 2012–2014. The Plan consists of a small number of cross-government initiatives to deliver better results for disabled people. It also features a long-term direction and principles for change to the disability system based on the Enabling Good Lives approach.

Christchurch school leavers with disabilities will be the first to benefit from Enabling Good Lives.

The Ministerial Committee on Disability Issues asked us to demonstrate the Enabling Good Lives approach in Christchurch. The demonstration will run for three years from July 2013. Since February 2013, we have worked with the local disability sector in Christchurch, as well as with the Ministries of Health and Education to develop this proposal. The Canterbury Earthquake Recovery Authority, ACC and the Treasury also contributed.

Functional leadership – increasing value and reducing the costs of government business functions

Three chief executives have been given functional leadership roles to drive information and communications technology (ICT), procurement and property across the state sector. The Chief Executive of the Ministry of Social Development leads the Property Management Centre of Expertise[1] and the Government National Property Strategy.

Property Management Centre of Expertise

In 2012/2013, our Property Management Centre of Expertise team provided functional leadership across all office accommodation decisions for departments and Crown agents, including:

- securing agreement for 80,000m^2 of agency accommodation in the Wellington CBD for Crown Law and the Ministries of Social Development, Education, Health, and Business, Innovation and Employment through the Wellington 5 Accommodation Project
- establishing the accommodation requirements for 20 agencies and completing a successful Request for Proposal through the Christchurch Integrated Accommodation Project.

1 The Property Management Centre of Expertise is the operational unit reporting to the Chief Executive of the Ministry of Social Development, as the functional leader for property. The Cabinet has mandated the functional leader to sign off all office accommodation decisions for departments and Crown agents.

The Ministry's Outcomes

Fewer children are vulnerable

Too many children have childhoods that make it unlikely they will thrive, belong and achieve. We help build stronger families and support parents to do better for their children. For those children who need it, we provide protection.

Improving children's lives

Vulnerable Children

As noted in the Cross-agency Leadership section, comprehensive changes are under way to improve protection for vulnerable children. These changes include activities set out in the Children's Action Plan and the establishment of the Vulnerable Children's Board.

Strategy for children and young people in care

The new strategy is strongly child-centred and marks a shift in focus from services to outcomes.

We are leading the development of a cross-agency strategy to ensure children in state care get the services they need, not only from Child, Youth and Family, but also from the Ministries of Health and Education and other government agencies.

We have developed a draft outcomes and indicators framework in consultation with other government agencies and key non-government and iwi organisations.

Working together to keep children safe

All children belong in families that love and nurture them. When adults do not care for and protect their children, the Ministry steps in to ensure vulnerable children and young people are looked after.

Notifications

Of the notifications received, 176 related to an incident of smacking with no other concerns, compared to 277 in the previous year.

In 2012/2013, we received 148,209 notifications of child abuse or neglect, including the Police family violence referrals. This is a 3 per cent decrease from last year's total of 152,800 notifications.

This year, 63,120 notifications (42.6 per cent) needed further action to determine the response and social work services needed. Last year, 61,074 notifications (40 per cent) required further action.

As a result of further action, we identified 21,778 findings of substantiated abuse. This is compared to 21,525 in 2011/2012. Of these:

- 12,072 (55.4 per cent) were emotional abuse findings
- 5,104 (23.4 per cent) were neglect findings
- 3,190 (14.6 per cent) were physical abuse findings
- 1,412 (6.5 per cent) were sexual abuse findings.

Care and Protection Family Group Conferences

Care and Protection Family Group Conferences formally bring together family/whānau and professionals to talk about concerns for a child or young person's safety or wellbeing. The number of Care and Protection Family Group Conferences was 8,024 this year, compared to 8,246 last year.

Children in out-of-home care

At 30 June 2013, 4,960 children were in the custody of the Chief Executive and 3,844 were in care and protection placements outside of their home. Of those in out-of-home care, 55 per cent identified as Māori.

In 2012/2013, 37 children and young people who were in the custody of the Chief Executive and placed with Child, Youth and Family-approved caregivers were found to have been abused by their caregiver. This number represents 0.7 per cent of all children and young people in custody[2]. Thirty Child, Youth and Family-approved caregivers were involved in these cases. This compares with 30 children and young people and 26 Child, Youth and Family caregivers in 2010/2011 and 23 children and young people and 20 caregivers in 2011/2012.

Home for Life

Stable, continuous care helps meet a child's need for safety and support. This is important for healthy child development. Home for Life is a package of support to encourage families to bring a child into their home permanently, giving the child the stability and security they need. In 2012/2013, 440 children and young people in care gained a Home for Life. Of these, 190 were under five years old. In 2011/2012, 489 children and young people gained a Home for Life and of these, 235 were under five years old.

Our evaluation confirmed that Home for Life is addressing factors known to prevent children in Child, Youth and Family care gaining a permanent home.

The right services for children in care

Gateway Assessments

Gateway Assessments cover the physical health, mental health and education needs of each child and young person engaged with Child, Youth and Family. This helps us to link them to the services they need. We have targeted assessments for children entering care, children already in care, and children identified through a Family Group Conference.

Between July 2012 and June 2013, 3,171 children and young people were referred to district health boards for a Gateway Assessment, and 2,248 received an assessment.

The Gateway Assessment service has been implemented at all 59 Child, Youth and Family sites and all 20 district health boards.

Mental health services

In 2011, we received more than $15 million over four years to purchase primary mental health services and intensive clinical support services to address the mental health or behavioural problems of children coming into our care. In 2012/2013, primary mental health services were established in a further 13 district health board areas. In addition, two Intensive Clinical Support Services were established in the central North Island and in the South Island. A further two are planned by July 2014.

Primary mental health services are now available in 19 of the 20 district health board areas.

Early childhood education

In 2011, we received more than $11 million over four years to subsidise the cost of early childhood education for children in our care aged 18 months to three years. As at 30 June 2013, 272 children in this age group were in early childhood education (74.3 per cent of those eligible). This compares with the national average of 63 per cent for 1–3 year olds.

2 Includes custody through care and protection, youth justice and other enactments.

Social workers on the frontline

New frontline social workers

By 30 June 2013, an extra 96 social workers had been employed.

In October 2011, the Government announced an extra 96 frontline Child, Youth and Family social workers. Their role is to work with families with complex issues and to give better support to foster parents.

Social Workers and Youth Services in Schools

By December 2013 131,000 children in 680 decile 1–3 schools will have access to a social worker.

In 2011/2012, we began contracting for an extra 149 full-time social workers for primary and intermediate schools. In 2012/2013, we gained an additional 94 social workers for decile 1–3 primary and intermediate schools.

Youth Workers in Secondary Schools is one of the Prime Minister's Youth Mental Health initiatives announced in 2012. This year we introduced nine youth workers across seven decile 1–3 secondary schools in South and West Auckland. We are also recruiting six youth workers for nine decile 1–3 secondary schools in Wellington and Hawke's Bay.

Quality social work

In 2012/2013, we developed the new social work assessment framework and recording tool. This was implemented in September 2013.

The assessment tool is a key deliverable of Child, Youth and Family's Strategic Plan *Mā mātou mā tātou: Changing young lives* and of the assessment, planning, implementation and review workstream under the Children's Action Plan.

The new tool will significantly change social work practice by ensuring our staff understand the situation of every child or young person we work with. It is also designed to improve our staff's focus on achieving results for children and young people from the first time they make contact.

Parenting support

Parents as First Teachers

The Parents as First Teachers (PAFT) programme educates and supports parents. It helps them to understand how their children develop and learn so they can help their children to reach their full potential. In 2012/2013, approximately 4,860 families were referred to the PAFT programme. Around the country, 137 PAFT parent educators visit families to connect them to each other, their community and relevant social services.

Family Start

In the year to 30 June 2013, 4,796 families received services through Family Start or Early Start.

In 2012/2013, we funded Family Start in 33 locations (including an Early Start site in Christchurch). This year we have concentrated on the quality of Family Start services by improving frontline capacity and introducing four new providers.

Strategies with Kids, Information for Parents

The Strategies with Kids, Information for Parents (SKIP) initiative strengthens community support for parents so that children are safe and nurtured. SKIP supports community groups through funding, training, mentoring and capability building.

This year, we distributed 1.3 million resources to parents via community groups, providing parents with many practical solutions to help them with positive parenting. Social media is becoming an increasingly important means of distributing information to parents.

The SKIP Facebook page reaches over 10,000 people every week.

Progress towards Better Public Services Result 4

We contribute towards achieving Better Public Services Result 4: Reduce the number of assaults on children.

During 2012/2013 we have been tracking our progress towards the target for this result:

- By 2017, reduce the number of children experiencing physical abuse by 5 per cent[3].

In the year to 30 June 2013, 3,031 children experienced substantiated physical abuse, a 2.5 per cent reduction from the June 2012 figure of 3,108 children[4].

3 This target was set in 2012.

4 While the current reduction in the growth of substantiated physical abuse looks encouraging, it is too early to know whether this represents a sustainable downward trend.

2012–2015 Statement of Intent Performance Indicators

Fewer children are vulnerable

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Fewer babies, children and young people are harmed		
Proportion of children and young people who have been abused/neglected within six months of a previous finding of abuse/neglect	13.4% (Steady)	Intent: Decreasing 2012/2013 result: 13.3% A total of 17,181 distinct children and young people had a finding of abuse or neglect in the period 1 July 2012 to 30 June 2013. Of these, 2,309 had had a finding of abuse/neglect in the previous six months. Repeat findings may relate to historical events before the child or young person came to our attention. Emotional abuse accounts for the majority of repeat findings.
Intermediate Outcome – More children are in safe, permanent care		
Proportion of children aged under five years old who are unable to return home who achieve a Home for Life placement[5] within 12 months of coming into care	69.1%[6] (Increasing)	Intent: Increasing 2011/2012 result: 68.1% Of the 269 children under five years old who came into our care between 1 July 2012 and 30 June 2013, 186 were in a Home for Life placement within 12 months.
Intermediate Outcome – More children in care have improved health and wellbeing		
Proportion of children in care[7], who have improved access to a comprehensive assessment and referral to appropriate services in order to achieve improved health and education outcomes	27.2%[8] (No trend available)	New indicator for 2012/2013 Intent: Increasing In 2012/2013 Gateway Assessments were established in all District Health Boards, with the last service coming on board in March 2013. 1,448 children and young people entered the custody of the Chief Executive under custody or guardianship orders[9] in the areas where Gateway Assessments were operating. We gained consent for 891 (62%) of them to be referred for a Gateway Assessment. Of these, 494 received a Gateway Assessment and 242 had a subsequent referral to services in the year. Gateway Assessments were also provided to some children and young people referred for a Family Group Conference and to some already in care. This brings the total number of children and young people who were referred for a Gateway Assessment in 2012/2013 to 3,171. The total who received an assessment in this period was 2,248.

5 A Home for Life placement occurs when a child is placed by Child, Youth and Family with a caregiver who is approved to offer a permanent home. Achieving a Home for Life occurs when the Chief Executive's custody is discharged in favour of a permanent caregiver.

6 Data extracted as at 28 August 2013.

7 The priority is for all children and young people entering care to receive a Gateway Assessment. Not all children and young people entering care will have consent to be referred for an assessment. Without consent, a referral for an assessment cannot be made. In 2012/2013, we gained consent for 891 children and young people entering care to be referred for an assessment.

8 Data extracted as at 2 September 2013. Gateway Assessments were progressively implemented across all district health boards, with the last district health board commencing assessments from March 2013. The result therefore does not reflect volumes for a full year.

9 Orders made under sections 78, 101, 102, 110 and 114 of the Children, Young Persons, and Their Families Act 1989.

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More children experience good parenting		
Proportion of the families who receive in-home parenting support and have up-to-date Well Child/ Tamariki Ora check-ups	79.0% (No trend available)	New indicator for 2012/2013 Intent: Increasing As at 30 June 2013, 4,796 families were receiving Family Start Services. Well Child/Tamariki Ora check-ups are a schedule of visits for children aged 0–5 years to ensure a child grows and develops to their full potential.
Proportion of the families who receive in-home parenting support who have children enrolled in early childhood education	59.0% (No trend available)	New indicator for 2012/2013 Intent: Increasing As at 30 June 2013, a total of 1,440 children aged 18 months or older and receiving Family Start services were enrolled in early childhood education. The result for this measure includes only those children enrolled with licenced early childhood education providers.
Proportion of all parents who received support and have improved their parenting practices[10]	80.0% (No trend available)	New indicator for 2012/2013 Intent: Increasing SKIP supports parents to improve their parenting practices through resources, as well as funding, training, mentoring and capability building of community providers.

10 This measure relates to the Strategies with Kids, Information for Parents (SKIP) initiative.

More people into work and out of welfare dependency

Targeting our services to those who need them most and moving people off welfare and into work will lead to better lives for people and their families.

Welfare Reforms

In 2012/2013, we advanced the Government's programme of welfare reform. This is the biggest fundamental reform in New Zealand's welfare system in 50 years. The changes include taking a long-term investment approach to getting people off welfare and into work.

The reforms modernise New Zealand's welfare system. They aim to reduce benefit dependency, to encourage work and self-reliance, and to provide a safety net and support for those who need it. The investment approach directs resources where they most effectively reduce benefit dependency. We are working with a greater number of beneficiaries, supporting them to gain employment.

Social Security (Youth Support and Work Focus) Amendment Act 2012

The changes made in October 2012 provided a platform for the third phase of the welfare reforms that were introduced in July 2013.

The Social Security (Youth Support and Work Focus) Amendment Act 2012 was implemented during the year. It introduced new part-time and full-time work obligations for some welfare recipients from October 2012. It also introduced:

- new obligations for people who have another child while on a benefit
- financial assistance to help people with the cost of accessing or removing long-acting reversible contraception.

Social Security (Benefit Categories and Work Focus) Amendment Act 2013

The 2013 reforms represented the biggest overhaul of New Zealand's social security system since 1938.

The Social Security (Benefit Categories and Work Focus) Amendment Act 2013 was passed in April 2013. It introduced changes to the benefit system that took effect from 15 July 2013. These changes aim to make the system more simple and more actively work-focused by:

- replacing multiple benefit types with three new benefit categories (Jobseeker Support, Sole Parent Support, and Supported Living Payment) that focus on work for those who are able to work and support for those who cannot work
- clarifying who is expected to be available for work
- introducing a new approach for working with people in the benefit system who are sick or disabled
- ensuring that some clients who are required to look for part-time or full-time work may be required by a potential employer or training provider to take and pass a pre-employment drug test
- introducing powers to stop benefit payments for clients who have an outstanding warrant for arrest in criminal proceedings
- introducing requirements for parents to ensure children in benefit-dependent homes get the best possible start in life.

Preparation for the July 2013 changes

To support the July 2013 welfare reform changes, we focused on developing and testing new delivery processes and changes to our IT systems. This is the single largest benefit-related IT project we have undertaken. It took an investment of $50 million, delivered in three phases over 22 months. The project included:

- 22 newly built or modified applications, including an overhaul to the logic of the benefit payment system
- a team of 340 IT staff working on the change programme
- the first use of fully automated predictive analytics.

Nearly all frontline staff across Work and Income sites received intensive training and development for the October 2012 and July 2013 welfare reform changes and related business learning.

Training covered a range of policy changes and IT systems, the introduction of a new service model, and the development of core case management skills.

We recorded nearly 30,000 individual staff member attendances at workshops and new training products in connection with the reforms. This includes 114 staff members attending mental health programmes and the induction of new case managers.

Investment Approach

We have made significant progress on the development of an investment approach for the benefit system. We have built internal actuarial capability, tested new ways of working with client groups, and completed the first actuarial valuation of New Zealand's benefit system.

The actuarial valuation allows us to pinpoint the drivers of cost in our system. This means we can reduce long-term social and financial costs by targeting resources and effort where they will have the biggest impact.

The actuarial valuation gives an estimate of the future costs of the benefit system. This enables us to understand who needs help, to learn what works, and how to adapt our services.

As at June 2012, the estimate of the lifetime cost of the current beneficiary population was $86.8 billion. Once wider economic factors outside the Ministry's control are removed, the decrease in benefit payments of $141 million contributes to a $3 billion decrease in future liability from the previous year.

In 2012/2013, we built our internal actuarial capability so we can analyse and monitor the cohort drivers of benefit liability. We are using evidence to drive our work practices and developing tools to target services more effectively. For example, our new work-focused case management approach gives intensive one-to-one support to clients who need more help than others to gain employment and who are likely to respond well to the extra support.

New service delivery model

We trialled a new delivery model at 24 Work and Income sites across the country. The new model has three levels of service: general case management, work search support, and work-focused case management. The intensity of service a client receives depends on how much support they need to find work. The new model supports the Investment Approach and was rolled out in all sites as part of the July 2013 welfare reform changes.

Getting People into Work

Job Streams

Sixty-one per cent of Skills for Industry participants either secured paid employment or left benefit for non-work reasons.

Launched on 1 July 2012, Job Streams is a tailored, no-cost recruitment service for employers that covers wage subsidies, training and in-work support. Job Streams supports jobseekers at risk of long-term benefit dependency by helping them move into work.

Job Streams contains two schemes:

- Skills for Industry offers short, industry-focused training to clients for specific job opportunities
- Flexi-Wage is a wage subsidy that supports those at highest risk of staying on benefit into employment. Flexi-Wage Plus has the added option of using funding for other assistance such as training, mentoring or in-work support that will develop the client to do their job.

Seventy per cent of clients who received a Flexi-Wage subsidy remained off the benefit.

Partnerships with industries and employers

The Skills for Industry component of Job Streams involves us working in partnership with industry, employers, training organisations and other government agencies to meet employers' needs and to provide job opportunities for our clients. We have industry partnerships in a range of sectors including retail, hospitality, construction, office administration and contact centres.

Highlights during 2012/2013 included the following.

- Downer, an international infrastructure company, used Skills for Industry funding to train and place nearly 100 Work and Income jobseekers into employment.
- An onsite Work and Income work broker based at Hawkins Construction in Christchurch helped place approximately 100 jobseekers into construction-related positions.
- A partnership with the Wellington City Council and Hawkins Construction has employed 10 former clients on a project to refurbish 2,300 council apartments. We expect more clients to gain work on the project as it expands in 2013/2014.

Benefit numbers

In 2012/2013, we have seen encouraging results from our focus on reconnecting clients with the labour market and moving them off a main benefit.

The number of clients remaining on a benefit longer than 12 months reduced from 78,158 to 74,559, a decrease of 4.6 per cent.

Working-age benefit numbers reduced by 12,784. The number of long-term clients (those on a benefit for more than 12 months) reduced by 3,599. This is a significant achievement, given that the impact of the welfare reform programme on benefit numbers will not begin to be realised until 2013/2014.

The most significant change was in the number of clients receiving a Domestic Purposes-related benefit. At the end of June 2013, Domestic Purposes Benefit (DPB) numbers were 104,446, compared to 112,260 at the same time last year. Of particular note was the reduction in the number of DPB – Sole Parent clients. For the year ended 30 June 2013, the number of DPB – Sole Parent clients reduced by 7,347 (7.5 per cent). This is the largest reduction since digital recording began in 1996.

Progress towards Better Public Services Result 1

We are responsible for achieving Better Public Services Result 1: Reduce the number of people who have been on a working-age benefit for more than 12 months.

During 2012/2013, we have been tracking our progress towards the target for this result:

- Reduce the number of people continuously receiving working-age benefits (new Jobseeker Support) for more than 12 months by 30 per cent, from 78,000 in June 2012 to 55,000 by June 2017.

During the year, the number of people receiving a working-age benefit for more than 12 months reduced by 3,599 (4.6 per cent) to 74,559 at 30 June 2013, compared to 78,158 at the same time in the previous year.

2012–2015 Statement of Intent Performance Indicators

More people into work and out of welfare dependency

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Fewer clients are reliant on welfare		
The proportion of clients who get work before they require a benefit	39.7% (No trend available)	New indicator for 2012/2013 Intent: Increasing During 2012/2013, 40,969 out of 103,170 clients (almost 40%) who participated in pre-benefit activities did not require a benefit within 28 days.
The proportion of clients who are working part-time	7.8% (No trend available)	New indicator for 2012/2013 Intent: Increasing During 2012/2013, out of a total of 143,164 jobseekers[11], 11,108 clients (almost 8%) reported earnings of $100 or more a week.
The proportion of clients who cancel their benefit and exit into employment	13.9% (No trend available)	New indicator for 2012/2013 Intent: Increasing During 2012/2013, out of a total of 547,163 jobseekers who would potentially transition to Jobseeker Support but cancelled their benefit, 76,230 (almost 14%) went into employment.
The proportion of clients that are work ready	12.5% (No trend available)	New indicator for 2012/2013 Intent: Increasing During 2012/2013, 12.5% of clients who would potentially transition to Jobseeker Support were work ready. Out of a total of 128,608 clients[12], 16,092 were work ready[13].
Intermediate Outcome – Fewer clients require benefit long term		
The number of full-time, work-obligated clients continuously receiving a benefit for more than 12 months[14]	74,599 (No trend available)	New indicator for 2012/2013 Intent: Decreasing During 2012/2013, the number of full-time work-obligated clients continuously receiving a benefit for more than 12 months reduced from 78,158 to 74,559, a decrease of 3,599 (4.6%).

11 Total jobseekers (including spouses).

12 Total jobseekers (excluding spouses).

13 The Low Likelihood of Long Term Benefit Receipt (LLTBR) rating is used as a proxy to measure work-ready clients.

14 This replaces the indicator in the Ministry's 2012–2015 Statement of Intent that reads "the proportion of clients who remain on a working-age benefit for longer than 12 months". The indicator was replaced to reflect the intent of Better Public Services Result 1: Reduce the number of people who have been on a working-age benefit for more than 12 months.

More young people are in education, training or work

We will keep young people engaged and active in their communities by supporting them to be involved in education, training and employment.

Implementing welfare reforms

The introduction of welfare reform legislation means we are doing more to support young people back into education, training or work-based learning.

Supporting young people

Our focus on young people is an integral part of the Welfare Reform package. We aim to stop young people drifting onto welfare and to increase the proportion of 18-year-olds gaining NCEA Level 2 or equivalent qualification. By stepping in early and targeting services where they will make the most difference, we aim to keep young people active in their communities and engaged in education, training or work-based learning.

Welfare Reform Phase 1

Youth at high risk of long-term benefit dependency are a main focus of the first phase of Welfare Reform introduced by the Social Security (Youth Support and Work Focus) Amendment Act 2012.

New Youth Service

In August 2012, we launched the Youth Service, which transforms the way we support disengaged young people. The Youth Service is offered through youth-focused community providers or specialist youth case managers. It includes one-on-one mentoring to get disengaged youth back into education or training, plus tools and support for managing money, budgeting, parenting and life skills.

Approximately 6,000 young people were enrolled in the Youth Service (NEET).

Two separate services make up the Youth Service:

- The Youth Service (Youth Payment and Young Parent Payment) is for 16 to 18-year-olds who receive financial assistance from Work and Income.
- The Youth Service (NEET[15]) is for 16 and 17-year-olds who are not in education, employment or training, or who are at risk of being NEET.

Supporting teen parents

More than a third of sole parents on the former Domestic Purposes Benefit became parents as teenagers. Almost half of those had no formal school qualifications. We know that vulnerable teen parents often have high and complex needs that require wrap-around support. Throughout the year, Teen Parent Intensive Case Workers have helped young parents by linking them to the support they need to stay in or to reconnect with education, prepare for future employment, and prevent unplanned pregnancies.

Nineteen Intensive Case Workers were each working with at least 15 teen parent families at any one time throughout 2012/2013. These case workers provided advice and support on housing, healthcare, parenting and income issues. They also supported teen parents to re-engage with education, training and employment.

In addition to this, we provided Volunteer Neighbourhood Support and Parenting Support for Teenage Fathers.

15 Not engaged in Education, Employment or Training.

Supporting at-risk teenagers

We have a clear expectation young people should be in school or training. In August 2012, we started sharing data with the Ministry of Education to help identify young people aged 16 to 17 years who are disengaged from school or training and who are likely to benefit from early intervention.

School-leaver information from the Ministry of Education is used by community-based Youth Service providers to contact 16 and 17-year-old school leavers and to offer voluntary support to get them back into education or training. This is an example of how agencies working together can create better support and results for at-risk young people.

We are working in partnership with the Ministry of Education to help young people stay in education or training.

Youth programmes

Limited Service Volunteer

Limited Service Volunteer (LSV) is a partnership programme between the Ministry, the New Zealand Defence Force and the New Zealand Police. LSV is a six-week, voluntary training programme targeted at 18 to 25-year-olds who are on a benefit and who are at risk of long-term unemployment. It aims to increase the number of young people entering employment by improving participants' self-discipline, self-confidence, motivation and initiative.

In 2012/2013, of the 1,466 young people who participated in LSV, 50 per cent went into work or training and 8 per cent were no longer on the benefit.

Sussed

The Sussed programme guides senior secondary school students through the key things they need to consider before undertaking tertiary study. This includes the courses they choose, the cost, their career opportunities, likely remuneration, and market needs now and in the future. An online version of Sussed is available on the StudyLink website to help anyone considering tertiary study.

In 2012/2013, StudyLink delivered 453 Sussed presentations in 318 secondary schools in New Zealand.

2012–2015 Statement of Intent Performance Indicators

More young people are in education, training or work

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More young people are engaged in education, training or employment without needing a benefit		
The proportion of Youth Service (Youth Payment) recipients or Youth Service (NEET) participants, who are granted a main benefit within three months of exiting either service	42.7% (No trend available)	New indicator for 2012/2013 Intent: Decreasing Since the implementation of the Youth Service in August 2012, 596 clients were granted a main benefit within three months of leaving the service.
The proportion of Youth Service (NEET) participants, who are in full-time education, approved training or work-based learning, leading to at least an NCEA Level 2 qualification	53.5% (No trend available)	New indicator for 2012/2013 Intent: Increasing In 2012/2013, 1,396 Youth Payment or NEET clients left the Youth Service since it was implemented in August 2012. Of these 596 were granted a main benefit within three months of leaving the service.

More young people contribute positively to their communities

We support young people to play a positive role in their communities and to become active citizens with a voice in the decisions that affect them.

Prime Minister's Youth Mental Health Project

The Prime Minister's Youth Mental Health Project aims to provide earlier and significantly better help for young people with mental health issues.

In 2012/2013, we led eight of the 22 initiatives in the Prime Minister's Youth Mental Health Project. These included the Youth Referrals Pathway Review, the Social Media Innovations Fund, and the Information for Parents, Families and Friends fund initiative.

Youth Referrals Pathway Review

In schools, online, in families and communities, and in the health system, we are driving new work to support young people with mental health issues.

Alongside the Ministries of Health and Education, we looked at how to improve the way young people with mild to moderate mental health issues are referred to the help they need. The Youth Referrals Pathway Review found common issues across all the sectors. We need to be more aware of mental health issues and the services that can help. We also need to increase the availability of services to refer a young person for support or treatment.

Social Media Innovations Fund

The Social Media Innovations Fund (SMIF) is a two-stage project that uses social media technology to improve the mental health and emotional wellbeing of young people.

The SMIF project began on 13 November 2012. In the first stage, $100,000 in grants was awarded to five existing projects, including Phobic Trust's mood diary mobile application which allows young people to monitor their anxiety levels.

The second stage, LIFEHACK, was launched on 28 February 2013. Around 100 young people were brought together in Auckland, Wellington, Christchurch and Dunedin to develop social media solutions to improve mental wellbeing services for their peers.

Information for Parents Families, and Friends

The Information for Parents, Families and Friends fund opened in late 2012. It supports non-government organisations to improve the quality and accessibility of information for parents, families and friends of young people with mental health issues.

The first stage of the joint strategy, a website, will be launched early in 2014.

Five organisations – the Mental Health Foundation, Youthline Auckland, Skylight, Curative NZ, and Innovative Change – have received funding to develop a joint strategy to improve the quality of, and access to, information about youth mental health for parents, families and friends.

Increasing youth engagement

Preparation for Youth Parliament 2013

We organise a Youth Parliament every three years. In 2012/2013, we prepared for a Youth Parliament that was held on 16 and 17 July 2013.

Youth MPs are selected by Members of Parliament. They have the opportunity to debate legislation, sit on select committees, and ask Parliamentary Questions of Cabinet Ministers. Youth Press Gallery members are also recruited with the help of the Parliamentary Press Gallery.

To oversee the planning for Youth Parliament 2013, we set up a Multi-Party Parliamentary Steering Group in August 2012. This included representatives from all political parties.

Youth 2012 Survey

To learn young people's views on a range of health and wellbeing issues, we carried out a national survey of New Zealand secondary school students. The survey is carried out every five years by the University of Auckland and is funded by seven government agencies, with the Ministry being the largest contributor.

Our youth policies are underpinned by previous national youth surveys conducted in 2001 and 2007.

The main findings from the Youth 2012 Survey were released in August 2013 and will be used to inform future policy development.

Youth Count

We worked with Statistics New Zealand to ensure more young people took part in the New Zealand Census on 5 March 2013.

We developed a resource called Youth Count. The resource helps those who work with young people outside school to explain and promote the importance of the Census and the impact it has on communities.

Active Youth Citizenship survey in Dunedin

In October and November 2012, we asked 301 Dunedin young people aged 13 to 18 years about the ways they would like to help make their communities better and safer places.

We are working on an Active Youth Citizenship project in Dunedin, alongside Otago Neighbourhood Support and the Human Rights Commission.

The young people completed an online survey and took part in focus groups. Their information helped create recommendations in a report on how Dunedin young people would like to contribute as active young citizens.

Youth Fund 2013

The Youth Fund provides one-off grants from $2,000 to $7,000 for community projects aligned with our Active Youth Citizenship initiative. The projects must be designed and led by young people aged 12 to 24 years or by youth organisations in partnership with young people.

In the 2012/2013 funding round, 147 applications were received in September 2012, of which 49 were recommended for funding by the Youth Fund selection panel. The 49 funded initiatives were delivered between 1 January 2013 and 30 June 2013, resulting in 4,702 young people being involved across various initiatives.

2012–2015 Statement of Intent Performance Indicators

More young people contribute positively to their communities

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More young people are engaged in and contribute to their communities		
More young people involved in community-based projects and activities including the Youth Fund and Youth Development Partnership Fund	39,127 (No trend available)	New indicator for 2012/2013 Intent: Increasing This indicator is measured through participants' feedback following the completion of a programme or service where practicable.
Intermediate Outcome – More young people are involved in decision-making		
More young people involved in decision-making activities including youth consultations and youth councils	4,910 (No trend available)	New indicator for 2012/2013 Intent: Increasing This indicator is measured through participants' feedback following the completion of a programme or service. In 2012/2013, there was an increased demand for consultations with young people in the Central South and Southern regions.

Fewer children and young people commit crime

Young people who commit offences should be held to account, but they also need the right support and interventions to address their offending behaviour and turn their lives around. We will help young offenders get back on track towards productive adult lives.

Programmes and services for young people

Fresh Start

In 2012/2013, the number of young offenders participating in Fresh Start programmes included:

- 252 low-level offenders in community youth development programmes to develop positive social attitudes, values and behaviours
- 600 in mentoring programmes that provided individualised and intensive support and guidance
- 326 in parenting education programmes to develop parenting skills
- 402 in community day programmes and 74 in residential programmes to help with alcohol or drug addictions
- 178 on Supported Bail with intensive community-based support and services to reduce the likelihood of offending on bail and a subsequent remand to a Youth Justice Residence.

The Fresh Start programme targets young offenders, holds them accountable for their offending and manages the risk of them reoffending in their communities.

Structure and routine for offenders

Military-Style Activity Camps

In 2012/2013, 28 young people successfully completed a Military-Style Activity Camp (MAC) programme as part of their Supervision with Residence Order.

The MAC programme involves:

- a residential phase, including a wilderness camp and interventions to address the young person's individual needs
- a community phase, with ongoing support for the young person and their family.

MACs were introduced in 2010 to provide the Youth Court with an option for dealing with the most serious young offenders, who would otherwise be sent on to the adult justice system.

This year we enhanced the MAC programme by:

- adding a post-release development programme to support the young person's transition back into their home community
- ensuring all young people are offered mentoring support and are linked with a youth employment service on release
- tailoring the length of the Supervision with Residence period so MAC graduates can be released promptly when they complete the MAC phase of their Order
- introducing training in motivational interview techniques for MAC social workers. The process requires accreditation and we are working with the University of Canterbury to complete this.

Underlying causes of offending

A Youth Justice Family Group Conference (YJFGC) is a meeting between a young offender, their family, victims and stakeholders such as the Police, a social worker or a youth advocate. The purpose is to discuss how to address the young person's offending.

The YJFGC process allows us to step in early before offending escalates. Following a Family Group Conference, most young people do not come back to our attention within a year of their offending.

In 2011/2012, 90 per cent of young people and children met their YJFGC objectives, compared with 93.6 per cent in 2012/2013.

In 2012/2013, we held 6,088 YJFGCs. We prepared YJFGC plans for 3,384 children and young people, of whom 93.6 per cent met the objectives of their plans[16]. Victims were identified in 4,206 YJFGCs[17] and took part in 3,019 (72 per cent) of them.

We are currently reviewing our delivery of YJFGCs, looking at:

- new YJFGC standards
- more support and training for Youth Justice co-ordinators, in particular training on the new assessment framework (Tuituia) process
- more victims and other key attendees taking part in Family Group Conferences
- an earlier, more integrated care and protection response to reduce the number of children entering the youth justice system.

Social Services Committee Inquiry into Child Offenders

We led the Government's response to the Inquiry, which was tabled in the House on 12 September 2012.

On 20 June 2012, the Social Services Committee presented the report on its Inquiry into the Identification, Rehabilitation, and Care and Protection of Child Offenders to Parliament.

In response, we developed a new approach to:

- improve the way the Police and Child, Youth and Family work together to identify and manage children at risk of further offending
- ensure children who offend are engaged at school
- make sure communities and families of children who offend have better access to resources to support them
- engage a Triple-One response for children who offend. Each child who offends has one Family Group Conference facilitated by one co-ordinator, and is managed by one social worker.

We have broadened the work of youth justice social workers to include the needs of families, and improved our services to the Family Court and Youth Court.

The results of this approach will become evident over time. We hope to see fewer court proceedings for child offenders and fewer children going on to offend as young people.

We will measure our progress by:

- the number of Family Group Conferences for child offenders
- the number of children who reoffend
- the proportion of child offenders who enter the youth justice system
- the number of child offenders diverted back to the Family Court from the Youth Court.

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16 A YJFGC does not necessarily result in a Family Group Conference plan being agreed on.

17 Not all YJFGCs have an identified victim eg offences involving property damage.

2012–2015 Statement of Intent Performance Indicators

Fewer children and young people commit crime

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More young offenders are in education, training or employment		
Proportion of young offenders who are in education, training or employment following our intervention	56.3% (Increasing)	Intent: Increasing 2011/2012 result: 52.3% A total of 1,634 young offenders received an intervention during the period 1 July 2012 to 30 June 2013. Of these, 920 were in education, training or employment following our intervention.
Intermediate Outcome – Fewer child offenders enter the youth justice system		
Proportion of child offenders who enter into the youth justice system	61.0% (No trend available)	New indicator for 2012/2013 Intent: Decreasing Of the 200 child offenders aged 12 or 13 years in 2009/2010, 122 subsequently had a youth justice referral as 14–16 year olds in 2012/2013.
Intermediate Outcome – Fewer young people re-enter the youth justice system		
Proportion of young offenders who reoffended within one year of a previous offence	37.9% (Steady)	Intent: Decreasing 2011/2012 result: 37.2% A total of 2,386 young people offended during the period 1 July 2012 to 30 June 2013. Of these, 904 were young people who had reoffended within 12 months of their previous offence. This is a full-year result compared to nine months in 2011/2012.
Proportion of young offenders whose reoffending within one year has reduced in severity	16.2% (Decreasing)	Intent: Increasing 2011/2012 result: 19.6% Of the 904 young offenders who reoffended within one year: – 16.2 per cent (146) reduced their severity of reoffending – 16.6 per cent (150) increased their severity of reoffending – 50.8 per cent (460) had the same severity – 16.4 per cent (148) had multiple reoffending with a mix of reduced/increased/same severity.
Intermediate Outcome – More young offenders are aware of the impact of their offending		
Proportion of victims participating and engaging in Family Group Conferences improves	58.5% (No trend available)	New indicator for 2012/2013 Intent: Increasing Of the 10,625 (92%) victims who were contacted before a Family Group Conference, 6,213 attended, provided a submission, or had a representative at the Family Group Conference.

Fewer people commit fraud and the system is fair and sustainable

We take all forms of fraud seriously. We will continually review and adapt the measures we have in place to prevent, detect and investigate internal and external fraud.

Maintaining the integrity of our service

Fraud reforms

In early 2013, the Government announced new measures to make fraud more difficult to carry out, and easier to detect and recover.

In 2012/2013, we continued to strengthen the Ministry's approach to welfare fraud with a programme of reforms. We are making sure that social assistance goes only to those who are eligible and applicants understand their obligations.

In February 2013, the Social Security (Fraud Measures and Debt Recovery) Amendment Bill was introduced into the House. Changes in this Bill will provide us with more tools to ensure those convicted of fraud pay their debt. Partners of clients committing relationship fraud will also be held to account when the non-beneficiary partner has gained advantage from fraud they knew of or ought to have known of.

New measures

As at 30 June 2013, 11 multi-agency cases were under investigation in the WFCAP.

We have made several significant changes to strengthen our action on fraud.

- The Welfare Fraud Collaborative Action Programme (WFCAP) takes a proactive multi-agency approach to fraud. It uses the tools and resources of all agencies involved, to identify and investigate people committing fraud.
- Since 15 July 2013, we have been working on benefit eligibility relationship rules for implementation in 2013/2014.
  - We provide clients with more online information before they apply, including relationship status rules and potential benefit eligibility.
  - We ask people applying for Sole Parent Support to provide details of a third person who can confirm their relationship status.
  - We check clients understand how relationships can affect their benefit eligibility and what they need to do if their circumstances change. This includes follow-up meetings.
- The Code of Conduct for obtaining information under section 11 of the Social Security Act 1964 has been changed, removing the need to notify a beneficiary they are under investigation.

Benefit fraud prosecutions

We established $26 million of fraud debt and we recovered more than $3 million in 2012/2013. The total balance of fraud debt owed to the Crown is $128 million.

Where we find evidence of fraud, we prosecute. In 2012/2013, we completed 979 benefit fraud prosecutions. Of these, 96 per cent were successful. These cases can cover more than one fiscal year due to the time lag between a completed investigation and the final court decision.

Information sharing with Inland Revenue

We put in place a new way of sharing information with Inland Revenue during 2012/2013. It helps us to detect welfare fraud and to identify more quickly the correct benefit entitlement for clients earning income.

The first information share was in March 2013. We now receive income and employer information from Inland Revenue for all working-age people in receipt of a benefit. This tells us earlier and in more detail about clients' changes in employment and income. Over time we expect that our information-sharing arrangement will:

- allow near real-time assessment of people's correct entitlement to social assistance because we will have up-to-date information on the income they are earning
- result in fewer errors by staff and less compliance work for both clients and the Ministry.

As at 30 June 2013, information sharing helped us to identify 3,000 clients no longer entitled to assistance.

Data matching

We match information with other agencies to ensure that people are entitled to the support they receive. Data matching helps us to identify clients receiving benefits/allowances to which they are no longer entitled.

In 2012/2013, there were 10 different data matches across six government agencies.

2012–2015 Statement of Intent Performance Indicators

Fewer people commit fraud and the system is fair and sustainable

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Fewer people are able to commit fraud		
The number of people who reoffend	28 (No trend available)	New indicator for 2012/2013 Intent: Decreasing Reoffending is defined as when a person has been successfully prosecuted in 2012/2013 and in previous years since 2004/2005.
Intermediate Outcome – Fewer fraud overpayments are made		
The volume of cases with overpayments over $100,000	92 (No trend available)	New indicator for 2012/2013 Intent: Decreasing Individuals investigated who have had an overpayment established of $100,000 or more during the year.
Intermediate Outcomes – More fraud overpayments are recovered, fraud is detected sooner		
The average value of fraud overpayments	$34,500 (No trend available)	New indicator for 2012/2013 Intent: Decreasing The average value of fraud overpayments is based on the fraudulent overpayments for successfully prosecuted cases in a particular year. In 2012/2013, there were 935 successful prosecutions[18] with a total overpayment value of $32.3 million.

18 These fraud overpayments come from more than one year due to the lag between a completed investigation and the final court decision.

More efficient and effective allocation of government resources to meet community needs

We will drive positive results for vulnerable families, children and young people by targeting funding to community initiatives that respond most effectively to Government priorities.

Investing in Services for Outcomes

We are moving towards a more streamlined approach to contracting.

Investing in Services for Outcomes (ISO) is a way to support our initiatives to improve outcomes for children, families, whānau and communities alongside our providers. ISO will create:

- more clarity about our funding decisions
- more stability through longer-term contracts
- flexible funding approaches
- support for the social sector to work together better and more often.

All of this will support our providers to focus more on their core purpose of supporting people and communities, and less on managing and administering contracts.

In 2012/2013, we worked to:

- embed a streamlined and consistent contracting approach
- support Ministry-funded organisations to become stronger, more sustainable and work collectively for more impact
- develop a cross-Ministry investment framework to guide funding decisions, and to improve people's access to services that make a lasting difference.

This year, we developed a single cross-Ministry contract and a single streamlined monitoring and reporting framework for providers receiving more than $1 million a year. These providers account for half of our social service funding. We also appointed a lead relationship manager for each organisation and developed agreed plans for working together in the future.

We distributed $8.6 million to help organisations to assess their capability and to develop action plans.

In 2012/2013, we implemented an Approvals Framework for all providers and an Organisational Capability Framework.

We are now developing a Strategic Investment Framework to guide funding decisions across service lines. This will help us to invest in the programmes and services that make the biggest demonstrable difference. The Strategic Investment Framework will be completed by December 2013.

Housing Needs Assessment

In April 2013, Cabinet agreed the assessment of eligibility for social housing will transfer from the Housing New Zealand Corporation to the Ministry of Social Development from 14 April 2014. This will create an independent view of people's housing requirements. It will also enable the Ministry to gain a more comprehensive view of people's social support needs.

The social housing reforms will help to ensure healthy, suitable and affordable housing for those most in need.

This transfer, together with the extension of the Income Related Rents Subsidy to social housing providers other than the Housing New Zealand Corporation, is part of a suite of changes. The reforms aim to improve the diversity and effectiveness of social housing so healthy, suitable, affordable housing is available for those most in need.

We are working closely with the Housing New Zealand Corporation on a transfer plan and service delivery model. Service design options were presented to the Minister of Finance, the Minister of Housing and the Minister for Social Development in August 2013.

E Tu Whānau

On 20 May 2013, the Hon Tariana Turia, Associate Minister for Social Development, launched the E Tu Whānau – Programme of Action for Addressing Family Violence 2013–2018. Our Maori Reference Group developed E Tu Whānau, building on the Programme of Action 2008–2013.

E Tu Whānau is a framework within which Te Ao Māori and the Government can continue to work together to address issues of violence for whānau.

We also launched tools to support ownership and action within Te Ao Māori. This has been well received by iwi leaders.

Pasefika Proud campaign

The Pasefika Proud campaign is a strengths-based approach promoting wellbeing by preventing violence in Pacific families and communities. The campaign addresses family violence under the Pasefika Proud Programme of Action. This work is led by the Pacific Advisory Group (PAG) and the Taskforce for Action on Violence within Families.

The campaign promotes the key message: Pasefika Proud – Our Families, Our People, Our Responsibility. It encourages Pacific communities to take ownership of the issue of violence.

In 2012/2013, Pasefika Proud was the naming sponsor for the Pacific Music Awards 2013. The event promoted key messages to Pacific audiences at the venue and on television. Alongside Niu FM, Pasefika Proud was a strong presence at the secondary schools PolyFest competition in Auckland, reaching up to 90,000 students.

Response to family violence

It's Not OK!

The campaign It's OK to Help won the Prime Minister's Award for the second time at the 2013 IPANZ's Gen-i Public Sector Excellence Awards.

It's Not OK! is a community-driven campaign to reduce family violence in New Zealand. Its goal is to change attitudes and behaviours that tolerate any kind of family violence.

In 2012/2013, the campaign continued to work in partnership with sports clubs, employers, councils, iwi and social service organisations all over New Zealand to support community action against family violence. Nearly all the partners surveyed agreed the campaign created an environment that made community action easier. In 2011, at least one in three people reported taking action as a result of the campaign. These figures were higher for Māori (50 per cent) and Pacific peoples (45 per cent).

At the IPANZ Gen-i Public Sector Excellence Awards on 3 July 2013, our campaign It's OK to Help won the Public Sector Communications category and took the Prime Minister's Award. This is the second time the campaign has received the supreme award, an unprecedented achievement. Judges praised the campaign for outstanding innovation and vision, and for the results it has achieved for one of New Zealand's most complex social problems.

Think Differently

The Think Differently campaign is a key initiative of the Government's Disability Action Plan. The campaign contributes to national initiatives, and funds small community projects that promote positive attitudes and behaviours towards disabled people. It aims to increase opportunities for, and the participation of, disabled people in all aspects of community life.

The Making a Difference Fund supported 23 community-driven projects to promote positive attitudes and behaviours towards disabled people.

Social change takes time to achieve. An increase in funding for 2013–2015 extends the campaign with an increased focus on Māori, Pacific and migrant communities.

Seniors

Elder abuse

We support community responses to elder abuse through Elder Abuse and Neglect Prevention services.

Working in partnership with Age Concern New Zealand, the New Zealand Police, the Ministry of Health, and the Commission for Financial Literacy and Retirement Income, we have developed an action plan to widen the community's understanding of elder abuse and neglect.

To raise awareness and educate people about elder abuse and neglect issues, we worked alongside Age Concern New Zealand to develop a media plan. The plan seeks opportunities for the Minister for Senior Citizens to raise the issues, such as appearing on TV ONE's *Breakfast* show.

We worked with the media, providing information and organising activities in the lead up to World Elder Abuse Awareness Day on 15 June 2013.

New Zealand Carers' Strategy Action Plan

In March 2013, the Cabinet directed the Ministry to consult carers on a new draft Carers' Strategy Action Plan for 2013 to 2018. Meetings and focus groups with carers were scheduled for Wellington, Auckland, Hamilton and Christchurch, and consultation was planned with the Carers Alliance and the Disabled Persons Assembly in Wellington.

It is intended the new Action Plan will be finalised for Cabinet approval in late 2013.

Reducing isolation for older people

We are supporting community groups in Napier to address social isolation among older people. The Napier Connects initiative is an umbrella for community-led activities and projects that promote the benefits to older people of staying engaged with their families and community by continuing to participate in a wide range of activities.

In early September 2013 a toolkit was developed to address social isolation among older people in communities.

2012–2015 Statement of Intent Performance Indicators

More efficient and effective allocation of government resources to meet community needs

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More communities are better able to support themselves		
Proportion of providers who deliver on all contracted results	49.2% (No trend available)	New indicator for 2012/2013 Intent: Increasing In 2012/2013, the total number of contracted providers sampled was 490, of which 241 met all the results outlined in their respective contracts.
Number of communities funded by need and population	12 (No trend available)	New indicator for 2012/2013 Intent: Increasing The result for this measure is based on the number of communities where community-based solutions are developed by community response forums.

More people interact with the Ministry in a digital environment

We are taking advantage of technology to increase our efficiency while better matching the needs of our clients.

Enhancing service channels

This year we used mobile and social media to extend the reach and capability of our service channels. This offers more choice for our clients and partners. We also enhanced our channels in several ways.

- We extended voice recognition technologies so people can register their voice print to access some self-service functions, including collecting wage data.
- We have been using the iGovt logon for MyStudyLink (student self-service) since August 2012. This allows students to use the same logon across all agencies in the iGovt programme. We prepared for the transition from the iGovt to the RealMe logon service, which occurred in July 2013.

By 30 June 2013, 224,674 students had set up iGovt logons.

- We put in place district health board iGovt logons for Gateway Assessments.
- We developed a digital iBook version of the Ministry's *Rise* magazine. This application is downloadable from the Apple iTunes store. The *Rise* iPad application updates itself when a new issue is available and stores previous issues. It is the first step as we look for more ways to make *Rise* easier for more people to reach and read on mobile devices, PCs or laptops.
- We are developing a new mobile application platform that will allow more applications to be used by clients (eg MyStudyLink) and staff. This will be available in 2014 with applications for the platform being built at the same time.

Matching the needs of our clients

Family Services Directory

The Family Services Directory helps people find the family support services and organisations they need wherever they are in New Zealand. It is an online directory of family support services, with 5,770 providers listed as of 30 June 2013.

In 2012/2013, we improved the directory's search function to make it easier for people to find the right services in their community. We also enhanced online access for providers to review their information.

The Family Services Directory supports our ISO initiative by listing ISO Capability Mentors, providers of Youth Service – NEET/Youth Payment services, and drug-testing agencies.

Online channels for older people

To cater for the rapidly growing internet-savvy older population, we have provided an online self-service channel for NZS applications.

Online self-service applications are streamlining the New Zealand Superannuation (NZS) application and approval process. In the year ended 30 June 2013, 32 per cent of NZS applications were submitted online, compared with 29 per cent for the year before.

Regular email updates to around 168,000 NZS clients and SuperGold cardholders tell people about annual payment increases, health and wellbeing-related issues, legislative changes affecting older people, and special offers from SuperGold Card business partners.

Extending SuperGold Card

The SuperGold Card helps older New Zealanders participate in their communities. It offers concessions such as free off-peak public transport and discounts from a range of businesses, including those in the health and wellbeing sector. The number of business partners has grown rapidly. As at 30 June 2013, the SuperGold Card programme had 5,636 business partners, operating from 10,103 outlets throughout New Zealand.

SuperGold Card now has 53 per cent more business partners than a year ago, offering discounts in more than 10,000 outlets.

Further enhancements to the website in 2012/2013 enabled users to search for discounts more easily and create and print a personal discount directory.

2012–2015 Statement of Intent Performance Indicators

More people interact with the Ministry in a digital environment

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More clients are using a wider range of services online		
The proportion of people[19] taking up online services	32.0% (Increasing)	Intent: Increasing 2011/2012 result: 28.9% The percentage of the Ministry's senior clients taking up online services has increased from 29 per cent in 2011/2012 to 32 per cent in 2012/2013.
The proportion of clients applying for a benefit online	31.7% (No trend available)	New indicator for 2012/2013 Intent: Increasing As at the end of June 2013, of the 847,666 total benefit applications received by Work and Income, 268,770 were lodged online.
Intermediate Outcome – Transactions with the Ministry will be more convenient for clients		
The proportion of students applying for student support online	96.6% (No trend available)	New indicator for 2012/2013 Intent: Increasing In 2012/2013, 96.6 per cent of students applied for their Student Loan or Student Allowance online. Given the high percentage already achieved for this indicator, in 2013/2014, the intent of the indicator in the 2013–2016 Statement of Intent has been changed to 'maintaining' rather than 'increasing'.
More students access their 'MyStudyLink' e-accounts using smart applications	No result available	New indicator for 2012/2013 Intent: Increasing During 2012/2013, a Ministry-wide mobile application was developed. The StudyLink application is being built on this enterprise platform. The options and technical requirements for the StudyLink mobile application have been determined and the development of a business case has commenced. This will be advanced in 2013/2014.

19 Refers to people aged 65 years and over.

Helping Canterbury to recover

Helping Canterbury to recover from the earthquakes provides us with challenges and opportunities. We are committed to playing our part in the recovery and rebuilding of Christchurch and helping Cantabrians to get their city back on its feet.

Providing temporary accommodation

More than 350 households were temporarily housed in the three government-supported villages.

Canterbury Earthquake Temporary Accommodation Service

The Canterbury Earthquake Temporary Accommodation Service (CETAS) is an essential part of the Government's earthquake recovery programme. It contributes to the rebuilding and economic and social recovery of Canterbury.

We worked in partnership with the Ministry of Business, Innovation and Employment to deliver CETAS. The service provides financial assistance, temporary accommodation assistance and a support service to households affected by the earthquakes.

Key highlights for the year included the following.

- The Rawhiti Domain Temporary Accommodation Village opened in July 2012 providing 20 new government-supported temporary units, bringing the total number of units to 83.
- Partially furnished units were trialled at the Rawhiti and Linwood temporary accommodation villages.
- The CETAS website launched an accommodation portal where landlords can list their property or room on the website at no cost. The portal enables people to search for rooms and other properties, and to contact landlords directly before they contact CETAS for temporary accommodation assistance.

Integration of government accommodation

Christchurch Integrated Government Accommodation project

The Property Management Centre of Expertise has a functional leadership role to co-ordinate agencies' needs in the Christchurch central business district (CBD). The Christchurch Integrated Government Accommodation (CIGA) project physically co-locates government agencies so they can work together, deliver joined-up results and support the revitalisation and rebuilding of the Christchurch CBD.

Durham Street Front of House initiative

The Durham Street site co-locates Inland Revenue, StudyLink, Work and Income, and Child, Youth and Family.

In February 2013, we opened a purpose-built, New Zealand government-branded site in Christchurch. The Durham Street Front of House initiative features a new cross-agency design, shared facilities and services. The benefits are expected to include:

- reduced administration costs due to collaborative service provision
- the ability to test services across multiple government agencies
- easier online transactions for clients, resulting in an increased shift to the digital environment
- better experiences for clients, with seamless services from multiple agencies in one place.

Joined-up employment services

Canterbury Skills and Employment Hub

The Canterbury Skills and Employment Hub opened in mid-November 2012. The Hub is a partnership between the Ministry of Social Development, the Ministry of Building, Innovation and Employment, the Canterbury Earthquake Recovery Authority (CERA), and the Tertiary Education Commission.

As at 30 June 2013, 1,092 employers were registered with the Canterbury Skills and Employment Hub.

The Hub aims to ensure New Zealanders get first access to jobs in the rebuilding of Christchurch. Employers can use the Hub's website to upload vacancies and check for suitable candidates.

The Hub has been well received. Growing numbers of employers and jobseekers are registering.

Addressing the needs of vulnerable clients

In 2012/2013, we ensured that clients living in Christchurch's red zone knew about the support available to them, by working alongside CERA, CETAS and the Housing New Zealand Corporation. We contacted more than 300 clients, working with the Earthquake Support Co-ordinator Service and advocating on behalf of clients to the Housing New Zealand Corporation.

We also worked with CERA, the New Zealand Red Cross, the Christchurch City Council and the Canterbury District Health Board on the Community Wellbeing Planning Group. We provided information on the needs of vulnerable clients. We also worked with power companies as part of the Winter Resilience campaign.

Providing funding support

Canterbury Social Support Fund

The Canterbury Social Support Fund gives continued social services support for the people of Canterbury recovering from the Canterbury earthquakes. In 2012/2013, we made approximately $2 million of contestable funding available.

More than 16,000 individuals and families were supported by the Canterbury Social Support Fund.

The fund also provided discretionary funding for organisations to strengthen their community-based support for families.

Organisational Management

Maintaining performance integrity

Integrity is at the core of how we work. It is vital the people of New Zealand have trust and confidence in the integrity of our staff and the services we deliver.

The Leadership Team

The Leadership Team meets weekly to discuss Ministry-wide issues.

Our Leadership Team is made up of the Chief Executive, eight Deputy Chief Executives, the Director of the Chief Executive's Office, and the Chief Policy Advisor. To lift our Ministry-wide direction and leadership to a more strategic level, we adjusted our governance arrangements in March 2013. These arrangements include:

- Leadership Team Governance meetings, which focus on Ministry-wide strategic decision-making to ensure sufficiency, momentum and balance across the Ministry's portfolios
- Leadership Team Forum meetings, which focus on strategy and topical discussions to ensure the appropriate sequencing of activity through sharing operational and sectoral intelligence
- Corporate Governance Committee meetings, which have delegated responsibilities from the Leadership Team for the oversight and governance of Ministry-wide corporate matters including all corporate services, business units and service lines.

Independent advisory committees

The Chief Executive is supported by the following advisory committees:

The Work and Income Board had two planning days and met 10 times during the year.

The Work and Income Board gives advice and expertise from outside the public sector to test and challenge our thinking as we carry out the Welfare Reform policy changes and introduce the Investment Approach. The Board gives assurance to Ministers on Work and Income's performance, including the design, operation and delivery of the Investment Approach.

The Audit Committee gives independent advice on the Ministry's risk framework and internal controls, including legislative compliance. It also focuses on our internal and external audit functions, financial reporting, other external reporting, and our governance framework and process. The Committee is chaired by one of its three external members.

The Value for Money Advisory Board gives advice and support to the Chief Executive on the Ministry's Value for Money programme. It also focuses on opportunities to embed a culture of efficiency and value for money in our business-as-usual work. The Board is chaired by one of its three external members. One of these external members is a representative from the Treasury.

Ministry advisory committees

The Joint Policy Priority Projects Committee helps our Deputy Chief Executives to actively manage risks and monitor the progress and performance of key cross-Ministry policy projects.

The IT Strategy Group develops the Ministry's information technology strategy and capital plan roadmap to support our overall priorities.

Monitoring the Investment Approach

The Treasury is the external monitor of Work and Income. As part of the new accountability arrangements for Welfare Reform, the Treasury reports quarterly to the Minister of Finance and the Minister for Social Development. This reporting includes the results of the new investment management process. It will keep Ministers informed about our performance in improving long-term employment outcomes and proposed changes in service delivery as we reprioritise our interventions.

Complaints, reviews and resolution of grievances

Historic claims

We are committed to resolving historic claims of abuse or maltreatment related to the State's care of children or young people. We have agreed to provide a strategy to the Minister to bring all historic claims against the Ministry to a close by 31 December 2020.

In 2012/2013, the Historic Claims team received 189 new claims and resolved 109 claims.

At 30 June 2013, a total of 774 claims were current, compared to 694 at 30 June 2012.

Benefit Review Committees

Benefit Review Committees give clients the chance to review decisions that have been made about an application, income support or pension.

Of the 4,605 benefit decisions reviewed in 2012/2013, 28 per cent were referred to a Benefit Review Committee. Of the decisions referred to a committee, 83 per cent were upheld, 7 per cent were changed and 10 per cent were overturned. In 2011/2012, 4,303 decisions were reviewed. Of these 32 per cent were referred to Benefit Review Committees, which overturned 12 per cent of the referred decisions.

Child, Youth and Family complaints system

As part of the Children's Action Plan, the Minister for Social Development commissioned an independent review of the complaints process relating to Child, Youth and Family. The report on the review was presented to the Minister in late June 2013. The report identified options for the future of our in-house complaints system. These options are being considered in 2013/2014.

Chief Executive's Advisory Panel on Child, Youth and Family complaints

The Chief Executive's Advisory Panel provides independent advice to the Chief Executive in relation to Child, Youth and Family complaints which have been unable to be resolved through Child, Youth and Family's complaints process. The Panel is made up of independent members appointed for their credibility, community standing and professional reputation.

In 2012/2013, the Panel received 40 complaints and considered 12 of these. The Chief Executive accepted all the Panel's recommendations on these complaints.

Improving performance management and measurement

Our first PIF review in 2011 identified 14 actions for the Ministry. Of these, 13 had been completed by 30 June 2013.

The Ministry's Performance Improvement Framework

A Performance Improvement Framework (PIF) is an independent review of an agency's fitness for purpose, now and for the future. It looks at the current state of an agency and how well placed it is to deal with issues in the medium-term future. It gives an insight into areas where the agency needs to improve.

The State Services Commission carried out a follow-up PIF review in March 2013. The follow-up review gave us assurance that what we are doing is right and that we are focusing on the right areas. The reviewers noted that we are in a strong position to deliver on the Government's priorities, thanks to committed people and leadership.

We work closely with Central Agencies to improve our outcomes framework and measurement systems.

Output Plan performance

In our Output Plan 2012/2013, we reported against 136 performance measures and achieved or exceeded the expected standard in 128 of these. Twenty-three measures exceeded their standards by more than five percentage points.

We have continued to strengthen our performance framework. Each year we run a Ministry-wide review and invite the Treasury, the State Services Commission, the Office of the Auditor-General and Audit New Zealand to give advice on improving our performance framework. Through this process we developed 36 new performance measures for 2012/2013.

Control and accountability

Our Risk and Assurance group gives advice and assurance to our Audit Committee, the Chief Executive and the Leadership Team. It focuses on the systems, processes and controls the Ministry relies on to deliver effective and efficient services to all New Zealanders.

Each year the group carries out an assurance, advisory and risk programme to evaluate and improve the Ministry's risk management systems, controls and governance processes. This annual work programme is endorsed by the Audit Committee before the Chief Executive's approval.

Risk management

Our risk management approach is well established. The Leadership Team regularly discusses strategic objectives, opportunities, risks and strategies to manage these across the Ministry. In 2012/2013, we reviewed our risk management approach. We put in place a comprehensive programme to further improve our approach and practices. The emphasis was on developing and communicating the Ministry's risk appetite, and refreshing our staff members' understanding of the risk framework, particularly the value of quality risk information to guide good decision-making.

Providing assurance

We carry out a risk-based, targeted assurance programme which includes:

- a planned programme of assurance work to assess whether policies, procedures and control systems are well designed, fit for purpose and operating efficiently and effectively
- a continuous assurance programme around controls to provide early warning about risk or non-compliance issues
- a responsive programme to support key change and improvement initiatives.

Public Records Act Audit

During the year, Archives New Zealand audited our recordkeeping capability, practices, and risks in accordance with section 33 of the Public Records Act 2005. The audit showed we have high levels of maturity in recordkeeping, with a high-level improvement plan in place.

Complying with our legal obligations

Our Legal Services team works with managers throughout the Ministry to ensure our internal policies meet legislative requirements. The team also works with business groups to make sure our staff are aware of our legal requirements and can identify legal risk.

This work is backed by the ongoing monitoring of all policies against legal requirements. Business groups complete legislation compliance checks each year.

Maintaining the integrity of our service

Code of Conduct

Our Code of Conduct provides all our staff members with guidelines and expectations about conduct that will not be tolerated, and the consequences of not meeting expectations.

We have a zero-tolerance approach to the misuse of personal information. This includes the deliberate and unauthorised release of sensitive information to third parties and for pecuniary gain. The consequences for staff members include dismissal and referral to the Police. In addition to any penalty the court may impose, any money fraudulently obtained must be repaid in full.

The Code of Conduct emphasises the four key standards for staff – fairness, impartiality, responsibility and trustworthiness.

Security and privacy

In 2012, there was a security breach with our Work and Income kiosk network. Following the breach, the Chief Executive commissioned two independent reviews by Deloitte. The reviews found there was no systemic problem, but made a range of recommendations for improvement. We are now operating with a much greater awareness of the responsible and professional management of privacy and information security.

We have committed to a broad programme of work to embed best practice and to integrate information security into strategic planning. We recruited a Chief Information Security Officer (CISO) to provide a single point of responsibility for driving information security activity. The CISO is responsible for establishing and maintaining a Ministry-wide information security framework to protect, control and secure our information assets. This includes establishing policies, processes and recommended resourcing.

Security and Integrity Steering Group and work programme

We updated our governance structures to gain clear ownership and oversight of security at an executive level, with the Security and Integrity Governance Committee reporting to our Leadership Team.

In early 2013, we established a Security and Integrity Steering Group. The group reports to the Ministry's Leadership Team on all of the Ministry's protective security measures, including:

- people security, including employee screening, internal fraud and Code of Conduct-related issues
- property and asset security, including security guards
- information security, including paper-based systems and electronic information access controls and defences.

The Group provides oversight, direction and managerial support on security and integrity matters.

This year, we developed a Safe Information Safe Staff programme with more than 80 initiatives. So far we have:

- established a cyber-security standards framework
- hosted a range of staff education activities during Cyber Security Awareness Week in May 2013
- developed content for an IT e-learning module to make sure staff members stay aware of IT security in the workplace.

Managing money owed to the Crown

The cost of collecting each dollar recovered from former clients and non-beneficiaries was $0.17.

In addition to fraud, other types of money are owed to the Crown by our clients:

- Recoverable Assistance Loans for essential items such as school uniforms or washing machines. This year we granted $143 million to clients, which makes up less than 1 per cent of the total benefit spend. The total balance owed is $414 million. Clients repaid $131 million over the year.
- Overpayments can occur when we are told about changes to a client's circumstances after a payment has been made. This year, we established $203 million in overpayments, which makes up just over 1 per cent of the total benefit spend. We recovered $142 million of overpayments in the year.

Organisational health and capability

We are finding better, smarter ways of delivering services for our clients and staff. Our success depends on technology coupled with people with the right skills, abilities and commitment to promote better service. We are committed to continual improvement so New Zealanders will keep getting the help they need in the most simple and effective way possible.

Our people

We employ over 9,500 people – just over 20 per cent of the public service. Our network of 300 locations means we are present in nearly every community in New Zealand.

Our culture

We are committed to an organisational culture that puts people first and supports staff to thrive and do their best work. This year we looked at how well we are achieving this.

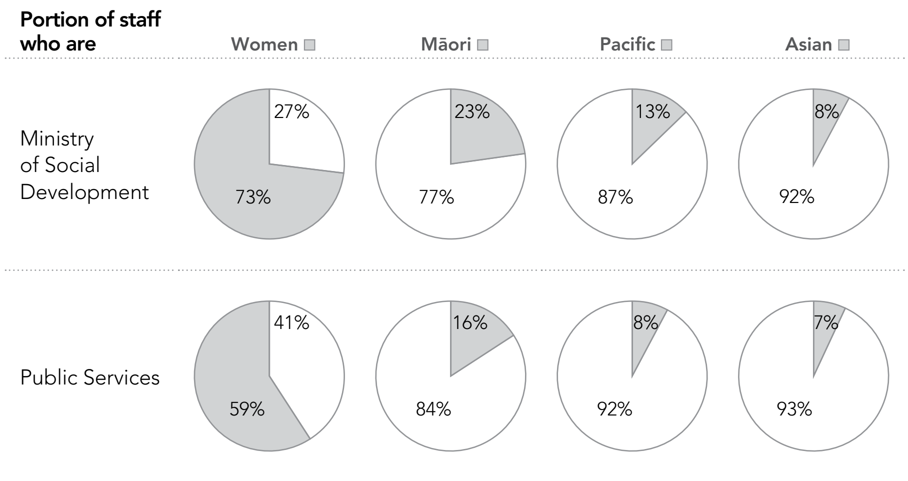
In May 2013, more than 7,000 of our staff members completed the Gallup Q12 survey. This was the fourth time we have undertaken this survey. Our overall score as an organisation was 3.74 out of a possible 5.0. In the last survey in 2012, the overall score was 3.68. The survey helped our Leadership Team understand how our staff members feel about their work and working environment.

To develop our culture, we began the transition to the Human Synergistics culture survey and tools in June 2013. We started with an in-depth survey asking a sample of 1,000 staff members what a great culture would look and feel like at the Ministry. All our other staff members had the opportunity to complete a survey on our current actual culture, what lies behind it, and what effect it has on us and our work. This gives us a comprehensive assessment of our work culture, highlighting where to focus our efforts.

The Human Synergistics survey looked at what culture we want compared to what we have. When we know that, we will work to bridge the gap.

Diversity

We aim to have a diverse workforce that reflects the whole community. The table below shows our diversity compared to the public service as a whole.



Source: MSD and State Services Commision data

Positive and stable industrial relations

Our relationship with the Public Service Association (PSA) through the Modern, Innovative and Productive Public Services Agreement provides a vital and stable industrial relations platform.

In 2012/2013, we successfully renegotiated and settled three collective agreements.

In 2012/2013, we successfully renegotiated and settled three of our five collective agreements. These are:

- the PSA Child, Youth and Family Collective Agreement
- the National Union of Public Employees (NUPE) Child, Youth and Family Collective Agreement
- the PSA Work and Income, and Students, Seniors and Integrity Services Collective Agreement.

Negotiations for the PSA National Office and Ministry of Youth Development Collective Agreement were under way as the 2012/2013 year ended. This Collective Agreement was settled in August 2013.

A key feature of the settlements is they all have terms of three years. This creates a stable platform for the Ministry to introduce and embed government initiatives for better public services and other significant programmes involving changes in the way we work.

We made steady progress throughout the year on a number of working parties and work programmes in which we partnered with the unions. Some programmes were completed and as a result of the various settlements some terms of reference have been enhanced.

Developing our leaders

We build our leadership capability and succession planning using a range of development opportunities.

In 2012/2013, the Ministry offered a number of leadership development opportunities:

- **Emerging Leaders** is designed for high-performing people with the potential and aspiration to move into their first management or leadership role. Since the launch of the Ministry-wide programme in 2009, 140 employees have taken part in Emerging Leaders.
- **Te Aratiatia** supports Māori and Pacific high-performers to move into their first management or leadership role. Since its launch in 2002, more than 125 Māori and Pacific staff members have graduated from Te Aratiatia.
- **Te Aka Matua** currently supports five Māori and Pacific managers who will complete Master's Degrees in Public Management from Victoria University of Wellington in 2013. A further intake will take place in late 2013.
- **MSD Study Awards** fund staff and managers to do university study, leadership programmes or fact-finding visits to other authorities. Up to 10 awards are available each year.
- **The Team Leader Programme** is a suite of five workshops providing first-time team leaders with core management and leadership skills.

Developing specialist expertise

Child, Youth and Family social workers

At 30 June 2013, 1,162 of our staff members were registered social workers, an increase of 123 from the previous year. A further 42 social workers achieved competency, a pre-requisite to registration. We had 145 social workers working towards competency, and 28 staff members working towards a Bachelor's or higher degree in social work.

Our goal is for 100 per cent of our frontline social work staff to be registered social workers.

We introduced a new graduate programme pilot which better supports social workers in their first year of social work practice. As at 30 June 2013, 52 new graduates were enrolled on this programme.

In 2012/2013, we ran 533 in-house workshops for Child, Youth and Family staff, including workshops related to the Advanced Safe Strong Practice programme. We had 6,374 participants attend these workshops, including 101 from non-government organisations.

This year, we ran 162 workshops for Child, Youth and Family caregivers. A total of 1,480 participants attended, including 758 from non-government organisations.

Case management development

At 30 June 2013, 364 Work and Income staff members were enrolled in a qualification programme, including 55 candidates in the new Level 5 Public Sector Services qualification. We also employed 30 new cadets in Work and Income sites.

Advanced analytics data hub

In 2012/2013, we established a single data analysis hub that will position us to be a centre of expertise for advanced analytics. The Knowledge and Insights Data Hub will:

- help to achieve the Government's ICT strategy
- give us insights into policy and operational delivery
- contribute to innovation, evaluation and continuous improvement
- give us a more integrated and comprehensive view of our clients.

Greater and smarter use of administrative data will help give us sustained efficiencies and contribute to achieving better policy and service delivery outcomes.

Tapping into innovation

The Ministry has a strong track record of finding efficiencies. Our Value for Money (VfM) programme has been in place since 2007. It helps us to manage departmental cost pressures through productivity and efficiency gains while improving the quality of services to clients.

In 2012/2013, we started to apply an investment-based approach to departmental expenditure, reviewing our back-office processes to ensure we are as efficient as possible.

We looked at how clients can receive a high-quality service that meets their individual needs through the most efficient channel. By offering online self-service options to clients who suit that level of interaction, we can free up resources for staff to meet clients face-to-face for more intensive support.

We have begun to look at automated transactions and centralised processing to save client and staff time on routine transactions.

Efficiency savings are expected to be generated by:

- using more digital/automated services
- re-engineering processes to make them more efficient and effective
- getting better value from procurement.

Procurement opportunities

In 2012/2013, we began to investigate procurement options to reduce costs and to increase the quality of goods and services purchased by clients through hardship assistance and the Disability Allowance.

Under the second phase of Welfare Reform legislation which took effect from 15 July 2013, we can introduce preferred supplier arrangements. This means we can get the best deal for clients who need extra benefit assistance to purchase items such as whiteware and optical equipment.

In September 2013, a contract for whiteware was signed with Fisher & Paykel. The deal makes new appliances available at competitive prices for our clients accessing hardship assistance to purchase these goods.

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 statement of service performance, and for the judgements made in them.

I have the responsibility for establishing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, the financial statements and statement of service performance fairly reflect the financial position of the Ministry as at 30 June 2013 and its operations for the year ended on that date.

Brendan Boyle
Chief Executive

26 September 2013

Countersigned by:

Bruce Simpson
Chief Financial Officer

26 September 2013

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of the Ministry of Social Development's financial statements, non-financial performance information and schedules of non-departmental activities for the year ended 30 June 2013.

The Auditor-General is the auditor of the Ministry of Social Development (the Ministry). The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the non-financial performance information and the schedules of non-departmental activities of the Ministry on her behalf.

We have audited:

- the financial statements of the Ministry on pages 86 to 118, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2013, the statement of comprehensive income, statement of changes in taxpayers' funds, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated departmental expenses and capital expenditure against appropriations, statement of trust monies and statement of cash flows for the year ended on that date and the notes to the financial statements that include the statement of accounting policies and other explanatory information; and
- the non-financial performance information of the Ministry that comprises the statement of service performance on pages 54 to 84 and the report about outcomes on pages 10 to 35; and
- the schedules of non-departmental activities of the Ministry on pages 119 to 139 that comprise the schedule of non-departmental assets, schedule of non-departmental liabilities, schedule of non-departmental commitments and schedule of non-departmental contingent liabilities and contingent assets as at 30 June 2013, the schedule of non-departmental expenses, statement of non-departmental expenditure and capital expenditure against appropriations, statement of non-departmental unappropriated expenditure and capital expenditure, schedule of non-departmental income, schedule of non-departmental capital receipts and statement of trust monies, for the year ended on that date and the notes to the schedules that include the statement of accounting policies non-departmental and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 86 to 118:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Ministry's:
    - financial position as at 30 June 2013;
    - financial performance and cash flows for the year ended on that date;
    - expenses and capital expenditure incurred against each appropriation administered by the Ministry and each class of outputs included in each output expense appropriation for the year ended 30 June 2013; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2013; and
- the non-financial performance information of the Ministry on pages 54 to 84 and 10 to 35:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Ministry's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
    - its service performance compared with the forecasts in the statement of forecast service performance at the start of the financial year; and
    - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

- the schedules of non-departmental activities of the Ministry on pages 119 to 139 fairly reflect, in accordance with the Treasury Instructions:
  – the assets, liabilities, contingencies, commitments and trust monies as at 30 June 2013 managed by the Ministry on behalf of the Crown; and
  – the revenues, expenses, expenditure and capital expenditure against appropriations and unappropriated expenditure and capital expenditure for the year ended on that date managed by the Ministry on behalf of the Crown.

Our audit was completed on 26 September 2013. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the non-financial performance information and the schedules of non-departmental activities are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements, the non-financial performance information and the schedules of non-departmental activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, the non-financial performance information and the schedules of non-departmental activities, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the financial statements, the non-financial performance information and the schedules of non-departmental activities that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported non-financial performance information within the Ministry's framework for reporting performance;
- the adequacy of all disclosures in the financial statements, the non-financial performance information and the schedules of non-departmental activities; and
- the overall presentation of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the non-financial performance information and the schedules of non-departmental activities. Also we did not evaluate the security and controls over the electronic publication of the financial statements, the non-financial performance information and the schedules of non-departmental activities.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements and non-financial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Ministry's financial position, financial performance, cash flows, expenses and capital expenditure incurred against each appropriation and its unappropriated expenses and capital expenditure; and
  - fairly reflect its service performance and outcomes; and
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that fairly reflect those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is also responsible for such internal control as is determined is necessary to enable the preparation of financial statements, non-financial performance information and schedules of non-departmental activities that are free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the financial statements, non-financial performance information and schedules of non-departmental activities, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the non-financial performance information and the schedules of non-departmental activities and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and 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 External Reporting Board.

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

J R Smaill
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Statement of Objectives and Service Performance

Statement of Objectives and Service Performance

For the year ended 30 June 2013

Vote Social Development

Output Expense: Administration of Trialling New Approaches to Social Sector Change

Scope

This appropriation is limited to the administration by committed individuals of the delivery of social sector services for children and young people in specified locations.

Summary of Performance

All performance standards in this output expense have been met.

The three Social Sector Trials in Taumarunui, Kawerau District and Waitomo District continued to test new ways to deliver cross-sector initiatives for children and young people.

In 2012/2013, key initiatives implemented included the redevelopment of the Alternative Education programme in Waitomo, the delivery of new attendance services in all three locations, and the implementation of a career guidance and mentoring programme in Kawerau.

A cross-agency evaluation found that, as a result of initiatives such as these, the Trials have:

- improved community collaboration and responsiveness to issues faced by young people
- made progress in achieving outcomes for young people and the wider community (including reduced offending, increased attendance and improved engagement in positive activities)
- resulted in a broader base of services aimed at young people.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
427	Crown	468	283	468
–	Department	–	–	–
–	Other	–	–	–
427	**Total Revenue**	**468**	**283**	**468**
425	**Total Expense**	**443**	**283**	**468**
2	**Net Surplus/(Deficit)**	**25**	**–**	**–**

Service Performance Information

Output: Administration of Trialling New Approaches to Social Sector Change

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
3 locations	Services will be administered in no fewer than	3 locations	3 locations
	Quality		
100%	The percentage of funding and contracting agreements that are consistent with the Code of Funding Practice[20] will be no less than	100%	100%
	Timeliness		
100%	The percentage of payments made to providers on time will be no less than	100%	100%

20 Launched by the Minister for the Community and Voluntary Sector in October 2010, the Code of Funding Practice aims to help government agencies and non-profit organisations when entering into government funding arrangements. It sets out seven core codes, 22 key criteria and a range of success indicators.

Output Expense: Adoption Services

Scope

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

Summary of Performance

The performance standard in this output expense has been exceeded.

The demand for adoption services comes mainly from adults who have been adopted and from birth parents seeking birth information under the Adult Adoption Information Act 1985.

In 2012/2013, we received 219 applications from adopted people, birth parents and other relatives for information about an adoption.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
7,176	Crown	7,142	7,142	7,142
46	Department	–	–	–
–	Other	–	–	–
7,222	**Total Revenue**	**7,142**	**7,142**	**7,142**
5,989	**Total Expense**	**6,814**	**7,142**	**7,142**
1,233	**Net Surplus/(Deficit)**	**328**	**–**	**–**

Service Performance Information

Output: Adoption Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
New measure in 2012/2013	The number of requests[21] from adults seeking identifying information on birth parents will be between	219	170–200

Output Expense: Care and Protection Services

Scope

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

Summary of Performance

All performance standards in this output expense have been met or exceeded.

The continuing improvement in performance can be attributed to the quality of overall social work practice and to the additional care and protection social workers recruited during the year.

Being responsive to children and young people in need of care and protection services is the key priority for Child, Youth and Family. Response times to notifications continue to meet or exceed standards.

21 Under section 9(4)(c) of the Adult Adoption Information Act 1985.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
331,223	Crown	343,966	343,966	343,966
945	Department	–	–	–
1,018	Other	1,721	1,799	1,799
333,186	**Total Revenue**	**345,687**	**345,765**	**345,765**
330,637	**Total Expense**	**344,499**	**345,765**	**345,765**
2,549	**Net Surplus/(Deficit)**	**1,188**	**–**	**–**

Service Performance Information

Output: Engagement and Assessment

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Timeliness The percentage of notifications that require further action allocated to a social worker within the timeframe appropriate to the safety of the child or young person will be between:		
98.6%	Critical (less than 24 hours)	98.6%[22]	95–100%
97.7%	Very Urgent (up to 48 hours)	98.3%[23]	95–100%
94.4%	Urgent (up to seven days)	94.6%	85–95%
94.6%	Low Urgent (up to 28 days)	95.0%	85–95%
85%	The percentage of investigations/child and family assessments completed within 60 days for those aged five and over is no less than	89.0%	80%

Output: Seeking Safety and Security

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
93.5%	**Quality** The percentage of children and young people whose Care and Protection Family Group Conference plans were completed and the objectives were assessed as being met will be between	95.0%	85–90%
99.6%	**Timeliness** The percentage of Care and Protection Family Group Conference plans reviewed by the agreed due date will be between	98.5%	95–100%
97.4%	The percentage of reports provided to Courts that are delivered on time will be between	97.1%	90–95%

22 By 30 June 2013, all critical notifications requiring further action had been actioned and allocated.

23 By 30 June 2013, all very urgent notifications requiring further action had been actioned and allocated.

Service Performance Information

Output: Securing Stability and Wellbeing

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
97%	The percentage of children and young people discharged from a care and protection residence with an individual transition plan to help them re-integrate into society will be between	99%	90–100%
	Timeliness		
95.8%	The percentage of Family Court plans reviewed on time will be between[24]	96.3%	95–100%
99.4%	The percentage of Family/Whānau Agreements that are reviewed within three months will be between	98.5%	95–100%

Output Expense: Children's Action Plan

Scope

This appropriation is limited to activities necessary to implement the Children's Action Plan.

Summary of Performance

Both performance standards in this output expense have been met.

In 2012/2013, interim Regional Children's Directors were appointed and Children's Team sites were established in Rotorua and Whangarei.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	2,535	–	2,535
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**2,535**	**–**	**2,535**
–	**Total Expense**	**1,242**	**–**	**2,535**
–	**Net Surplus/(Deficit)**	**1,293**	**–**	**–**

Service Performance Information

Output: Children's Action Plan

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Timeliness		
New measure in 2012/2013	The Children's Action Plan programme office will be established no later than 30 June 2013	Standard met	Standard met
	Quantity		
New measure in 2012/2013	The number of Children's Team sites that will be established under the Children's Action Plan will be no fewer than	Two	Two

24 The timeliness of Family Court planned reviews are directed by the Family Court (eg children under seven years old have planned reviews every six months or as directed by the Court – children and young people over seven years old have planned reviews every 12 months or as directed by the Court).

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

Scope

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

Summary of Performance

All performance standards in this output expense have been met or exceeded.

In 2012/2013, we collected $80.7 million from former clients and non-beneficiaries compared to $79.7 million last year.

This year a greater percentage of our clients with balances owed made arrangements to pay or had paid within 12 months. Eighty per cent of clients with debt owing made arrangements to pay or had paid in full within four months, compared to 77 per cent last year. Eighty-eight per cent of clients were paying off their debt within 12 months, compared to 85 per cent last year.

The cost per dollar to collect debt was $0.17, with a 97 per cent accuracy rate. This was at the same level as last year.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
16,020	Crown	14,084	14,084	14,084
215	Department	–	–	–
–	Other	–	–	–
16,235	**Total Revenue**	**14,084**	**14,084**	**14,084**
13,835	**Total Expense**	**13,533**	**14,084**	**14,084**
2,400	**Net Surplus/(Deficit)**	**551**	**–**	**–**

Service Performance Information

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

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
$79.7m	The actual amount of money collected by the Collections Units is expected to be between	$80.7m	$79–86m
$0.17	The cost per dollar of collecting balances owed will be between	$0.17	$0.18–0.24
	Quality		
97%	The percentage of work completed accurately by the Collections Units will be between	96.8%	95–100%
	Timeliness		
77%	The percentage of clients on arrangement to pay, or paid in full within four months of the balances owed transferring to the Collections Units will be between	80.1%	80–85%
85%	The percentage of clients on arrangement to pay, or paid in full within 12 months of balances owed transferring to the Collections Units will be between	87.7%	85–90%

Output Expense: Development and Funding of Community Services

Scope

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

Summary of Performance

All performance standards in this output expense have been met.

This year, we monitored and reviewed 594 funding agreements and assessed 591 contracted providers against Child, Youth and Family Approval Standards within the required timeframes.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
8,068	Crown	8,227	8,227	8,227
59	Department	–	–	–
–	Other	–	–	–
8,127	**Total Revenue**	**8,227**	**8,227**	**8,227**
8,071	**Total Expense**	**8,220**	**8,227**	**8,227**
56	**Net Surplus/(Deficit)**	**7**	**–**	**–**

Service Performance Information

Output: Development and Funding of Community Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Timeliness		
100%	The percentage of funding agreements that will have their provider monitoring reports reviewed and assessed at least once a year for funding agreement compliance will be no less than	100%	100%
100%	The percentage of Child, Youth and Family contracted providers who will be assessed at least once every two years against Child, Youth and Family Approval Standards will be no less than[25]	100%	100%
	Quality		
New measure in 2012/2013	The percentage of payments to providers made in accordance with their contracts will be no less than	100%	100%

25 This covers all providers contracted under sections 396 and 403 of the Children, Young Persons, and Their Families Act 1989.

Output Expense: Family and Community Services

Scope

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

Summary of Performance

All performance standards in this output expense have been met or exceeded.

In 2012/2013, over 95,000 people gained access to government and non-government social services through the 34 Heartland Services Centres. In an independent survey, 95 per cent of clients agreed that Heartland Services Centres provided improved access to government and community services in their community.

This year, 86 per cent of surveyed agencies reported that they were satisfied or very satisfied with Heartland Services Centres accessibility, services and facilities, compared to 94 per cent last year. The drop in satisfaction is due to increasing expectations regarding the availability of internet access.

This year, 51 community projects received direct support through the Strategy with Kids, Information for Parents (SKIP) Local Initiatives Fund. These projects focus on young fathers, grandparents raising grandchildren, refugees and Pacific, Asian and Islamic communities.

Seven providers delivered group activities and events to 8,379 at-risk young people in Auckland through the Break Thru initiative. The initiative included programmes on leadership development, promoting healthy lifestyles, and sports and recreational activities.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
33,346	Crown	35,746	35,546	35,746
129	Department	–	–	–
–	Other	–	–	–
33,475	**Total Revenue**	**35,746**	**35,546**	**35,746**
32,284	**Total Expense**	**34,556**	**35,546**	**35,746**
1,191	**Net Surplus/(Deficit)**	**1,190**	**–**	**–**

Service Performance Information

Output: Social Support Services Sector Leadership and Co-ordination

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
95%	The percentage of surveyed clients agreeing that Heartland Services Centres have improved access to government and community services in their community will be no less than	95%	80%
94%	The percentage of surveyed agencies agreeing that they were satisfied or very satisfied with Heartland Services Centres' accessibility, range of services and facilities will be no less than	86%	80%

Service Performance Information

Output: Supporting Families and Communities

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
93%	**Quality** The percentage of community projects funded through SKIP[26] that meet their objectives will be between	92%	90–95%
6,664	**Quantity** Break Thru The number of young people supported through group activities and events by youth workers will be no fewer than	8,379	5,000

Output: Management of Social Services Funding Agreements

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
2,613	**Quantity** The number of funding agreements will be between	2,567	1,500–1,900
New measure in 2012/2013	The percentage of provider reports due that are received for assessment annually will be no less than	87%	85%
New measure in 2012/2013	The percentage of provider reports received that have been reviewed and assessed will be no less than	100%	100%
New measure in 2012/2013	**Timeliness** The percentage of payments to providers that are made in accordance with their contracts will be no less than	100%	97%

Output Expense: Income Support and Assistance to Seniors

Scope

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

Summary of Performance

Two of the three performance standards in this output expense have been met.

In 2012/2013, the results for client satisfaction and accuracy in completing entitlements for seniors reached 94 per cent and 90 per cent respectively.

This year, increased volumes of applications of 12 per cent[27] had an impact on performance. This resulted in the Ministry just missing its performance standard for timeliness by 0.2 per cent, achieving a total result of 84.8 per cent for the year.

26 These projects are funded through the SKIP Local Initiatives Fund. Progress reports are used to determine whether objectives are being met.

27 Assessments for both New Zealand Superannuation and Veteran's Pensions are completed by the same staff. The increase in workload affects the results for both New Zealand Superannuation and Veteran's Pension assessment measures.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[28] 2013 $000
	Revenue			
36,502	Crown	35,907	34,960	35,907
602	Department	–	–	–
–	Other	–	–	–
37,104	**Total Revenue**	**35,907**	**34,960**	**35,907**
35,896	**Total Expense**	**35,290**	**34,960**	**35,907**
1,208	**Net Surplus/(Deficit)**	**617**	**–**	**–**

Service Performance Information

Output: Service to Seniors

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
94%	The percentage of clients satisfied with the level of service provided by staff will be between	94%	90–95%
92.4%	The percentage of entitlement assessments completed accurately[29] will be between	90%	90–95%
	Timeliness		
86.9%	The percentage of entitlement assessments for payment of New Zealand Superannuation (in New Zealand and overseas), Emergency Benefit for people over 65, other New Zealand entitlements paid overseas and residential subsidies, finalised within required timeframes[30] will be between	84.8%	85–90%

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

29 An assessment of entitlement is deemed accurate when the right person is receiving the correct entitlement, at the correct rate and from the correct commencement date.

30 This combines timeliness measures for all activities in this output expense. The standard timeframe for each component is as follows:

- Five working days for New Zealand Superannuation and Emergency Benefit (for people over 65 years of age) entitlement assessments completed for payment in New Zealand
- Twenty working days for New Zealand Superannuation entitlement assessments completed for payment overseas and for other New Zealand entitlements paid overseas
- Twenty working days for residential subsidy entitlement assessments.

Output Expense: Management of Service Cards (MCOA[31])

Output Class: Administration of Community Services Card

Scope

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

Summary of Performance

Both performance standards in this output class have been met.

In 2012/2013, both performance standards for completing Community Services Card entitlement assessments accurately and within five working days increased, compared to the previous year. Assessments completed accurately and on time were both reported at almost 99 per cent for 2012/2013.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[32] 2013 $000
	Revenue			
5,619	Crown	4,914	5,274	4,914
36	Department	–	–	–
–	Other	–	–	–
5,655	**Total Revenue**	**4,914**	**5,274**	**4,914**
5,463	**Total Expense**	**4,553**	**5,274**	**4,914**
192	**Net Surplus/(Deficit)**	**361**	**–**	**–**

Service Performance Information

Output Class: Administration of Community Services Card

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
98.5%	**Quality** The percentage of Community Services Card entitlement assessments[33] completed accurately will be between	98.6%	95–100%
97.1%[34]	**Timeliness** The percentage of Community Services Card entitlement assessments completed within five working days of receipt will be between	98.6%	95–100%

31 The Minister of Finance can agree to more than one specified class of outputs being supplied under a single appropriation. This is known as a Multi Class Output Appropriation (MCOA).

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

33 This relates to Community Services Cards where an entitlement assessment is required, for example when the entitlement is based on income. Some Community Services Cards are issued automatically without requiring an assessment, for example when the recipient commences receiving a benefit.

34 The result for 2011/2012 is based on two working days, whereas the standard and result for 2012/2013 is based on five working days.

Output Class: Management of SuperGold Card

Scope

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

Summary of Performance

All performance standards in this output class have been met or exceeded.

In 2012/2013, 2,002 new business partners joined the SuperGold Card programme. This brings the total number of businesses participating across New Zealand to 5,636, representing 10,103 outlets. The increase was largely due to two recruitment campaigns targeting new health and wellbeing business partners carried out in October 2012 and May/June 2013.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
1,421	Crown	1,407	1,407	1,407
–	Department	–	–	–
–	Other	–	–	–
1,421	**Total Revenue**	**1,407**	**1,407**	**1,407**
1,257	**Total Expense**	**1,133**	**1,407**	**1,407**
164	**Net Surplus/(Deficit)**	**274**	**–**	**–**

Service Performance Information

Output Class: Management of SuperGold Card

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
2,342	The number of new business partners engaged will be no fewer than	2,002	200
	Quality		
99.9%	The percentage of SuperGold Card entitlement assessments[35] completed accurately will be between	99.8%	95–100%
	Timeliness		
96%[36]	The percentage of SuperGold Card entitlement assessments completed within five working days of receipt will be between	96.3%	95–100%

35 Recipients of New Zealand Superannuation and the Veteran's Pension are automatically issued with a SuperGold Card. However, around 6 per cent of recipients require their entitlement to be assessed as they either elected not to apply for New Zealand Superannuation when they turned 65, or do not meet the New Zealand Superannuation residency requirements.

36 The result for 2011/2012 is based on two working days, whereas the standard and result for 2012/2013 is based on five working days.

Output Expense: Management of Student Loans

Scope

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

Summary of Performance

All performance standards in this output expense have been met or exceeded.

In 2012/2013, StudyLink processed a total of 241,319 Student Loan applications, with 99.9 per cent of students receiving their correct Student Loan entitlement (living cost component) on their first payment.

Student Loan online applications continue to be a high proportion of total applications, with 95 per cent of total Student Loan applications made online.

The number of Sussed presentations delivered to secondary schools exceeded the target due to stakeholder demand. Over 450 presentations were delivered to 318 schools. Sixty schools had more than one presentation.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[37] 2013 $000
	Revenue			
16,667	Crown	16,179	15,593	16,179
–	Department	–	–	–
–	Other	–	–	–
16,667	**Total Revenue**	**16,179**	**15,593**	**16,179**
16,369	**Total Expense**	**15,844**	**15,593**	**16,179**
298	**Net Surplus/(Deficit)**	**335**	**–**	**–**

Service Performance Information

Output: Student Loans

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
87%	The percentage of surveyed students satisfied[38] with the quality of service received the last time[39] they contacted StudyLink will be between	86%	85–90%
100%	The percentage of students who receive their correct entitlement (living cost component) on their first payment will be between	99.9%	95-100%
	Timeliness		
99.9%	The percentage of initial entitlement assessment for a Student Loan completed within three working days of receipt of application will be between	99.9%	95–100%
	Quantity		
New measure in 2012/2013	The number of Sussed presentations[40] delivered to secondary schools will be between	453	375–395

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

38 Students who say they are 'satisfied' or 'very satisfied' with StudyLink's service on a scale of 'very dissatisfied', 'dissatisfied', 'neither/nor', 'satisfied' or 'very satisfied'.

39 Within the previous 14 days

40 Sussed is StudyLink's education programme for secondary school students. It is an interactive presenter-led session that explains and guides prospective students on what they need to consider when going on to further study. An online Sussed Reality Check is also available on the StudyLink website for anyone considering tertiary study.

Output Expense: Management of Student Support, excluding Student Loans

Scope

This appropriation is limited to managing non-recoverable financial support to students, involving assessing and paying student allowances and other income support to eligible secondary and tertiary students.

Summary of Performance

All performance standards in this output expense have been met or exceeded.

In 2012/2013, StudyLink processed a total of 148,040 Student Allowance applications, with 99.2 per cent of all Student Allowance assessments completed within five days.

Student Allowances online applications continue to be a high proportion of total applications with 97 per cent of total Student Allowance applications made online.

The number of Sussed presentations delivered to secondary schools exceeded the target due to stakeholder demand. Over 450 presentations were delivered to 318 schools. Sixty schools had more than one presentation.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[41] 2013 $000
	Revenue			
15,930	Crown	15,780	15,998	15,780
164	Department	–	–	–
–	Other	–	–	–
16,094	**Total Revenue**	**15,780**	**15,998**	**15,780**
15,260	**Total Expense**	**15,743**	**15,998**	**15,780**
834	**Net Surplus/(Deficit)**	**37**	**–**	**–**

Service Performance Information

Output: Student Allowances

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
87%	The percentage of surveyed students satisfied[42] with the quality of service received the last time[43] they contacted StudyLink will be between	85%	85–90%
96.5%	The percentage of students who receive their correct Student Allowance entitlement on their first payment will be between	95.5%	95–100%
	Timeliness		
99.5%	The percentage of initial entitlement assessments for a Student Allowance completed within five working days of receipt of application will be between	99.2%	95–100%
New measure in 2012/2013	**Quantity** The number of Sussed presentations[44] delivered to secondary schools will be between	453	375–395

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

42 Students who say they are 'satisfied' or 'very satisfied' with StudyLink's service on a scale of 'very dissatisfied', 'dissatisfied', 'neither/nor', 'satisfied' or 'very satisfied'.

43 Within the previous 14 days.

44 Sussed is StudyLink's education programme for secondary school students. It is an interactive presenter-led session that explains and guides prospective students on what they need to consider when going on to further study. An online Sussed Reality Check is also available on the StudyLink website for anyone considering tertiary study.

Output Expense: Planning, Correspondence and Monitoring

Scope

This appropriation is limited to providing planning, reporting and monitoring, Crown entity and statutory appointment advice (other than policy decision-making advice) and correspondence services to support Ministers to discharge their portfolio responsibilities.

Summary of Performance

Fourteen out of 15 performance standards in this output expense have been met or exceeded.

The quality measure for Parliamentary question responses was not met this year, due to three written Parliamentary questions needing to be corrected.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	5,554	5,554	5,554
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**5,554**	**5,554**	**5,554**
–	**Total Expense**	**5,359**	**5,554**	**5,554**
–	**Net Surplus/(Deficit)**	**195**	**–**	**–**

Service Performance Information

Crown Entity Monitoring

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
100%	Advice will be delivered to the Minister on all social development and employment Crown entities' statements of intent and output agreements	100%	100%
100%	Monitoring advice will be provided to the Minister on all social development and employment Crown entities' performance reports	100%	100%
	Quality		
Standard met	Provide advice to the Minister on Crown entity and Statutory Board appointments as required	Standard met	Standard met[45]
100%	The percentage of all reports provided to the Minister that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be no less than	100%	95%
	Timeliness		
100%	Advice to Ministers on draft statements of intent for Crown entities for the next year will be provided no later than 31 May 2013 will be no less than	100%	100%
100%	Advice to Ministers on draft output agreements[46] for Crown entities for the next year will be provided no later than 30 June 2013 will be no less than	100%	100%
100%	Performance reports are reviewed no later than 20 working days from receipt of the final Crown entity reports will be no less than	100%	100%

45 'Standard met' means that all appointments identified in the report to Cabinet at the start of each calendar year have been actioned as agreed with the Minister.

46 'Output agreement' also refers to memoranda of understanding where funding is not paid via Vote Social Development.

Service Performance Information

Output: Ministerial and Executive Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
	The percentage of all drafts provided for the Minister's signature that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be no less than:		
99.1%	Ministerial correspondence replies	99.5%	95%
100%	Parliamentary question responses	99.8%	100%
100%	Ministerial Official Information Act request replies	100%	100%
100%	Select Committee Estimates examination responses	100%	100%
	Timeliness		
	The percentage of all drafts provided for the Minister's signature within the following timeframes will be no less than:		
96.3%	Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	97.7%	95%
100%	Parliamentary question responses provided to the Minister's Office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	100%
100%	Ministerial Official Information Act request replies completed five days prior to the statutory time limit, unless otherwise agreed	100%	100%
100%	Responses to Select Committee examinations provided to the Minister's Office so that answers can meet the timeframe set by the Committee(s)	100%	100%

Output Expense: Prevention Services

Scope

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

Summary of Performance

The two performance standards in this output expense have been met.

In 2012/2013, 85 workshops were held. The workshops were tailored to ensure every person came away with an enhanced knowledge of the signs of child abuse, how to help, and how to connect with social services in their community.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
3,786	Crown	4,032	4,032	4,032
601	Department	–	–	–
13	Other	1	13	13
4,400	**Total Revenue**	**4,033**	**4,045**	**4,045**
3,402	**Total Expense**	**3,505**	**4,045**	**4,045**
998	**Net Surplus/(Deficit)**	**528**	**–**	**–**

Service Performance Information

Output: Prevention Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
New measure in 2012/2013	The number of child protection workshops delivered to professionals and service providers on how to recognise and respond to child abuse and to keep children safe will be no fewer than	85[47]	85
95%	The percentage of professionals and service providers attending child protection workshops with increased awareness and knowledge on how to respond to child abuse and neglect will be between	99.9%[48]	95–100%

47 Comprises 67 contracted workshops with professionals and service providers and 18 additional workshops to help implement the Children's Teams in Whangarei and Rotorua.

48 This result refers to the evaluation of the 67 contracted one-day child protection workshops with professionals.

Output Expense: Promoting Positive Outcomes for Disabled People

Scope

This appropriation is limited to providing services to promote and monitor the implementation of the New Zealand Disability Strategy, to monitor and implement the United Nations Convention on the Rights of Persons with Disabilities, and to provide information to Ministers on disability matters.

Summary of Performance

All three performance standards in this output expense have been met or exceeded.

In 2012/2013, the year-end result for the number of national and community-driven projects, to promote positive attitudes measure has exceeded the standard. This standard was exceeded largely due to an increased interest in the Making a Difference Fund, and an increase in funding allocated.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
1,250	Crown	2,210	2,160	2,210
–	Department	–	–	–
–	Other	–	–	–
1,250	**Total Revenue**	**2,210**	**2,160**	**2,210**
1,231	**Total Expense**	**1,784**	**2,160**	**2,210**
19	**Net Surplus/(Deficit)**	**426**	**–**	**–**

Service Performance Information

Output: Promoting Positive Outcomes for Disabled People

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
1 report	The number of monitoring reports by disabled people on their rights under the United Nations Convention on the Rights of Persons with Disabilities will be no fewer than	1 report	1 report[49]
5	The number of national partners engaged to promote positive attitudes with whom agreements are established will be between	8	5–8
24	The number of national and community-driven projects to promote positive attitudes will be between	23	14–20

49 The report is based on 50–100 interviews with disabled people.

Output Expense: Property Management Centre of Expertise

Scope

The appropriation is limited to the operation of a Property Management Centre of Expertise, to provide guidance, support and monitoring in respect of property management within the Public Sector.

Summary of Performance

Both of the performance standards in this output expense have been met.

In 2012/2013, the Property Management Centre of Expertise underwent significant change, migrating from an entity issuing guidelines and support to one setting strategy, policy and standards for the public sector.

This year, key elements were introduced. These included a new cross-agency property information database, the inaugural Government National Property Strategy, a requirement for agencies to hold Strategic Property Plans, leadership of significant accommodation projects, and increased seismic assessment guidance for agencies. The purpose for introducing the key elements is to deliver savings in the coming years.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
400	Crown	1,350	–	1,350
–	Department	–	–	–
–	Other	1,019	–	1,301
400	**Total Revenue**	**2,369**	**–**	**2,651**
371	**Total Expense**	**2,606**	**–**	**2,651**
29	**Net Surplus/(Deficit)**	**(237)**	**–**	**–**

Service Performance Information

Output: Property Management Centre of Expertise

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Timeliness		
Standard not met	Publish report[50] on property management information for agencies by 30 June 2013	Standard met	Standard met
	Quantity		
35[51]	The number of agencies who receive brokerage, guidance, or support as at 30 June 2013 will be no fewer than	30	30

50 This report is published annually by the State Services Commission.

51 As well as completing its first full year of operation, the selection of the Property Management Centre of Expertise to co-ordinate the seismic assessment guidance process for state sector agencies contributed to this result exceeding the standard for 2011/2012.

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

Scope

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

Summary of Performance

All three performance standards in this output expense have been met or exceeded.

In 2012/2013, 96 per cent of prosecutions were successful, the same as in 2011/2012. The proportion of cases referred that were fully investigated was 97 per cent and the proportion of investigations completed within 12 months was 98 per cent.

The number of completed prosecutions increased to 979, up from 742 in the previous year.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[52] 2013 $000
	Revenue			
35,900	Crown	34,516	35,316	34,516
431	Department	–	–	–
–	Other	–	–	–
36,331	**Total Revenue**	**34,516**	**35,316**	**34,516**
35,873	**Total Expense**	**33,616**	**35,316**	**34,516**
458	**Net Surplus/(Deficit)**	**900**	**–**	**–**

Service Performance Information

Output: Services to Protect the Integrity of the Benefit System

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
98.3%	The percentage of cases referred to the National Fraud Investigators that are 'fully investigated'[53] will be between	96.9%	95–100%
	Quality		
96.2%	Of all the cases we prosecute, the percentage of successful prosecutions concluded will no less than	95.5%	95%
	Timeliness		
98.3%	The percentage of cases[54] completed within a 12-month period will be no less than	98.2%	95%

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

53 A case is 'fully investigated' when an assessment is made to either close, take no further action or commence a full investigation.

54 This includes cases referred by all sources for further enquiry, for example fraud allegations and data matches.

Output Expense: Social Policy Advice (MCOA[55])

Output Class: Forecast, Modelling, Information Monitoring and Analysis

Scope

This output class is limited to providing forecast, modelling, information monitoring and analysis used to inform social policy development and to support government decision-making.

Summary of Performance

All performance standards in this output class have been met or exceeded.

This year, a paper to Ministers on the Half Year Economic Forecast Update of Benefit Forecasts was completed in December 2012. A paper to Ministers on the Baseline Economic Forecast Update of Benefit Forecasts was completed in May 2013.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	6,450	6,450	6,450
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**6,450**	**6,450**	**6,450**
–	**Total Expense**	**6,155**	**6,450**	**6,450**
–	**Net Surplus/(Deficit)**	**295**	–	–

Service Performance Information

Output Class: Forecast, Modelling, Information Monitoring and Analysis

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
New measure in 2012/2013	The Annual Statistical Report is published by 30 June 2013	Standard met	Standard met
	Quality		
New measure in 2012/2013	Analysis, reporting, and costing advice will be delivered in accordance with work priorities identified and advised by Ministers	Standard met	Standard met
New measure in 2012/2013	An audit[56] shows the Ministry of Social Development's quality assurance processes have been followed in at least	100% of cases	90–95% of cases
	Timeliness		
New measure in 2012/2013	Joint Ministers' reports will be produced for each baseline update, within stipulated timelines, to enable baselines to be updated to reflect forecast changes	Standard met	Standard met

55 The Minister of Finance can agree to more than one specified class of outputs being supplied under a single appropriation. This is known as a Multi-Class Output Appropriation (MCOA).

56 The work in relation to the internal audit, review or survey for measures is conducted during the year and reported on an annual basis. Under the audit, a random sample of reports is reviewed internally during the year to assess if they comply with minimum quality assurance standards.

Output Class: Longitudinal Studies

Scope

This output class is limited to providing longitudinal studies to inform social policy development and to support decision-making by Ministers on government social policy matters.

Summary of Performance

One performance standard in this output class was met and one was not achieved.

In 2012/2013, the Growing Up in New Zealand longitudinal study was completed and was independently reviewed and confirmed as acceptable.

Two out of 10 contracted outputs for the Growing Up in New Zealand study were late, one by two weeks, one by four weeks. Late outputs were completed satisfactorily within a month of the contracted deadline.

The responsibility for this longitudinal study is transferring to the Families Commission's new Social Policy and Evalution Research Unit (SuPERU) from 1 October 2013. This performance measure will not be reported by the Ministry in 2013/2014.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	2,088	2,088	2,088
–	Department	1,322	–	1,322
–	Other	–	–	–
–	**Total Revenue**	**3,410**	**2,088**	**3,410**
–	**Total Expense**	**3,410**	**2,088**	**3,410**
–	**Net Surplus/(Deficit)**	**-**	**–**	**–**

Service Performance Information

Output Class: Longitudinal Studies

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
New measure in 2012/2013	A review panel confirms that contracted deliverables meet acceptable standards in at least	100% of cases	90–95% of cases
	Timeliness		
New measure in 2012/2013	The percentage of contracted outputs that are delivered and completed within the agreed period will be between	80% of cases	90–95% of cases

Output Class: Policy Advice

Scope

This output class is limited to providing advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government social policy matters, including social sector issues.

Summary of Performance

All three performance standards in this output class were met.

The New Zealand Institute of Economic Research (NZIER) reviewed a sample of policy advice papers completed by the Ministry in the July 2012 to June 2013 period. NZIER's assessment of the papers against pre-determined criteria confirmed that the Ministry's policy advice met acceptable standards.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	18,362	18,362	18,362
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**18,362**	**18,362**	**18,362**
–	**Total Expense**	**17,304**	**18,362**	**18,362**
–	**Net Surplus/(Deficit)**	**1,058**	**–**	**–**

Service Performance Information

Output Class: Policy Advice

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
New measure in 2012/2013	Policy advice will be delivered in accordance with work priorities identified and advised by Ministers[57]	Standard met	Standard met[58]
97% of cases	An audit[59] shows the Ministry of Social Development's quality assurance processes have been followed in at least	95% of cases	90–95% of cases
Standard met	An independent review of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria[60]	Standard met	Standard met[61]

57 The Ministers who received services were the Minister for Social Development, the Minister of State Services, the Associate Ministers for Social Development, the Minister of Youth Affairs, the Minister for Senior Citizens and the Minister for Disability Issues.

58 'Standard met' means that all the agreed Deputy Chief Executive Performance Expectations (which are based on the Ministers' work priorities) for the year have been achieved.

59 The work in relation to the internal audit, review or survey for this measure is conducted during the year and reported on an annual basis. Under the audit, a random sample of reports is reviewed internally during the year to assess if they comply with minimum quality assurance standards.

60 Pre-determined criteria cover the areas of communication, analysis, grounding, risk and overall impression.

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

Output Class: Research and Evaluation

Scope

This output class is limited to providing research and evaluation to inform the development of social policy advice and to support government decision-making.

Summary of Performance

All three performance standards in this output class have been met or exceeded.

In 2012/2013, a sample of five research and evaluation papers was audited. In all cases the correct quality assurance process was followed, giving a standard achieved of 100 per cent.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
–	Crown	7,130	3,650	7,130
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**7,130**	**3,650**	**7,130**
–	**Total Expense**	**5,449**	**3,650**	**7,130**
–	**Net Surplus/(Deficit)**	**1,681**	**–**	**–**

Service Performance Information

Output Class: Research and Evaluation

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
New measure in 2012/2013	Research and evaluation will be delivered in accordance with work priorities identified and advised by Ministers[62]	Standard met	Standard met[63]
New measure in 2012/2013	An audit[64] shows the Ministry of Social Development's quality assurance processes have been followed in at least	100% of cases	90–95% of cases
New measure in 2012/2013	An independent review of the Ministry of Social Development's research and evaluation advice confirms that it meets acceptable standards based on pre-determined criteria[65]	Standard met	Standard met[66]

62 The Ministers who received services were the Minister for Social Development, the Minister of State Services, the Associate Ministers for Social Development, the Minister of Youth Affairs, the Minister for Senior Citizens and the Minister for Disability Issues.

63 'Standard met' means that all the agreed Deputy Chief Executive Performance Expectations (which are based on the Ministers' work priorities) for the year have been achieved.

64 The work in relation to the internal audit, review or survey for this measure is conducted during the year and reported on an annual basis. Under the audit, a random sample of reports is reviewed internally during the year to assess if they comply with minimum quality assurance standards.

65 Pre-determined criteria cover the areas of communication, analysis, grounding, risk and overall impression.

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

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

Scope

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

Summary of Performance

All performance standards in this output expense were met or exceeded.

As at 30 June 2013, there were 48,438 Unemployment Benefit jobseekers, compared to 49,622 at the same time in the previous year, a reduction of 1,184 (2 per cent).

At the end of 2012/2013, there were 104,446 Domestic Purposes Benefit recipients, a reduction of 9,931 (8.7 per cent) when compared to the peak of 114,377 in 2011/2012. Of particular note was the reduction in the number of Domestic Purposes Benefit – Sole Parent clients. At the end of 2012/2013 the number was down by 7,347 (7.5 per cent). The number of Invalid's Benefit and Sickness Benefit clients remained stable.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[67] 2013 $000
	Revenue			
410,696	Crown	444,081	411,058	444,081
8,445	Department	816	5,650	5,650
2,602	Other	726	4,349	4,349
421,743	**Total Revenue**	**445,623**	**421,057**	**454,080**
423,791	**Total Expense**	**452,860**	**421,057**	**454,080**
(2,048)	**Net Surplus/(Deficit)**	**(7,237)**	**–**	**–**

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

Service Performance Information

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

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
New measure in 2012/2013	The proportion of part-time work-obligated clients who participate in a work-focused intervention will be between	59.5%	30–45%
New measure in 2012/2013	The proportion of full-time work-obligated clients who participate in a work-focused intervention will be between	79.5%	70–85%
New measure in 2012/2013	The proportion of work-obligated Unemployment Benefit and Sickness Benefit clients who undertake a comprehensive work assessment[68] after reapplying for a benefit will be between[69]	100%	95–100%
New measure in 2012/2013	The proportion of work-obligated clients with 12 months benefit duration who participate in a work-focused intervention will be between	72.6%	35–55%
New measure in 2012/2013	**Quality** The proportion of clients who participate in a triage service[70] and do not require a benefit within 28 days will be between	39.7%	35–40%
New measure in 2012/2013	The proportion of payments to third-party youth providers that are made in accordance with their contracts will be no less than	100%	100%
91.6%	The proportion of benefit entitlement assessments completed accurately will be no less than	90.1%	90%
91.5%	The proportion of benefit entitlement assessments completed within five working days will be no less than	91.6%	85%

68 This is a 12-month benefit reapplication process.

69 This measure may be extended to include some Domestic Purposes Benefit-related clients as ministerial and policy decisions are made.

70 A triage service involves Work and Income working with jobseekers to get them into work before they apply for a main benefit. The aim of triage services is to reduce the number of people requiring the benefit within 28 days of attending a Work for You seminar.

Output Expense: Vocational Skills Training

Scope

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

Summary of Performance

No performance standards in this output expense have been met.

In 2012/2013, the standard for the number of contracted places in Foundation Focused Training Opportunity study programmes was not achieved because the target set for the number of contracted places was overstated.

The Foundation Focused Training Opportunity study programmes have not achieved the targets for 14 weeks minimum completion of training or for the proportion of participants who move into employment after being on a programme. Indications are that these programmes are not an effective intervention for the new groups of participants, who typically face greater barriers in gaining employment.

It is expected that with the introduction of Welfare Reform, participants will increasingly be engaged in employment-related training. Agencies are working on a suite of more tailored assistance that responds to the diverse training needs and requirements of participants, while retaining its relevance to employment.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
54,515	Crown	54,635	54,635	54,635
–	Department	–	–	–
–	Other	–	–	–
54,515	**Total Revenue**	**54,635**	**54,635**	**54,635**
54,515	**Total Expense**	**54,635**	**54,635**	**54,635**
–	**Net Surplus/(Deficit)**	**–**	**–**	**–**

Service Performance Information

Output: Vocational Skills Training

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
58.1%	The proportion of participants who complete a minimum of 14 weeks training in Foundation Focused Training Opportunity study programmes[71] will be no less than	54%	80%
New measure in 2012/2013	The number of contracted places in Foundation Focused Training Opportunity study programmes will be no less than	3,958	4,150
	Quality		
40.5%	The proportion of participants in Foundation Focused Training Opportunity study programmes who gain employment will be no less than	28%	38%

71 Foundation Focused Training Opportunity study programmes include but are not limited to improving foundation skills including literacy, language and numeracy, improving employment skills to develop a client's readiness for the workplace and delivering New Zealand Qualification Authority units and credits that align with local industry needs.

Output Expense: Youth Development

Scope

This appropriation is limited to providing leadership and service delivery to promote the interests of, and improve outcomes for, young people.

Summary of Performance

All performance standards in this output expense have been met or exceeded.

The indicator for the number of young people participating in decision-making opportunities is measured through participants' feedback following the completion of a programme or service.

In 2012/2013, there was increased demand for consultations with young people in the Central South and Southern regions.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
4,101	Crown	2,974	2,974	2,974
37	Department	–	–	–
–	Other	–	–	–
4,138	**Total Revenue**	**2,974**	**2,974**	**2,974**
3,862	**Total Expense**	**2,714**	**2,974**	**2,974**
276	**Net Surplus/(Deficit)**	**260**	**–**	**–**

Service Performance Information

Output: Youth Development

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quantity		
102	The number of youth participation workshops delivered will be between	119	80–100
New measure in 2012/2013	The number of young people participating in decision-making opportunities[72] will be no fewer than	4,910	4,000
	Quality		
New measure in 2012/2013	The percentage of young people who report an increase in skills and knowledge from attending youth participation workshops will be no less than	99%	95%
99%	The percentage of young people who report being satisfied or very satisfied with their involvement in youth participation activities will be between	96%	90–100%
100%	The percentage of funding and contracting agreements that are consistent with the Code of Funding Practice[73] will be no less than	100%	100%

72 This measure accounts for the number of young people participating in Ministry of Youth Development-funded programmes and activities which engage them in decision-making aspects at a local and national level, such as funding selection panels. This measure was assessed through direct feedback from youth participants.

73 Launched by the Minister for the Community and Voluntary Sector in October 2010, the Code of Funding Practice aims to help government agencies and non-profit organisations when entering into government funding arrangements. It sets out seven core codes, 22 key criteria and a range of success indicators.

Output Expense: Youth Justice Services

Scope

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

Summary of Performance

All five performance standards in this output expense were met or exceeded.

In 2012/2013, Youth Justice Family Group Conference plans were prepared for 3,384 children and young people. Of these, 3,168 children and young people met the objectives set out in their plans.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
133,249	Crown	132,440	132,440	132,440
627	Department	–	–	–
–	Other	–	–	–
133,876	**Total Revenue**	**132,440**	**132,440**	**132,440**
130,434	**Total Expense**	**129,540**	**132,440**	**132,440**
3,442	**Net Surplus/(Deficit)**	**2,900**	**–**	**–**

Service Performance Information

Output: Youth Justice Safety and Belonging

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
97.8%	**Timeliness** The percentage of Youth Justice Family Group Conferences held within statutory timeframes (unless there are special reasons for delay[74]) will be between	97.2%	95–100%

Service Performance Information

Output: Youth Justice Changing Behaviour and Enhancing Wellbeing

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
89.8%	**Quality** The percentage of children and young people whose Youth Justice Family Group Conference plans were completed and the objectives were assessed as being met will be between	93.6%	85–90%
97%	The percentage of young people discharged from a youth justice residence, after completing a Supervision with Residence Order, who receive an individual transition plan to help them re-integrate into society will be between	99.0%	90–100%
99.8%	**Timeliness** The percentage of Youth Justice Family Group Conference plans reviewed on time will be between	99.3%	95–100%
90%	The percentage of early release reports[75] completed on time will be between	97.0%	90–100%

74 Section 249(6) of the Children, Young Persons, and Their Families Act 1989 enables a Family Group Conference to be delayed for special reasons. A Youth Justice Co-ordinator may hold a Family Group Conference outside the normal timeframes or adjourn to a later date due to:
- the unavailability of key whānau (especially the custodial parent), the child or young person, a victim or the youth advocate
- a delay in receiving information that is critical for the Family Group Conference to consider
- the Family Group Conference requesting an adjournment to enable its members to come to an agreement.

75 Under section 314(2) of the Children, Young Persons and Their Families Act 1989, where a young person has been placed on a Supervision with Residence Order, we are required to furnish the Youth Court with a report on whether the young person has earned early release at the two-thirds point of their sentence. These reports enable the Youth Court to make decisions on early release.

Vote Senior Citizens

Output Expense: Senior Citizens Services

Scope

This appropriation is limited to providing information and facilitation to protect the rights and interests of older people, to promote local community involvement in senior citizens' issues, and ministerial services.

Summary of Performance

All performance standards in this output expense have been met or exceeded.

In 2012/2013, a sample of 29 papers on senior citizens was audited. In all cases the correct quality assurance process was followed, resulting in a standard achieved of 100 per cent.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
1,017	Crown	1,016	1,016	1,016
18	Department	–	–	–
–	Other	–	–	–
1,035	**Total Revenue**	**1,016**	**1,016**	**1,016**
775	**Total Expense**	**979**	**1,016**	**1,016**
260	**Net Surplus/(Deficit)**	**37**	**–**	**–**

Service Performance Information

Output: Senior Citizens Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
100% of cases	An audit[76] shows the Ministry of Social Development's quality assurance processes have been followed in at least	100% of cases	90–95% of cases

76 The work in relation to the internal audit, review or survey for this measure is conducted during the year and reported on an annual basis. Under the audit, a random sample of reports is reviewed internally during the year to assess whether they comply with minimum quality assurance standards.

Service Performance Information

Output: Ministerial and Executive Services

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality The percentage of all drafts provided for the Minister's signature that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be no less than:		
New measure in 2012/2013	Ministerial correspondence replies	99.1%	95%
New measure in 2012/2013	Parliamentary question responses	100%	100%
New measure in 2012/2013	Ministerial Official Information Act request replies	100%	100%
New measure in 2012/2013	Select Committee Estimates examination responses	100%	100%
	Timeliness The percentage of all drafts provided for the Minister's signature within the following timeframes will be no less than:		
New measure in 2012/2013	Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	100%	95%
New measure in 2012/2013	Parliamentary question responses provided to the Minister's Office so that answers can meet the timeframe set in Parliamentary Standing Orders	100%	100%
New measure in 2012/2013	Ministerial Official Information Act request replies completed five days prior to the statutory time limit, unless otherwise agreed	100%	100%
New measure in 2012/2013	Responses to Select Committee examinations provided to the Minister's Office so that answers can meet the timeframe set by the Committee(s)	100%	100%

Vote Veterans' Affairs – Social Development

Output Expense: Processing and Payment of Veterans' Pensions

Scope

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

Summary of Performance

One of the two performance standards in this output expense has been met.

In 2012/2013, the result for completing Veteran's Pension entitlement assessments within five working days was 96 per cent, approximately the same as the result reported last year.

Due to an increase in applications for New Zealand Superannuation of 12 per cent[77], the accuracy performance result was 0.7 per cent under the standard for the year.

Financial Performance Information

ACTUAL 2012 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED 2013 $000
	Revenue			
427	Crown	443	443	443
23	Department	–	–	–
–	Other	–	–	–
450	**Total Revenue**	**443**	**443**	**443**
375	**Total Expense**	**409**	**443**	**443**
75	**Net Surplus/(Deficit)**	**34**	**–**	**–**

Service Performance Information

Output: Processing and Payment of Veterans' Pensions

ACTUAL 30 JUNE 2012	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2013	STANDARD 30 JUNE 2013
	Quality		
95.3%	The percentage of Veteran's Pension entitlement assessments completed accurately will be no less than	94.3%	95%
	Timeliness		
95.8%	The percentage of Veteran's Pension entitlement assessments completed within required timeframes[78] will be no less than	96.3%	95%

77 Assessments for both New Zealand Superannuation and Veteran's Pensions are completed by the same staff. The increase in workload affects the results for both New Zealand Superannuation and Veteran's Pension assessment measures.

78 Five working days for Veteran's Pension entitlement assessments for payment in New Zealand and 20 working days for Veteran's Pension entitlement assessments for payment overseas.

Financial Statements

Statement of Accounting Policies Departmental

Reporting Entity

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

The primary objective of the Ministry is to provide services to the public rather than to make a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for the purposes of New Zealand's equivalents to the International Financial Reporting Standards (NZ IFRS).

The financial statements of the Ministry are for the year ended 30 June 2013. The financial statements were authorised for issue by the Chief Executive of the Ministry on 26 September 2013.

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

Basis of preparation

Statement of compliance

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Ministry, are:

- NZ IFRS 9 Financial Instruments will eventually replace the New Zealand equivalent to the International Accounting Standards (NZ IAS), NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced in three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent to standard NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Ministry is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on the current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. The Ministry expects to make the transition to the new standards when it prepares its 30 June 2015 financial statements.

Due to the changes in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. The XRB has effectively frozen the financial reporting requirements for public benefit entities until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant accounting policies

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

Budget figures

The budget figures are those included in the Information Supporting the Estimates of Appropriations for the Government of New Zealand for the year ended 30 June 2013, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates which includes transfers made under section 26A of the Public Finance Act 1989. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

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, outlined below.

The first stage allocates all direct costs to output expenses as and when they are incurred. The second stage accumulates and allocates indirect costs to output expenses based on cost drivers, such as full-time equivalent (FTE) staff and workload information obtained from surveys, which reflect an appropriate measure of resource consumption/use. The third stage accumulates and allocates overhead costs to output expenses based on resource consumption/use where possible, such as the FTE staff ratio, or where an appropriate driver cannot be found then in proportion to the cost charges in the previous two stages.

Criteria for direct and indirect costs

Direct costs are costs that vary directly with the level of activity and are causally related to, and readily assignable to, an output expense. Overhead costs are costs that do not vary with the level of activity undertaken. Indirect costs are costs other than direct costs or overhead costs.

For the year ended 30 June 2013, direct costs accounted for 85.5 per cent of the Ministry's costs (2012: 83.5 per cent).

Expenses

General

Expenses are recognised in the period they relate to.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine the interest expense for each period.

Foreign currency

Foreign currency transactions (including those for which foreign exchange forward contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

Financial instruments

Financial assets

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

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

Impairment of a receivable is established when there is objective evidence the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy, and defaults in payments are considered indicators the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. Overdue receivables that are renegotiated are reclassified as current (ie not past due).

Financial liabilities

The major financial liability types are creditors and other payables. Both are designated at amortised cost using the effective interest rate method. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value.

Property, plant and equipment

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

Property, plant and equipment items are shown at cost or valuation, less accumulated depreciation and impairment losses.

Individual assets, or groups of assets, are capitalised if their cost is greater than $2,000.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable the future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Disposals

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

Subsequent costs

Costs incurred after the initial acquisition are capitalised only when it is probable the future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSET TYPE	ESTIMATED LIFE (YEARS)	ESTIMATED LIFE (%)
Buildings (including components)	10–80 years	1.25%–10%
Leasehold improvements	up to 10 years	>10%
Furniture and fittings	3–5 years	20%–33%
Computer equipment	3–5 years	20%–33%
Motor vehicles	4–5 years	20%–25%
Plant and equipment	3–5 years	20%–33%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter with a maximum period of 10 years.

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

Revaluation

Land and buildings are revalued at least every three years to ensure the carrying amount does not differ materially from the fair value. Fair value is determined from market-based evidence by an independent valuer. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure those values are not materially different to fair value. Additions to assets between revaluations are recorded at cost.

Accounting for revaluations

The Ministry accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluations are recorded in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, the balance is expensed in the Statement of Comprehensive Income. Any subsequent increase in value after revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Income, will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into use.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overhead costs.

Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is no longer recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives and associated amortisation rate of our major class of intangible assets have been estimated as follows:

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Intangible assets not yet available for use at the balance sheet date are tested for impairment annually.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Ministry would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Income.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

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

Increases in fair value (less costs to sell) are recognised up to the level of any impairment losses previously recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no charge for income tax has been provided for.

Goods and Services Tax (GST)

All items in the financial statements, including the appropriation statements, are stated exclusive of GST except for receivables and payables, which are stated inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the Statement of Financial Position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Determining whether a lease agreement is a finance lease or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Ministry. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether to include renewal options in the lease term, and an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Financial Position as property, plant and equipment. With an operating lease no such asset is recognised.

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

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. A provision is recognised when it is probable an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Commitments

Expenses yet to be incurred on non-cancellable contracts entered into on or before balance date are disclosed as commitments to the extent there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising the option to cancel are included in the Statement of Commitments at the value of that penalty or exit cost.

Contingent assets and liabilities

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

Employee entitlements

Short-term employee entitlements

Employee entitlements the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Ministry recognises a liability for sick leave to the extent absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent the Ministry anticipates they will be used by staff to cover future absences.

The Ministry recognises a liability and an expense for performance payments where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood staff will reach the point of entitlement and contractual entitlements information.
- the present value of the estimated future cash flows.

Statement of Cash Flows

Cash means cash balances on hand and held in bank accounts.

Operating activities are those activities where the Ministry receives cash from its income sources and makes cash payments for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections or the repayment of capital to the Crown.

Taxpayers’ funds

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

Revaluation reserves

These reserves relate to the revaluation of land and buildings to fair value.

Critical accounting estimates and assumptions

In preparing these financial statements the Ministry has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Retirement and long service leave

An analysis of the Ministry’s exposure to estimates and uncertainties around its retirement and long service leave liability is contained in the notes (refer Note 12).

Critical judgements in applying the Ministry’s accounting policies

There were no significant items for which management had to exercise critical judgment in applying the Ministry’s Accounting Policies for the year ended 30 June 2013.

Statement of Comprehensive Income

For the year ended 30 June 2013

ACTUAL 2012 $000		NOTES	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
	Income				
1,153,775	Revenue Crown		1,203,636	1,162,658	1,203,636
17,147	Revenue other	1	5,310	11,811	14,434
106	Gain on disposal of fixed assets	2	295	-	-
1,171,028	**Total income**		**1,209,241**	**1,174,469**	**1,218,070**
	Expenditure				
636,092	Personnel costs	3	660,842	589,889	662,462
47,948	Depreciation and amortisation expenses	7, 8	45,135	50,427	41,416
24,062	Capital charge	4	23,742	23,575	23,575
447,944	Other operating expenses	5	472,476	510,578	490,617
1,156,046	**Total expenditure**		**1,202,195**	**1,174,469**	**1,218,070**
14,982	**Net surplus/(deficit)**		**7,046**	**-**	**-**
14,982	**Total comprehensive income**		**7,046**	**-**	**-**

Explanations of significant variances against budget are detailed in Note 19. Refer to Note 5 for other operating expenses variances.

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Financial Position

As at 30 June 2013

ACTUAL 2012 $000		NOTES	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
	Taxpayers' funds				
264,896	General funds		256,896	256,896	256,896
35,875	Revaluation reserve		35,875	35,875	35,875
300,771	**Total taxpayers' funds**	**13**	**292,771**	**292,771**	**292,771**
	Assets				
	Current assets				
30,414	Cash and cash equivalents		32,695	57,589	35,644
7,797	Accounts receivable	6	11,078	5,682	7,798
10,205	Prepayments		13,056	8,409	10,205
107,436	Crown receivable		93,068	35,000	65,000
155,852	**Total current assets**		**149,897**	**106,680**	**118,647**
	Non-current assets				
303,048	Property, plant and equipment	7	297,380	297,204	312,404
48,688	Intangible assets	8	50,756	58,832	53,555
351,736	**Total non-current assets**		**348,136**	**356,036**	**365,959**
507,588	**Total assets**		**498,033**	**462,716**	**484,606**
	Liabilities				
	Current liabilities				
94,331	Accounts payable and accruals	9	95,968	75,672	94,331
14,982	Return of operating surplus to the Crown	10	7,046	-	-
53,622	Provision for employee entitlements	12	56,347	52,010	53,622
6,916	Other provisions	11	6,142	8,306	6,916
169,851	**Total current liabilities**		**165,503**	**135,988**	**154,869**
	Non-current liabilities				
36,966	Provision for employee entitlements	12	39,759	33,957	36,966
36,966	**Total non-current liabilities**		**39,759**	**33,957**	**36,966**
206,817	**Total liabilities**		**205,262**	**169,945**	**191,835**
300,771	**Net assets**		**292,771**	**292,771**	**292,771**

Explanations of significant variances against budget are detailed in Note 19.

Brendan Boyle
Chief Executive

26 September 2013

Bruce Simpson
Chief Financial Officer

26 September 2013

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Changes in Taxpayers' Funds

For the year ended 30 June 2013

ACTUAL 2012 $000		NOTE	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
300,771	**Balance at 1 July**		**300,771**	**300,771**	**300,771**
14,982	Total comprehensive income		7,046	-	-
(14,982)	Return of operating surplus to the Crown	10	(7,046)	-	-
-	Capital withdrawal		(8,000)	(8,000)	(8,000)
300,771	**Balance at 30 June**		**292,771**	**292,771**	**292,771**

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2013

ACTUAL 2012 $000		NOTE	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
	Cash flows from operating activities				
1,115,338	Receipts from Crown revenue		1,218,004	1,172,658	1,246,072
18,063	Receipts from other revenue		3,892	11,811	14,434
(435,247)	Payments to suppliers		(475,176)	(512,021)	(489,649)
(631,751)	Payments to employees		(655,875)	(588,446)	(663,430)
(24,062)	Payments for capital charge		(23,742)	(23,575)	(23,575)
26	Goods and services tax (net)		(602)	-	-
42,367	**Net cash flow from operating activities**	**14**	**66,501**	**60,427**	**83,852**
	Cash flows from investing activities				
1,172	Receipts from sale of property, plant and equipment		2,276	1,800	1,800
(30,373)	Purchase of property, plant and equipment		(25,854)	(41,198)	(39,618)
(20,242)	Purchase of intangible assets		(17,659)	(31,241)	(17,821)
(49,443)	**Net cash flow from investing activities**		**(41,237)**	**(70,639)**	**(55,639)**
	Cash flows from financing activities				
-	Capital withdrawal from the Crown		(8,000)	(8,000)	(8,000)
(5,942)	Return of operating surplus to Crown		(14,983)	(5,000)	(14,983)
(5,942)	**Net cash flow from financing activities**		**(22,983)**	**(13,000)**	**(22,983)**
(13,018)	Net increase/(decrease) in cash held		2,281	(23,212)	5,230
43,432	Cash and cash equivalents at the beginning of the year		30,414	80,801	30,414
30,414	**Cash and cash equivalents at the end of the year**		**32,695**	**57,589**	**35,644**

The goods and services tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component is presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

Refer to Note 14 for reconciliation of net surplus/(deficit) to net cash from operating activities. Explanations of significant variances against budget are detailed in Note 19.

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Trust Monies

As at 30 June 2013

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances as at 30 June 2013 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2013 were as follows:

ACTUAL 2012 $000		ACTUAL 2013 $000
	William Wallace Trust	
404	**Balance at 1 July**	**404**
(36)	Distributions	(34)
36	Revenue	40
404	**Balance at 30 June**	**410**

William Wallace Trust Account

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

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Commitments

As at 30 June 2013

ACTUAL 2012 $000		ACTUAL 2013 $000
	Capital commitments	
1,901	Land and buildings	-
1,901	**Total capital commitments**	**-**
	Operating commitments	
	Non-cancellable accommodation leases	
41,413	Not later than one year	41,879
92,228	Later than one year and not later than five years	74,116
17,088	Later than five years	13,534
150,729	**Total non-cancellable accommodation leases**	**129,529**
150,729	**Total operating commitments**	**129,529**
152,630	**Total commitments**	**129,529**

Capital commitments

The Ministry had no capital commitments as at balance date (2012: $1.901 million).

Non-cancellable accommodation leases

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

In addition to the above costs the Ministry has sub-lease rental recoveries of $0.248 million expected to be received in the following year, 2013/2014 (2012: $0.234 million). Refer to Note 1 for sub-lease rental recoveries for 2012/2013.

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2013

Unquantifiable contingent liabilities

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

Quantifiable contingent liabilities

ACTUAL 2012 $000		ACTUAL 2013 $000
212	Personal grievances claims	65
416	Other claims	125
628	**Total contingent liabilities**	**190**

Personal grievances

Personal grievances claims, represents amounts claimed by employees for personal grievances cases. There are 11 personal grievances claims (2012: 13 personal grievances claims).

Other claims

Other claims, represents outstanding grievances claims from our clients for unpaid benefit entitlements and Child, Youth and Family disputes. There are three other claims (2012: five other claims).

Quantifiable contingent assets

ACTUAL 2012 $000		ACTUAL 2013 $000
2,500	Canterbury earthquake claim	2,000
2,500	**Total contingent assets**	**2,000**

The Ministry has an unsettled business interruption insurance claim resulting from the 2010/2011 Christchurch earthquakes (2012: $2.5 million).

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Departmental Expenses and Capital Expenditure Against Appropriations

For the year ended 30 June 2013

EXPENDITURE EXCLUDING REMEASURE-MENTS 2012 $000	SUMMARY BY OUTPUT EXPENSES	EXPENDITURE INCLUDING REMEASURE-MENTS 2013 $000	REMEASURE-MENTS[79] 2013 $000	EXPENDITURE EXCLUDING REMEASURE-MENTS 2013 $000	APPROPRIATION VOTED[80] 2013 $000
	Appropriations for output expenses				
	VOTE SOCIAL DEVELOPMENT				
-	Administration of Trialling New Approaches to Social Sector Change	443	-	443	468
5,989	Adoption Services	6,814	(7)	6,807	7,142
330,637	Care and Protection Services	344,499	(231)	344,268	345,765
-	Children's Action Plan	1,242	-	1,242	2,535
13,835	Collection of Balances Owed by Former Clients and Non-beneficiaries	13,533	(17)	13,516	14,084
8,071	Development and Funding of Community Services	8,220	(9)	8,211	8,227
32,284	Family and Community Services	34,556	(17)	34,539	35,746
35,896	Income Support and Assistance to Seniors	35,290	(41)	35,249	35,907
6,720	**Management of Service Cards MCOA**	**5,686**	**(6)**	**5,680**	**6,321**
5,463	*Administration of Community Services Card*	4,553	(5)	4,548	4,914
1,257	*Management of SuperGold Card*	1,133	(1)	1,132	1,407
16,369	Management of Student Loans	15,844	(10)	15,834	16,179
15,260	Management of Student Support, excluding Student Loans	15,743	(10)	15,733	15,780
-	Planning, Correspondence and Monitoring	5,359	(6)	5,353	5,554
36,020	**Policy Advice and Support to Ministers MCOA**	**-**	**-**	**-**	**-**
294	*Crown Entity Monitoring*	-	-	-	-
35,726	*Social Policy Advice*	-	-	-	-
3,402	Prevention Services	3,505	(2)	3,503	4,045
1,231	Promoting Positive Outcomes for Disabled People	1,784	-	1,784	2,210
371	Property Management Centre of Expertise	2,606	(1)	2,605	2,651
35,873	Services to Protect the Integrity of the Benefit System	33,616	(36)	33,580	34,516
-	**Social Policy Advice MCOA**	**32,318**	**(20)**	**32,298**	**35,352**
-	*Forecast, Modelling, Information Monitoring and Analysis*	6,155	(5)	6,150	6,450
-	*Longitudinal Studies*	3,410	-	3,410	3,410
-	*Policy Advice*	17,304	(13)	17,291	18,362
-	*Research and Evaluation*	5,449	(2)	5,447	7,130
423,791	Tailored Sets of Services to Help People into Work or Achieve Independence	452,860	(426)	452,434	454,080
54,515	Vocational Skills Training	54,635	-	54,635	54,635
-	Youth Development	2,714	(2)	2,712	2,974
130,434	Youth Justice Services	129,540	(113)	129,427	132,440
1,150,698	**Total Vote Social Development**	**1,200,807**	**(954)**	**1,199,853**	**1,216,611**

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except:

Minister of Health is responsible for Administration of Trialling New Approaches to Social Sector Change

Minister of Revenue is responsible for Management of Student Loans

Minister for Disability Issues is responsible for Promoting Positive Outcomes for Disabled People

Minister of State Services is responsible for Property Management Centre of Expertise

Minister of Youth Affairs is responsible for Youth Development.

79 The remeasurements adjustment relates to movements in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

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

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Departmental Expenses and Capital Expenditure Against Appropriations (continued)

For the year ended 30 June 2013

EXPENDITURE EXCLUDING REMEASURE-MENTS 2012 $000	SUMMARY BY OUTPUT EXPENSES	EXPENDITURE INCLUDING REMEASURE-MENTS 2013 $000	REMEASURE-MENTS[81] 2013 $000	EXPENDITURE EXCLUDING REMEASURE-MENTS 2013 $000	APPROPRIATION VOTED[82] 2013 $000
	VOTE SENIOR CITIZENS				
775	Senior Citizens Services	979	-	979	1,016
775	**Total Vote Senior Citizens**	**979**	**-**	**979**	**1,016**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
375	Processing and Payment of Veterans' Pensions	409	(1)	408	443
375	**Total Vote Veterans' Affairs - Social Development**	**409**	**(1)**	**408**	**443**
	VOTE YOUTH DEVELOPMENT				
425	Administration of Trialling New Approaches to Social Sector Change	-	-	-	-
3,862	Youth Development	-	-	-	-
4,287	**Total Vote Youth Development**	**-**	**-**	**-**	**-**
1,156,135	**Total departmental output expenses**	**1,202,195**	**(955)**	**1,201,240**	**1,218,070**
	Appropriations for capital expenditure				
	VOTE SOCIAL DEVELOPMENT				
50,615	Ministry of Social Development - Capital Expenditure PLA	43,513	-	43,513	57,439
50,615	**Total departmental capital expenditure**	**43,513**	**-**	**43,513**	**57,439**
1,206,750	**Total departmental expenditure and capital expenditure**	**1,245,708**	**(955)**	**1,244,753**	**1,275,509**

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except:
Minister for Senior Citizens is responsible for Senior Citizens Services
Minister of Veterans' Affairs is responsible for Processing and Payment of Veterans' Pensions

Vote Youth Development was merged into Vote Social Development from 2012/2013.

81 The remeasurements adjustment relates to movements in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

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

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Statement of Departmental Expenses and Capital Expenditure Against Appropriations (continued)

For the year ended 30 June 2013

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

The Appropriation Voted includes adjustments made in the Supplementary Estimates and the following transfers made under section 26A of the Public Finance Act 1989.

	SUPPLEMENTARY ESTIMATES 2013 $000	SECTION 26A TRANSFERS 2013 $000	APPROPRIATION VOTED[83] 2013 $000
VOTE SOCIAL DEVELOPMENT			
Income Support and Assistance to Seniors	36,557	(650)	35,907
Management of Service Cards MCOA			
Administration of Community Services Card	5,274	(360)	4,914
Management of Student Loans	16,489	(310)	16,179
Management of Student Support, excluding Student Loans	15,470	310	15,780
Services to Protect the Integrity of the Benefit System	35,316	(800)	34,516
Tailored Sets of Services to Help People into Work or Achieve Independence	452,270	1,810	454,080
Total appropriations for output expenses	**561,376**	**-**	**561,376**

Statement of Unappropriated Departmental Expenses and Capital Expenditure Against Appropriations

For the year ended 30 June 2013

The Ministry had no unappropriated departmental operating or capital expenditure in 2012/2013 (2012: nil).

There were no breaches of projected departmental net asset schedules in 2012/2013 (2012: nil).

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

The Statement of Accounting Policies: Departmental on pages 86 to 93 and Notes 1 to 19 on pages 104 to 118 form part of these financial statements.

Notes to the Financial Statements

Note 1: Revenue other

ACTUAL 2012 $000		ACTUAL 2013 $000
320	Sub-lease rental recoveries	248
16,827	Other recoveries	5,062
17,147	**Total revenue other**	**5,310**

The Ministry received revenue from child support receipts on behalf of children in foster care ($1.721 million), the Property Management Centre of Expertise (PMCoE) property portal ($1.019 million), Strengthening Families inter-agency support ($0.588 million) and the Growing Up in New Zealand longitudinal study ($1.322 million). The Ministry received other revenues of $0.660 million, mainly from sub-leased premises.

Note 2: Gains

ACTUAL 2012 $000		ACTUAL 2013 $000
106	Gain on disposal of fixed assets	295
106	**Total gains**	**295**

During the year, the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net gain on asset disposals was $295,235 (2012: $106,293).

Note 3: Personnel costs

ACTUAL 2012 $000		ACTUAL 2013 $000
606,204	Salaries and wages	628,473
4,621	Increase/(decrease) in employee entitlements	5,517
344	Increase/(decrease) in restructuring costs	1,653
14,289	Defined superannuation contribution scheme	14,795
10,634	Other personnel expenses	10,404
636,092	**Total personnel costs**	**660,842**

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

Note 4: Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2013 was 8 per cent (2012: 8 per cent).

Note 5: Other operating expenses

ACTUAL 2012 $000		ACTUAL 2013 $000
1,050	Audit fees	1,034
74,337	Rental, leasing and occupancy costs	69,482
39	Bad debts written off	10
376	Impairment of receivables	80
113,611	Client financial plan costs[84]	118,182
20,990	Non-specific client costs[85]	22,422
54,515	Vocational Skills Training	54,635
33,881	Office operating expenses	32,621
85,037	IT related operating expenses	107,719
6,678	Staff travel	7,313
5,114	Consultancy and contractors' fees	6,650
11,325	Professional fees	14,301
40,991	Other operating expenses	38,027
447,944	**Total operating costs**	**472,476**

Major other operating expenses variances

IT related operating expenses increased in 2012/2013 mainly due to the additional funding received for the required system changes to support the implementation of Welfare Reform. Audit fees includes statutory audit fees and disbursements.

84 Client financial plan costs includes monies paid for the provision of the care and protection of children and young persons, and the provision of programmes and services to support the resolution of behaviour and relationship difficulties. A portion of these costs is used to support statutory processes to promote opportunities for family/whānau, hapū/iwi and family groups to consider care and protection and youth justice issues and to contribute to a decision-making process that often removes the need for Court involvement.

85 Non-specific client costs includes costs which cannot be attributed to a specific client. It includes costs for maintaining an infrastructure that supports the Ministry to meet its legal and support obligations for the care and protection of children and young persons and the casework resolution process. The costs can be grouped into four main categories:

- Family home costs including bed availability allowances, family home supplies and foster parent resettlement grants.
- Residential costs including programmes and client costs.
- Costs for Care and Protection resource panels of external advisors mandated by the Children, Young Persons, and Their Families Act 1989 to advise on procedures.
- External provider contract costs for specific programmes run by non-government organisations to help children and young people.

Note 6: Debtors and other receivables

ACTUAL 2012 $000		ACTUAL 2013 $000
	By type	
7,797	Trade and other receivables	11,078
7,797	**Total receivables**	**11,078**
	By maturity	
7,797	Expected to be realised within one year	11,078
-	Expected to be held for more than one year	-
7,797	**Total receivables**	**11,078**
	Trade and other receivables	
9,497	Gross trade and other receivables	12,858
(1,700)	Impairment of trade and other receivables	(1,780)
7,797	**Total trade and other receivables**	**11,078**
	Impairment of trade and other receivables	
1,324	Balance at beginning of the year	1,700
579	Impairment losses recognised on receivables	372
(203)	Reversal of impairment losses	(292)
1,700	**Balance at end of the year**	**1,780**
1,700	Collective impairment allowance	1,780
-	Individual impairment allowance	-
1,700	**Balance at end of the year**	**1,780**

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

Debtors impairment

As at 30 June 2013 (and 30 June 2012), all overdue receivables were assessed for impairment and the appropriate provisions applied as detailed above.

As at 30 June 2013, the Ministry had no debtors deemed insolvent (2012: nil).

Ageing profile of receivables

AS AT 30 JUNE 2012				AS AT 30 JUNE 2013		
GROSS $000	IMPAIRMENT $000	NET $000		GROSS $000	IMPAIRMENT $000	NET $000
6,698	-	6,698	Not past due	8,300	-	8,300
607	-	607	Past due 1–30 days	2,467	-	2,467
146	-	146	Past due 31–60 days	97	-	97
13	(11)	2	Past due 61–90 days	128	(2)	126
2,033	(1,689)	344	Past due >91 days	1,866	(1,778)	88
9,497	**(1,700)**	**7,797**		**12,858**	**(1,780)**	**11,078**

Note 7: Property, plant and equipment

	LAND $000	BUILDINGS $000	LEASEHOLD IMPROVE-MENTS & FURNITURE $000	COMPUTER EQUIPMENT $000	MOTOR VEHICLES $000	PLANT & EQUIPMENT $000	TOTAL $000
Cost or revaluation							
Balance as at 1 July 2011	**49,983**	**184,106**	**74,472**	**114,057**	**26,861**	**14,073**	**463,552**
Additions by purchase	-	8,299	6,624	9,950	4,835	4,008	33,716
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	7,035	(6,995)	(3,326)	-	(59)	(3,345)
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	(849)	-	2	(847)
Disposals	-	-	(1,136)	(6,220)	(2,890)	(1,025)	(11,271)
Balance as at 30 June 2012	**49,983**	**199,440**	**72,965**	**113,612**	**28,806**	**16,999**	**481,805**
Balance as at 1 July 2012	**49,983**	**199,440**	**72,965**	**113,612**	**28,806**	**16,999**	**481,805**
Additions by purchase	-	5,725	8,496	2,686	3,786	1,576	22,269
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	2,902	-	732	-	(49)	3,585
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(2,984)	(1,007)	(5,802)	(17)	(9,810)
Balance as at 30 June 2013	**49,983**	**208,067**	**78,477**	**116,023**	**26,790**	**18,509**	**497,849**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2011	**-**	**-**	**46,987**	**95,531**	**9,705**	**7,827**	**160,050**
Depreciation expense	-	7,027	8,236	8,650	3,968	1,879	29,760
Eliminate on disposal	-	-	(1,137)	(6,220)	(1,849)	(999)	(10,205)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	(850)	-	2	(848)
Balance as at 30 June 2012	**-**	**7,027**	**54,086**	**97,111**	**11,824**	**8,709**	**178,757**
Balance as at 1 July 2012	**-**	**7,027**	**54,086**	**97,111**	**11,824**	**8,709**	**178,757**
Depreciation expense	-	7,258	8,677	8,008	3,617	1,980	29,540
Eliminate on disposal	-	-	(2,984)	(1,007)	(3,822)	(17)	(7,830)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	2	2
Balance as at 30 June 2013	**-**	**14,285**	**59,779**	**104,112**	**11,619**	**10,674**	**200,469**
Carrying amounts							
At 1 July 2011	**49,983**	**184,106**	**27,485**	**18,526**	**17,156**	**6,246**	**303,502**
At 30 June and 1 July 2012	**49,983**	**192,413**	**18,879**	**16,501**	**16,982**	**8,290**	**303,048**
At 30 June 2013	**49,983**	**193,782**	**18,698**	**11,911**	**15,171**	**7,835**	**297,380**

Valuation

A desktop review of land and buildings owned by the Ministry was completed by Quotable Value Limited as at 30 June 2013. Registered valuer Kerry Stewart FPINZ, FNZIV from Quotable Value Limited was the project manager.

No significant change (under 4 per cent) was noted between the fair value and the carrying value of the Ministry's land and buildings from the desktop review. A full valuation involving the physical inspection of all the Ministry's land and buildings assets was conducted by Quotable Value Limited as at 30 June 2011. The next full valuation is scheduled for 2013/2014.

The total amount of property, plant and equipment under construction and work in progress is $21.392 million (2012: $17.807 million). This includes building works under construction and work in progress as at 30 June 2013 of $16.654 million (2012: $13.752 million).

Note 8: Intangible assets

	INTERNALLY GENERATED SOFTWARE $000	TOTAL $000
Cost or revaluation		
Balance as at 1 July 2011	**202,309**	**202,309**
Additions by purchase and internally generated	22,480	22,480
Work in progress movement	(2,234)	(2,234)
Asset transfers	-	-
Other asset movement	842	842
Disposals	(3,874)	(3,874)
Balance as at 30 June 2012	**219,523**	**219,523**
Balance as at 1 July 2012	**219,523**	**219,523**
Additions by purchase and internally generated	9,562	9,562
Work in progress movement	8,099	8,099
Asset transfers	-	-
Other asset movement	2	2
Disposals	-	-
Balance as at 30 June 2013	**237,186**	**237,186**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2011	**155,674**	**155,674**
Amortisation expense	18,188	18,188
Disposals	(3,027)	(3,027)
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2012	**170,835**	**170,835**
Balance as at 1 July 2012	**170,835**	**170,835**
Amortisation expense	15,595	15,595
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2013	**186,430**	**186,430**
Carrying amounts		
At 1 July 2011	**46,635**	**46,635**
At 30 June and 1 July 2012	**48,688**	**48,688**
At 30 June 2013	**50,756**	**50,756**

The total amount of intangibles in the course of construction is $21.698 million (2012: $13.599 million).

Note 9: Creditors and other payables

ACTUAL 2012 $000		ACTUAL 2013 $000
	By type	
13,303	Trade creditors	11,565
10,297	GST payable	9,695
70,731	Accrued expenses	74,708
94,331	**Total payables**	**95,968**

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

Note 10: Return of operating surplus

ACTUAL 2012 $000		ACTUAL 2013 $000
14,982	Net surplus/(deficit)	7,046
14,982	**Total repayment of surplus**	**7,046**

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

Note 11: Provisions

ACTUAL 2012 $000		ACTUAL 2013 $000
4,894	ACC Partnership programme	4,381
1,569	Restructuring provision	1,322
381	Lease make-good	386
72	Other provisions	53
6,916	**Total provisions**	**6,142**

Provisions by category

	ACC PARTNERSHIP PROGRAMME $000	LEASE MAKE-GOOD $000	RESTRUCTURE $000	OTHERS $000	TOTAL $000
2012					
Balance as at 1 July 2011	**5,796**	**421**	**2,038**	**51**	**8,306**
Additional provisions made	2,548	254	248	36	3,086
Amounts used	(3,450)	(320)	(505)	(15)	(4,290)
Unused amounts reversed	-	-	(212)	-	(212)
Discount unwind	-	26	-	-	26
Balance as at 30 June 2012	**4,894**	**381**	**1,569**	**72**	**6,916**
2013					
Balance as at 1 July 2012	**4,894**	**381**	**1,569**	**72**	**6,916**
Additional provisions made	1,640	-	83	1	1,724
Amounts used	(2,153)	-	(330)	(9)	(2,492)
Unused amounts reversed	-	-	-	(11)	(11)
Discount unwind	-	5	-	-	5
Balance as at 30 June 2013	**4,381**	**386**	**1,322**	**53**	**6,142**

ACC Partnership programme

The Ministry belongs to the ACC Accredited Employer programme whereby the Ministry accepts the management and financial responsibility of the work-related illnesses and accidents of its employees. The Ministry, under the Full Self Cover Plan (FSCP), has opted for a stop loss limit of 160 per cent of the industry premium and a High Cost Claims Cover (HCCC) limit of $250,000.

The liability for the ACC Partnership programme is measured at the present value of expected future payments to be made for employees' injuries and claims up to the reporting date using actuarial techniques. Consideration is given to the expected future wage and salary levels and the experience of employees' claims and injuries. Expected future payments are discounted using market yields at the reporting date on New Zealand government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The Ministry manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety policies
- providing induction training on health and safety
- actively managing work place injuries to ensure employees return to work as soon as possible
- recording and monitoring work place injuries and near misses to identify risk areas and implementing mitigating actions
- identifying work place hazards and implementing appropriate safety procedures.

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

An external independent actuarial valuer, Melville Jessup Weaver, has calculated the Ministry's liability. The valuation is effective as at 30 June 2013. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuarial valuer's report.

Lease make-good

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

At year-end there were eight sites where a make-good provision had been established with a value of $0.386 million (2012: $0.381 million). The timing of any future make-good work is currently up to four years in the future.

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

The value of the provision is based on a professional assessment by the Ministry's property group taking into account the cost and past history of make-good work.

An asset to the value of $0.776 million was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Restructure

The Ministry announced its decision to restructure certain parts of the organisation on 12 May 2009. Following a consultation period with staff, relevant unions and other affected parties, a detailed restructure plan was approved on 29 June 2009. A restructuring provision was established at the time for redundancy payments likely to be paid out to those staff whose positions were made redundant as a result of the restructure. The change management process was also completed and the redundancy payments made accordingly.

The remainder of the provision is for equalisation allowances for staff members affected by the restructure who have been reassigned to positions within the Ministry at lower salary levels. Additional provisions made in this category are as a result of the revaluation of the provision using 10-year reserve bank interest rates.

The restructuring provision as at 30 June 2013 is $1.322 million (2012: $1.569 million).

Others

The Ministry has a provision of $53,167 (2012: $71,667) for family home resettlement. A $1,000 a year resettlement grant is paid to resigning or retiring family home caregivers after five or more years of unbroken service (up to a maximum of $10,000 per couple).

Note 12: Employee entitlements

ACTUAL 2012 $000		ACTUAL 2013 $000
	Current liabilities	
10,225	Retirement and long service leave	11,549
42,035	Provision for annual leave	43,499
1,362	Provision for sickness leave	1,299
53,622	**Total current portion**	**56,347**
	Non-current liabilities	
36,966	Retirement and long service leave	39,759
36,966	**Total non-current portion**	**39,759**
90,588	**Total employment entitlements**	**96,106**

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

The Ministry uses the interest rates and the salary inflation factor as supplied and published by The Treasury.

Discount rates and salary inflation applied:

AS AT 30 JUNE 2012				AS AT 30 JUNE 2013		
2013 %	2014 %	2015 %	EMPLOYEE ENTITLEMENT VARIABLES	2014 %	2015 %	2016 %
2.43	2.47	6.00	Discount rates	2.71	3.14	5.50
3.50	3.50	3.50	Salary inflation	3.50	3.50	3.50

The financial impact of changes to the discount rates and salary inflation variables:

MOVEMENTS	ACTUAL 2013 $000	SALARY + 1% 2013 $000	SALARY - 1% 2013 $000	DISCOUNT + 1% 2013 $000	DISCOUNT - 1% 2013 $000
Current	11,549	41	(41)	(31)	32
Non-current	39,759	3,956	(3,478)	(3,215)	3,711
Total	**51,308**	**3,997**	**(3,519)**	**(3,246)**	**3,743**

Note 13: Taxpayers' funds

ACTUAL 2012 $000		ACTUAL 2013 $000
	General funds	
264,896	Balance at 1 July	264,896
14,982	Surplus/(deficit)	7,046
-	Capital withdrawal	(8,000)
(14,982)	Repayment of surplus	(7,046)
264,896	**General funds at 30 June**	**256,896**
	Revaluation reserves	
35,875	Balance at 1 July	35,875
35,875	**Revaluation reserves at 30 June**	**35,875**
300,771	**Total taxpayers' funds**	**292,771**

Note 14: Reconciliation of net surplus/(deficit) to net cash from operating activities

ACTUAL 2012 $000		ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
14,982	**Net surplus/(deficit) after tax**	**7,046**	**-**	**-**
	Add/(less) non-cash items			
29,760	Depreciation	29,540	34,658	28,460
18,188	Amortisation	15,595	15,769	12,956
47,948	**Total non-cash items**	**45,135**	**50,427**	**41,416**
	Add/(less) items classified as investing or financing activities			
(106)	(Gains)/losses on disposal property, plant and equipment	(295)	-	-
(106)	**Total items classified as investing or financing activities**	**(295)**	**-**	**-**
	Add/(less) working capital movements			
(40,552)	(Increase)/decrease in accounts receivable	11,085	10,000	42,436
(1,796)	(Increase)/decrease in prepayments	(2,851)	-	-
18,660	Increase/(decrease) in accounts payable	1,637	-	-
1,612	Increase/(decrease) in provision for employee entitlements	2,725	-	-
(1,390)	Increase/(decrease) other provisions	(774)	-	-
(23,466)	**Net movements in working capital items**	**11,822**	**10,000**	**42,436**
	Add/(less) movements in non-current liabilities			
3,009	Increase/(decrease) in provision for employee entitlements	2,793	-	-
3,009	**Net movements in non-current liabilities**	**2,793**	**-**	**-**
42,367	**Net cash inflow from operating activities**	**66,501**	**60,427**	**83,852**

Note 15: Related party transactions

The Ministry is a wholly-owned entity of the Crown. The Government significantly influences the role of the Ministry as well as being its major source of revenue. All related party transactions are entered into on an arm's-length basis.

Significant transactions with government-related entities

The Ministry received funding from the Crown of $1.204 billion (2012: $1.154 billion) to provide services to the public for the year ended 30 June 2013.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, the Ministry is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The Ministry is exempt from paying income tax.

The Ministry also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities for the year ended 30 June 2013 totalled $80.046 million (2012: $81.629 million). These purchases included the purchase of electricity from Genesis Energy, air travel from Air New Zealand, legal services from the Crown Law Office, postal services from New Zealand Post and vocational skills training from the Tertiary Education Commission.

Transactions with key management personnel

Key management personnel compensation includes the remuneration for the Chief Executive and eight members of the Senior Management Team.

ACTUAL 2012 $000		ACTUAL 2013 $000
3,437	Salaries and other short-term employee benefits	3,024
77	Post-employment benefits	62
-	Other long-term benefits	-
97	Termination benefits	-
3,611	**Total key management personnel compensation**	**3,086**

It excludes the remuneration and other benefits received by the Minister for Social Development. The Minister's remuneration and other benefits are received not only for her role as a member of the key management personnel of the Ministry. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and are not paid by the Ministry of Social Development.

Related party transactions involving key management personnel (or their close family members):

- Related parties of key management personnel who are in receipt of statutory benefits, pensions or student loans are receiving them based on their own entitlements and eligibility criteria to such benefits, pensions or student loans.
- The son of a member of the Senior Management Team was employed on a casual basis and was engaged under the Ministry's normal recruitment process.

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

Note 16: Events after the balance sheet date

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

Note 17: Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise its exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

As at 30 June 2013 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2012: no significant foreign exchange exposures).

Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

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

Credit risk

Credit risk is the risk a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of the Ministry's business, credit risk arises from debtors, deposits with banks and derivative financial instrument assets.

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

For its other financial instruments, the Ministry does not have significant concentrations of credit risk. The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, net debtors (refer Note 6), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Financial instrument risks

Classes and categories of financial assets:

As at 30 June 2012 Designation						As at 30 June 2013 Designation				
Amortised cost $000	Loans & receivables $000	Held for trading $000	Fair value through P&L $000	Total $000		Amortised cost $000	Loans & receivables $000	Held for trading $000	Fair value through P&L $000	Total $000
-	30,414	-	-	**30,414**	Cash and cash equivalents	-	32,695	-	-	**32,695**
-	115,233	-	-	**115,233**	Trade and other receivables	-	104,146	-	-	**104,146**
-	**145,647**	**-**	**-**	**145,647**	**Total financial assets by designation**	**-**	**136,841**	**-**	**-**	**136,841**

Classes and categories of financial liabilities:

As at 30 June 2012 Designation					As at 30 June 2013 Designation			
Amortised cost $000	Held for trading $000	Fair value through P&L $000	Total $000		Amortised cost $000	Held for trading $000	Fair value through P&L $000	Total $000
94,331	-	-	**94,331**	Accounts payable	95,968	-	-	**95,968**
94,331	**-**	**-**	**94,331**	**Total financial liabilities by designation**	**95,968**	**-**	**-**	**95,968**

Foreign currency risk management:

As at 30 June 2012					As at 30 June 2013			
NZD NZ$000	AUD NZ$000	Other NZ$000	Total NZ$000		NZD NZ$000	AUD NZ$000	Other NZ$000	Total NZ$000
30,187	227	-	**30,414**	Cash and cash equivalents	32,273	422	-	**32,695**
115,233	-	-	**115,233**	Trade and other receivables	104,146	-	-	**104,146**
145,420	**227**	**-**	**145,647**	**Total financial assets**	**136,419**	**422**	**-**	**136,841**
94,331	-	-	**94,331**	Accounts payable	95,968	-	-	**95,968**
94,331	**-**	**-**	**94,331**	**Total financial liabilities**	**95,968**	**-**	**-**	**95,968**

Australian cash and cash equivalents is used to pay Australian creditors directly in Australian dollars.

Credit risk management:

As at 30 June 2012						As at 30 June 2013				
AAA $000	AA $000	A $000	Non-rated $000	Total $000		AAA $000	AA $000	A $000	Non-rated $000	Total $000
-	30,364	-	50	**30,414**	Cash and cash equivalents	-	32,645	-	50	**32,695**
-	-	-	115,233	**115,233**	Trade and other receivables	-	-	-	104,146	**104,146**
-	**30,364**	**-**	**115,283**	**145,647**	**Total financial assets**	**-**	**32,645**	**-**	**104,196**	**136,841**

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

Concentration of credit exposure by geographical area:

AS AT 30 JUNE 2012						AS AT 30 JUNE 2013				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
30,187	227	-	-	**30,414**	Cash and cash equivalents	32,273	422	-	-	**32,695**
115,233	-	-	-	**115,233**	Trade and other receivables	104,146	-	-	-	**104,146**
145,420	**227**	**-**	**-**	**145,647**	**Total financial assets**	**136,419**	**422**	**-**	**-**	**136,841**

Liquidity risk management:

AS AT 30 JUNE 2012						AS AT 30 JUNE 2013				
CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000		CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000
94,331	94,331	94,331	-	-	Accounts payable	95,968	95,968	95,968	-	-
94,331	**94,331**	**94,331**	**-**	**-**	**Total financial liabilities**	**95,968**	**95,968**	**95,968**	**-**	**-**

Note 18: Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and the Ministry's compliance with the Government Budget processes, Treasury Instructions and the Public Finance Act 1989.

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

Note 19: Major budget variations

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

	NOTES	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000	MAIN ESTIMATES VS ACTUAL VARIANCE 2013 $000
Statement of Comprehensive Income					
Income					
Revenue Crown	(a)	1,203,636	1,162,658	1,203,636	(40,978)
Revenue other	(b)	5,310	11,811	14,434	6,501
Expenditure					
Personnel costs	(c)	660,842	589,889	662,462	(70,953)
Other operating expenses	(d)	472,476	510,578	490,617	38,102
Statement of Financial Position					
Assets					
Current assets					
Cash and cash equivalents	(e)	32,695	57,589	35,644	24,894
Crown receivable	(f)	93,068	35,000	65,000	(58,068)
Liabilities					
Current liabilities					
Accounts payable and accruals	(g)	95,968	75,672	94,331	(20,296)
Statement of Cash Flows					
Cash flows from investing activities					
Purchase of property, plant and equipment	(h)	(25,854)	(41,198)	(39,618)	(15,344)
Purchase of intangible assets	(i)	(17,659)	(31,241)	(17,821)	(13,582)

Statement of Comprehensive Income

a) Increase in Revenue Crown was due to the additional funding for Welfare Reform phase two and additional social workers.

b) Revenue other is lower due to the Ministry receiving less in sub-lease rental recoveries, which has reduced significantly over time. The budget has not been adjusted to reflect the current lower levels of sub-lease recoveries.

c) Personnel costs budget variance of $71 million is caused by the under allocation of budget to this expenditure category in the Main Estimates, offset by an over allocation to the Other operating expenses category. The Supplementary Estimates budget above, has corrected these budget allocations to better align with actual expenditure levels.

d) Other operating expenses budget variance of $38 million is mainly due to the under and over budget allocation between Personnel and Other operating expenses as explained in Note (b) above, of $71 million, offset by additional funding received during the financial year of $35 million for the Welfare Reform phase two implementation.

Statement of Financial Position

e) Cash and cash equivalents is lower as a result of maintaining a high Crown receivable position based on our cash requirements.

f) Crown receivable relates to funds the Ministry has not drawn down for 2013 and previous years, mainly due to delays with capital projects.

g) Accounts payable and accruals are higher mainly due to higher accrued charges. This is attributed mainly to the timing of year-end salary and purchase order accruals compared to the original budget.

Statement of Cash Flows

h) Purchase of property, plant and equipment is lower due to timing delays on major capital projects and the near completion of the Lower North Youth Justice facility.

i) Purchase of intangible assets is lower due to timing delays with IT capital projects, as resources were focused on completing the system changes required to implement the Welfare Reform package.

Changes in appropriations

The table below summarises the material changes in appropriations between the Main Estimates and the final Supplementary Estimates for the 2012/2013 financial year.

	NOTES	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[86] 2013 $000	VARIANCE 2013 $000
VOTE SOCIAL DEVELOPMENT				
Appropriations for output expenses				
Children's Action Plan	(a)	-	2,535	2,535
Property Management Centre of Expertise	(b)	-	2,651	2,651
Social Policy Advice MCOA				
Longitudinal Studies	(c)	2,088	3,410	1,322
Research and Evaluation	(d)	3,650	7,130	3,480
Tailored Sets of Services to Help People into Work or Achieve Independence	(e)	421,057	454,080	33,023
Appropriations for capital expenditure				
Ministry of Social Development – Capital Expenditure PLA	(f)	72,439	57,439	(15,000)

Variance explanation

a) Children's Action Plan is a new appropriation established in 2012/2013. This is part of the draw-down of funding from the Vulnerable Children's Contingency Fund.

b) This appropriation had new funding for 2012/2013. This was to provide funding for the Property Management Centre of Expertise and the costs associated with the Integrated Workplace Management System.

c) This appropriation increased due to the Ministry of Education and the Ministry of Health agreeing to partially fund the Growing Up in New Zealand longitudinal study in 2012/2013.

d) This appropriation increased due to new funding for Welfare Reform phase two.

e) This appropriation increased due to new funding for Welfare Reform phase two.

f) Capital expenditure appropriation has been reduced with the near completion of the Lower North Youth Justice facility.

The Supplementary Estimates of Appropriations and Supporting Information 2012/13 contains more information on appropriation variances.

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

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2013

ACTUAL 2012 $000		ACTUAL 2013 $000
	Summary	
20,488,216	Expenditure against appropriations	20,328,737
64,486	Revenue	11,722
593,104	Capital receipts	581,230
580,464	Assets	669,929
553,106	Liabilities	643,867
402	Trust monies	437

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities the Ministry manages on behalf of the Crown. The Ministry administered $20.329 billion of non-departmental payments, $593 million of non-departmental revenues and receipts, $669.9 million of assets and $643.9 million of liabilities on behalf of the Crown for the year ended 30 June 2013.

Further details of the Ministry's management of these Crown assets and liabilities are provided in the Statement of Objectives and 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 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Statement of Accounting Policies: Non-Departmental

Reporting Entity

These non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, readers should refer to the Financial Statements of the Government.

Basis of preparation

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

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

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Significant accounting policies

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

Budget figures

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

Revenues

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

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

Interest revenue is the interest on Major Repairs Advance (MRA) which was advances made for the repairs or maintenance of clients' homes. This programme is no longer current.

Maintenance capitalisation relates to the old child support scheme managed by the Ministry before 1 July 1992. Up until that date, a person who had custody of a child could seek financial support (ie maintenance) from the non-custodial parent. The maintenance capitalisation revenue is the re-establishment of historical maintenance debt previously written off. The current child support scheme is managed by the Inland Revenue Department.

Miscellaneous Revenue is all the other non-departmental revenues received by the Ministry.

Expenses

Expenses are recognised in the period they relate to.

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

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Foreign currency

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Schedule of Non-Departmental Income or in the Schedule of Non-Departmental Expenses. For information on foreign currency risk management, refer Note 4.

Financial instruments

Financial assets

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

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

Social benefit debt receivables relates to benefit overpayments, advances on benefits and recoverable special needs grants (refer Note 3). They are initially assessed at nominal amount or face value. These receivables are subsequently tested for impairment.

The impairment of a receivable is established when there is objective evidence the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy and defaults in payments are considered indicators the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (ie not past due).

Financial liabilities

The major financial liability types are accounts payable and tax payable. Both are designated at amortised cost using the effective interest rate method. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value.

Derivatives

Foreign exchange forward contracts are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or a net loss position respectively. These derivatives are entered into for risk management purposes.

Goods and Services Tax (GST)

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. An input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue at the consolidation of the government financial statements.

Commitments

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

Cancellable commitments that have penalty or exit costs explicit in their agreements are included in the Statement of Commitments at the value of that penalty or exit cost.

Contingent assets and liabilities

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

Critical accounting estimates and assumptions

In preparing these financial statements the Ministry has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Social Benefit Receivables

Social Benefit Receivables are initially measured at nominal amount and are subsequently tested for impairment. Note 3 provides an analysis of the uncertainties relating to the valuation of Social Benefit Receivables.

Critical judgements in applying the Ministry's accounting policies

There were no significant items for which management had to exercise critical judgment in applying the Ministry's Accounting Policies for the year ended 30 June 2013.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2013

ACTUAL 2012 $000		ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES[87] 2013 $000
	VOTE SOCIAL DEVELOPMENT			
331,643	Non-departmental output expenses	367,877	370,998	371,411
785,112	Non-departmental other expenses	192,392	170,615	204,625
1,733,127	Non-departmental capital expenditure	1,709,993	1,791,629	1,739,905
17,379,298	Benefits and other unrequited expenses	17,814,340	18,059,108	17,935,546
-	Loss on foreign exchange	2,925	-	-
72,353	Other operating expenses	70,094	73,030	72,892
20,301,533	**Total Vote Social Development**	**20,157,621**	**20,465,380**	**20,324,379**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT			
176,529	Benefits and other unrequited expenses	171,116	171,709	172,319
176,529	**Total Vote Veterans' Affairs - Social Development**	**171,116**	**171,709**	**172,319**
	VOTE YOUTH DEVELOPMENT			
10,154	Non-departmental output expenses	-	-	-
10,154	**Total Vote Youth Development**	**-**	**-**	**-**
20,488,216	**Total non-departmental expenses**	**20,328,737**	**20,637,089**	**20,496,698**

The Other operating expenses of $70 million is mainly GST on grants and subsidies paid under Non-departmental output expenses and Non-departmental other expenses. An input tax deduction is not claimed on non-departmental expenditure.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

87 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations

For the year ended 30 June 2013

ACTUAL 2012 $000	TYPE OF APPROPRIATION	ACTUAL 2013 $000	APPROPRIATION VOTED[88] 2013 $000
	VOTE SOCIAL DEVELOPMENT		
	Non-departmental output expenses		
1,415	Assistance to Disadvantaged Persons	1,445	1,450
2,157	Children's Commissioner	2,157	2,157
16,544	Connected Communities	14,961	15,079
17,661	Counselling and Rehabilitation Services	17,789	17,814
8,661	Education and Prevention Services	8,677	8,678
8,124	Families Commission	7,124	7,124
71,552	Family Wellbeing Services	77,087	78,462
187	**Independent Advice on Government Priority Areas MCOA**	**39**	**538**
187	*Other Advice*	39	269
-	*Policy Advice*	-	269
-	Services for Young People	6,230	6,246
2,265	Strengthening Providers and Communities	2,290	2,382
98,964	Strong Families	109,263	110,005
3,511	Student Placement Services	3,336	3,340
-	Trialling New Approaches to Social Sector Change	1,729	1,792
88,053	Vocational Services for People with Disabilities	89,213	89,634
-	Youth Development Partnership Fund	880	889
-	**Youth Support Services MCOA**	**25,657**	**25,821**
-	*Support for Youth Payment and Young Parent Payment recipients*	7,664	7,681
-	*Support to prevent disengaged young people from coming on to benefit at the age of 18*	17,993	18,140
12,549	Youth Transition Services	-	-
331,643	**Total non-departmental output expenses**	**367,877**	**371,411**
	Non-departmental other expenses		
655,909	Debt Write-downs[89]	78,776	90,087
106,692	Employment Assistance	92,876	93,639
3,301	Mainstream Supported Employment Programme	3,945	3,946
19,125	Out of School Care Programmes	16,795	16,953
85	Rena Grounding Employment Support	-	-
785,112	**Total non-departmental other expenses**	**192,392**	**204,625**
	Non-departmental capital expenditure		
147,299	Recoverable Assistance	143,245	150,805
1,585,828	Student Loans	1,566,748	1,589,100
1,733,127	**Total non-departmental capital expenditure**	**1,709,993**	**1,739,905**

Explanations of significant variances against budget are detailed in Note 1.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except:
Minister of Youth Affairs is responsible for Services for Young People and Youth Development Partnership Fund
Minister of Health is responsible for Trialling New Approaches to Social Sector Change
Minister of Revenue is responsible for Student Loans.

88 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

89 Debt Write-downs in 2012/2013 is lower than in 2011/2012 due to the Inland Revenue Department assuming full responsibility from 1 April 2012, for all Student Loans as soon as the initial loan is made. This includes the initial fair value write-down which was a substantial component of the Ministry's Debt Write-downs appropriation in previous years. Debt Write-downs in 2012/13 includes remeasurement of $12.3 million due to changes in interest rates.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations (continued)

For the year ended 30 June 2013

ACTUAL 2012 $000	TYPE OF APPROPRIATION	ACTUAL 2013 $000	APPROPRIATION VOTED[90] 2013 $000
	Benefits and other unrequited expenses		
1,194,775	Accommodation Assistance	1,177,315	1,191,278
37,372	Benefits Paid in Australia	21,707	21,707
187,755	Childcare Assistance	185,979	200,418
401,185	Disability Assistance	384,154	388,069
1,810,864	Domestic Purposes Benefit	1,737,972	1,751,117
7,982	Employment Related Training Assistance	6,741	14,268
486	Family Start/NGO Awards	499	705
263,913	Hardship Assistance	271,346	279,980
12,288	Independent Youth Benefit	1,636	1,636
1,325,148	Invalid's Benefit	1,329,674	1,337,448
9,583,511	New Zealand Superannuation	10,234,977	10,252,628
111,499	Orphan's/Unsupported Child's Benefit	114,474	115,859
774,681	Sickness Benefit	782,442	789,928
13,141	Special Circumstance Assistance	12,328	13,041
644,123	Student Allowances	596,333	604,027
28,394	Study Scholarships and Awards	21,599	24,518
22,697	Transition to Work	20,681	22,362
883,404	Unemployment Benefit and Emergency Benefit	811,947	822,370
76,080	Widow's Benefit	70,569	71,911
-	Youth Payment and Young Parent Payment	31,967	32,276
17,379,298	**Total benefits and other unrequited expenses**	**17,814,340**	**17,935,546**
20,229,180	**Total Vote Social Development**	**20,084,602**	**20,251,487**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT		
	Benefits and other unrequited expenses		
176,529	Veterans' Pension	171,116	172,319
176,529	**Total Vote Veterans' Affairs - Social Development**	**171,116**	**172,319**
	VOTE YOUTH DEVELOPMENT		
	Non-departmental output expenses		
7,461	Services for Young People	-	-
1,804	Trialling New Approaches to Social Sector Change	-	-
889	Youth Development Partnership Fund	-	-
10,154	**Total Vote Youth Development**	**-**	**-**
20,415,863	**Total non-departmental expenses**	**20,255,718**	**20,423,806**

Explanations of significant variances against budget are detailed in Note 1.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except:
Minister of Veterans' Affairs is responsible for Veterans' Pension.

Vote Youth Development merged with Vote Social Development from 2012/2013.

90 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Statement of Non-Departmental Unappropriated Expenditure and Capital Expenditure

For the year ended 30 June 2013

UNAPPROPRIATED EXPENDITURE 2012 $000	TYPE OF APPROPRIATION	ACTUAL 2013 $000	APPROPRIATION VOTED[91] 2013 $000	UNAPPROPRIATED EXPENDITURE 2013 $000
	VOTE SOCIAL DEVELOPMENT			
	Non-Departmental Other Expenses			
(2,729)	Debt Write-downs	-	-	-
(2,729)	**Total**	**-**	**-**	**-**

There was no unappropriated expenditure for the year ended 30 June 2013 (2012: $2.729 million).

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

To reduce the likelihood of unappropriated expenditure, each item in the 2012/2013 Supplementary Estimates included forecasts set within reason at the higher end of their forecast range. In addition, the Ministry identified and sought approval under section 26B of the Public Finance Act 1989 for demand-driven expenditure likely to exceed the forecasts prepared for the 2012/2013 Supplementary Estimates. In 2012/2013 a Section 26B approval was obtained for Student Loans of $10 million.

Approval was received before 30 June 2013 from the Minister of Finance for the above Section 26B approval under the Public Finance Act 1989. There were no instances of unappropriated expenditure in excess of Section 26B approvals at year-end (2012: nil).

91 This includes adjustments made in the Supplementary Estimates.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Income

For the year ended 30 June 2013

ACTUAL 2012 $000		NOTE	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
3	Interest revenue		2	-	-
10	Maintenance capitalisation		214	60	90
1,021	Miscellaneous revenue		216	-	-
12,046	Student Loan - administration fee	2	11,290	12,167	11,705
51,406	Student Loan - interest unwind		-	-	-
64,486	**Total non-departmental income**		**11,722**	**12,227**	**11,795**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on Student Loan advances refer Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2013

ACTUAL 2012 $000		NOTE	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
231,513	Benefit recoveries - current debt		219,625	249,863	226,393
1,236	Benefit recoveries - liable parent contributions		1,030	1,092	1,082
77,700	Benefit recoveries - non-current debt		79,097	78,863	77,332
173,904	Overseas pension recoveries		184,725	184,106	183,658
108,751	Student Loans - repayment of principal	2	96,753	112,551	107,902
593,104	**Total non-departmental capital receipts**		**581,230**	**626,475**	**596,367**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on Student Loan advances refer Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Assets

As at 30 June 2013

ACTUAL 2012 $000		NOTES	ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
	Current assets				
74,336	Cash and cash equivalents		164,848	102,017	74,336
187,773	Accounts receivable - benefits and allowances	3	187,637	272,137	184,577
7,894	Prepayments - benefits and allowances		435	834	7,894
270,003	**Total current assets**		**352,920**	**374,988**	**266,807**
	Non-current assets				
911,400	Accounts receivable - benefits and allowances	3	979,758	832,637	978,845
(602,015)	Provision for doubtful debts - benefits and allowances	3	(662,840)	(652,039)	(676,015)
115	Other advances		91	103	95
961	Foreign exchange forward contracts		-	1,260	961
310,461	**Total non-current assets**		**317,009**	**181,961**	**303,886**
580,464	**Total non-departmental assets**		**669,929**	**556,949**	**570,693**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on Accounts receivable – benefits and allowances refer Note 3.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Liabilities

As at 30 June 2013

ACTUAL 2012 $000		ACTUAL 2013 $000	MAIN ESTIMATES 2013 $000	SUPPLEMENTARY ESTIMATES 2013 $000
	Current liabilities			
487,237	Accruals - other than government departments	556,133	384,915	527,331
65,089	Tax payable	84,506	71,855	77,144
780	Other current liabilities	1,373	-	-
-	Foreign exchange forward contracts	1,855	-	-
553,106	**Total non-departmental liabilities**	**643,867**	**456,770**	**604,475**

Explanations of significant variances against budget are detailed in Note 1.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

Schedule of Non-Departmental Commitments

As at 30 June 2013

The Ministry has no non-departmental commitments at balance date (2012: nil).

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2013

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities (2012: nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2013 (2012: nil).

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2012: nil).

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Statement of Trust Monies

As at 30 June 2013

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act 1989. The transactions through these accounts and their balances as at 30 June 2013 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2013 were as follows:

ACTUAL 2012 $000		ACTUAL 2013 $000
	Australian Debt Recoveries	
3	**Balance at 1 July**	**2**
29	Contributions	19
(30)	Distributions	(18)
-	Revenue	-
-	Expenditure	-
2	**Balance at 30 June**	**3**
	Australian Embargoed Arrears	
508	**Balance at 1 July**	**356**
4,537	Contributions	5,424
(4,689)	Distributions	(5,401)
-	Revenue	-
-	Expenditure	-
356	**Balance at 30 June**	**379**
	Maintenance	
75	**Balance at 1 July**	**33**
570	Contributions	514
(615)	Distributions	(496)
3	Revenue	3
-	Expenditure	-
33	**Balance at 30 June**	**54**
	Netherlands Debt	
2	**Balance at 1 July**	**11**
66	Contributions	69
(57)	Distributions	(79)
-	Revenue	-
-	Expenditure	-
11	**Balance at 30 June**	**1**
402	**Total trust monies**	**437**

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Australian Debt Recoveries Trust Account

An agreement exists between the Australian and New Zealand governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in Australia. The trust account records these transactions and transfers the amounts held in the trust account to the Australian government on a monthly basis.

Australian Embargoed Arrears Trust Account

Under the reciprocal agreement between the Australian and New Zealand governments, the New Zealand government is required to make regular contributions to any former New Zealand residents living in Australia in receipt of a benefit in Australia. The trust account has been established to record any one-off arrears payments.

Maintenance Trust Account

The Ministry is responsible for collecting maintenance arrears owing as at 30 June 1992. Amounts are collected from the non-custodial parent and deposited into the trust account. These amounts are then paid into the custodial parent's bank account.

Netherlands Debt Trust Account

An agreement exists between the Netherlands and New Zealand governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in the Netherlands. The trust account records these transactions and transfers the amounts held in the trust account to the Netherlands government on a monthly basis.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2012/2013.

The Statement of Accounting Policies: Non-Departmental on pages 120 to 122 and Notes 1 to 4 on pages 133 to 139 form an integral part of these financial statements and schedules.

Notes to the Non-Departmental Financial Statements

Note 1: Explanation of major variances against budget

Explanations for major variances from the Ministry's non-departmental estimated figures in the Main Estimates are as follows:

Schedule of income and expenses

There are no significant variances against budget.

Schedule of assets and liabilities

Cash and cash equivalents is higher in 2012/2013 compared to the original budget due to the timing of the cash drawdown from The Treasury.

Accounts receivable – benefits and allowances current and non-current combined are higher compared to the original budget mainly due to an increase in benefit debts.

Accruals – other than government departments is higher in 2012/2013 when compared to the original budget due to extra days accruals because of the timing of benefit and pension payments.

Changes in actual results and Supplementary Estimates[92]

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

	NOTES	ACTUAL 2013 $000	APPROPRIATION VOTED[93] 2013 $000	VARIANCE 2013 $000
VOTE SOCIAL DEVELOPMENT				
Non-departmental other expenses				
Debt Write-downs	(a)	78,776	90,087	11,311
Non-departmental capital expenditure				
Student Loans	(b)	1,566,748	1,589,100	22,352
Benefits and other unrequited expenses				
Accommodation Assistance	(c)	1,177,315	1,191,278	13,963
Childcare Assistance	(d)	185,979	200,418	14,439
Domestic Purposes Benefit	(e)	1,737,972	1,751,117	13,145
Employment Related Training Assistance	(f)	6,741	14,268	7,527
Hardship Assistance	(g)	271,346	279,980	8,634
Invalid's Benefit	(h)	1,329,674	1,337,448	7,774
New Zealand Superannuation	(i)	10,234,977	10,252,628	17,651
Sickness Benefit	(j)	782,442	789,928	7,486
Student Allowances	(k)	596,333	604,027	7,694
Unemployment Benefit and Emergency Benefit	(l)	811,947	822,370	10,423

Variance explanation

a) Debt Write-downs was lower than budget because of the supplementary add-on[94] of $10 million (11.1 per cent of appropriation voted) added to the forecast to reduce the risk of breaching appropriation.

b) Student Loans was lower than budget because of the supplementary add-on of $26 million (1.6 per cent of appropriation voted) and a section 26B adjustment of $10 million (0.6 per cent of appropriation voted). These adjustments are offset by greater than forecast loan payments for course fees in the final quarter of $14 million.

92 Variances against original budget are detailed in the section "Changes in appropriations" refer page 134.

93 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

94 The supplementary add-on refers to the budget adjustments that the Ministry makes in the Supplementary Estimates each year to its forecast appropriations to minimise the risk of unappropriated expenditure. These appropriations are demand-driven and are required to be forecast at a midpoint estimate during the normal course of the year. This is to accurately reflect the information and circumstances at the date the forecasts are set. However as this midpoint method can increase the unappropriated expenditure risk, the Ministry is permitted to make supplementary add-on adjustments to its final year-end budgets.

c) Accommodation Assistance was lower than budget because of the supplementary add-on of $13 million (1.1 per cent of appropriation voted).

d) Childcare Assistance was lower than budget because of the supplementary add-on of $15 million (7.5 per cent of appropriation voted).

e) Domestic Purposes Benefit was lower than budget because of the supplementary add-on of $13 million (0.7 per cent of appropriation voted).

f) Employment Related Training Assistance is a capped item containing the Training Incentive Allowance and the Course Participation Assistance Grant. The under-spend is mainly due to the payment of fewer Lump Sum Grants.

g) Hardship Assistance was lower than budget because of the supplementary add-on of $7 million (2.5 per cent of appropriation voted) and a lower than expected demand for Special Needs Grants by $2 million.

h) Invalid's Benefit was lower than budget because of the supplementary add-on of $9 million (0.7 per cent of appropriation voted).

i) New Zealand Superannuation was lower than budget because of the supplementary add-on of $18 million (0.2 per cent of appropriation voted).

j) Sickness Benefit was lower than budget because of the supplementary add-on of $8 million (1 per cent of appropriation voted).

k) Student Allowances was lower than budget because of the supplementary add-on of $12 million (2 per cent of appropriation voted). This adjustment was offset by higher than forecast average payment rates of $4 million.

l) Unemployment Benefit and Emergency Benefit was lower than budget because of the supplementary add-on of $17 million (2.1 per cent of appropriation voted). This adjustment was offset by higher than forecast average payment rates and higher recipient numbers outside Auckland and Christchurch of $8 million.

Changes in appropriations

The table below summarises the material changes in appropriations between the Main Estimates and the final Supplementary Estimates for the 2012/2013 financial year.

	NOTES	MAIN ESTIMATES 2013 $000	APPROPRIATION VOTED[95] 2013 $000	VARIANCE 2013 $000
VOTE SOCIAL DEVELOPMENT				
Non-departmental output expenses				
Strong Families	(a)	104,874	110,005	5,131
Youth Support Services MCOA				
Support for Youth Payment and Young Parent Payment recipients	(b)	12,742	7,681	(5,061)
Non-departmental other expenses				
Debt Write-downs	(c)	54,748	90,087	35,339
Non-departmental capital expenditure				
Student Loans	(d)	1,643,644	1,589,100	(54,544)
Benefits and other unrequited expenses				
Accommodation Assistance	(e)	1,242,983	1,191,278	(51,705)
Disability Assistance	(f)	365,589	388,069	22,480
Domestic Purposes Benefit	(g)	1,819,655	1,751,117	(68,538)
Invalid's Benefit	(h)	1,320,559	1,337,448	16,889
New Zealand Superannuation	(i)	10,242,827	10,252,628	9,801
Unemployment Benefit and Emergency Benefit	(j)	880,592	822,370	(58,222)

95 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

Variance explanation

a) Strong Families appropriation increased by $5.131 million in 2012/2013 mainly due to two offsetting expense transfers. The first transferred $11.132 million from 2011/2012 to 2012/2013 to enable payments to providers who were successful under a funding round of the Community Response Fund. The second was a transfer of $5.800 million from 2012/2013 to 2013/2014 for the Capability Investment Resource funding.

b) Support for Youth Payment and Young Parent Payment recipients appropriation decreased mainly due to the use of 2012/2013 under-spends to help fund Budget 2013 initiatives.

c) Debt Write-downs appropriation increased in 2012/2013. This was due to forecast changes to account for an increase in the level of debt established and a change in the rates used to calculate the debt write-down provision.

d) Student Loans appropriation decreased because of fewer than expected student loan borrowers. This was offset by a section 26B adjustment of $10 million.

e) Accommodation Assistance appropriation decreased because of a fewer than expected number of recipients and a lower than expected average payment rate.

f) Disability Assistance appropriation increased by $22.480 million. As part of Budgets 2011 and 2012, decisions were taken to reduce this appropriation to reflect savings targets. Proposals to fully achieve these savings targets have not yet made progress, hence the increase to the appropriation in 2012/2013.

g) Domestic Purposes Benefit appropriation decreased because of a fewer than expected number of recipients.

h) Invalid's Benefit appropriation increase was mainly driven by a greater than expected number of recipients and an increase to the appropriation to reduce the likelihood of overspending.

i) New Zealand Superannuation appropriation increase was mainly due to a greater than expected number of recipients and an increase to the appropriation to reduce the likelihood of overspending.

j) Unemployment Benefit and Emergency Benefit appropriation decrease was mainly driven by a fewer than expected number of recipients.

The Supplementary Estimates of Appropriations and Supporting Information 2012/13 contains more information on appropriation variances.

Note 2: Student Loan advances

Carrying value of Student Loans

As at 30 June 2013

ACTUAL 2012 $000		ACTUAL[96] 2013 $000
	VOTE SOCIAL DEVELOPMENT	
	Student loans	
1,338,787	**Opening nominal balance**	**-**
1,585,828	New lending	1,566,796
(108,751)	Repayment	(96,753)
(2,840,783)	Loan balance transfer to IRD	(1,481,333)
12,046	Administration fee	11,290
12,873	Other movement in nominal value	-
-	**Closing nominal balance**	**-**
(661,604)	Cumulative fair value write-down	-
30,000	Cumulative impairment	-
61,906	Cumulative interest unwind	-
(598,470)	Fair value write-down of new lending	-
-	Impairment	-
51,406	Interest unwind	-
1,129,676	Loan fair value adjustment transferred to IRD	-
(12,914)	Other movement	-
-	**Net carrying value of student loans**	**-**

From 1 April 2012, all Student Loans are transferred to the Inland Revenue Department (IRD) on a daily basis for collection. The interest rate risk and the credit risk on Student Loans are held by the IRD.

Note 3: Accounts receivable – benefits and allowances

Balances owed to the Ministry are made up of benefits and allowances overpayments, recoverable assistance and fraud repayments. Interest is not charged on benefit recovery and demands for repayment are restricted to prevent client hardship.

The carrying value and the fair value are the same for these amounts. Since there is no market comparison, the fair value is determined by discounting the expected future cash flows by the appropriate interest rates at year-end. The effective interest rates applied at year-end were between 3.86–6.37 per cent (3.89–5.44 per cent at 30 June 2012).

The fair value of the portfolio as at 30 June 2013 is $505 million ($497 million at 30 June 2012).

96 The Student Loan scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and the IRD. The Ministry's role is to assess and make payments to students undertaking tertiary education. From 1 April 2012, the IRD assumed full responsibility for all Student Loans as soon as the initial loan is made. This means the Ministry makes a daily transfer of Student Loan balances to the IRD. Hence the Ministry shows a nil closing nominal balance and a nil net carrying value of Student Loans for the Ministry. The initial fair value write-down and the subsequent impairment of new loans are now also incurred by the IRD.

Social benefit and Other receivables

As at 30 June 2013

ACTUAL 2012 $000		ACTUAL 2013 $000
	Account receivables	
1,092,449	Gross social benefit receivables	1,165,040
6,724	Other Receivables	2,355
(602,015)	Impairment of social benefit receivables[97]	(662,840)
497,158	**Total receivables**	**504,555**
	Impairment of social benefit receivables	
(556,039)	Opening balance	(602,015)
(57,148)	Impairment losses recognised on receivables	(78,702)
11,172	Amounts written off as uncollectible	17,877
(602,015)	**Balance at end of the year**	**(662,840)**
(602,015)	Collective impairment allowance	(662,840)
-	Individual impairment allowance	-
(602,015)	**Balance at end of the year**	**(662,840)**
	Ageing of Social Benefit Receivables Past Due But not impaired	
70,293	Less than six months	29,562
27,638	Between six months and one year	67,008
-	Greater than one year	-
97,931	**Total Social benefit receivables past due but not impaired**	**96,570**
	Significant assumption behind the carrying value is:	
3.89%-5.44%	Effective interest rate	3.86%-6.37%
	The estimated fair value of the Social Benefit Debt and Other receivables portfolio and key assumptions underpinning the fair valuation are:	
497,158	Fair value	504,555
(17,905)	Impact on fair value of a 1% increase in discount rate	(17,768)
20,132	Impact on fair value of a 1% decrease in discount rate	19,907

Impairment is calculated on a collective basis, not on an individual basis. There was a net movement in impairment losses of $61 million during the 2012/2013 year (2012: $46 million).

The fair value is sensitive to the discount rate and the expected future cash flows. An increase in the discount rate of 1 per cent would decrease fair value by approximately $18 million. A decrease in the discount rate of 1 per cent would increase fair value by approximately $20 million. Since there are no contractual repayment terms, future cash flows assume existing cash flow receipts will continue. These are adjusted for likely negative future events such as death.

Interest rate risk is the risk the fair value will fluctuate due to changes in interest rates. The effective interest rate range applied to determine the fair value has moved by between (0.03) per cent and 0.93 per cent from 1 July 2012 to 30 June 2013 (2012: 0.52 per cent and 1.21 per cent).

Credit risk is the risk the benefit debt is not repaid before the borrower dies. Benefit policy does not require recipients to provide any collateral or security to support advances made. As the total benefit debt is dispersed over a large number of borrowers, there is no material individual concentration of credit risk. The credit risk is reduced by compulsory deductions from benefit and superannuation payments, provided hardship is not caused.

97 Impairment of Social Benefit Receivables includes $12.3 million of remeasurement due to changes in interest rates.

Note 4: Financial instrument risks

Financial instrument risks

Classes and categories of financial assets:

AS AT 30 JUNE 2012 DESIGNATION						AS AT 30 JUNE 2013 DESIGNATION				
AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	LOANS & RECEIVABLES $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
-	74,336	-	-	**74,336**	Cash and cash equivalents	-	164,848	-	-	**164,848**
-	497,158	-	-	**497,158**	Trade and other receivables	-	504,555	-	-	**504,555**
-	-	961	-	**961**	Foreign exchange contract	-	-	-	-	**-**
-	**571,494**	**961**	**-**	**572,455**	**Total financial assets by designation**	**-**	**669,403**	**-**	**-**	**669,403**

Classes and categories of financial liabilities:

AS AT 30 JUNE 2012 DESIGNATION					AS AT 30 JUNE 2013 DESIGNATION			
AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000		AMORTISED COST $000	HELD FOR TRADING $000	FAIR VALUE THROUGH P&L $000	TOTAL $000
488,017	-	-	**488,017**	Accounts payable	557,506	-	-	**557,506**
65,089	-	-	**65,089**	Tax payable	84,506	-	-	**84,506**
-	-	-	**-**	Foreign exchange contract	-	1,855	-	**1,855**
553,106	**-**	**-**	**553,106**	**Total financial liabilities by designation**	**642,012**	**1,855**	**-**	**643,867**

Foreign currency risk management:

AS AT 30 JUNE 2012					AS AT 30 JUNE 2013			
NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000		NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000
72,316	2,020	-	**74,336**	Cash and cash equivalents	146,222	18,626	-	**164,848**
497,158	-	-	**497,158**	Trade and other receivables	504,555	-	-	**504,555**
961	-	-	**961**	Foreign exchange contract	-	-	-	**-**
570,435	**2,020**	**-**	**572,455**	**Total financial assets**	**650,777**	**18,626**	**-**	**669,403**
488,017	-	-	**488,017**	Accounts payable	557,506	-	-	**557,506**
65,089	-	-	**65,089**	Tax payable	84,506	-	-	**84,506**
-	-	-	**-**	Foreign exchange contract	1,855	-	-	**1,855**
553,106	**-**	**-**	**553,106**	**Total financial liabilities**	**643,867**	**-**	**-**	**643,867**

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

At balance date, the Ministry had a series of foreign exchange forward contracts which entitles the Ministry to exchange NZ$39.531 million with the NZDMO for AUD$31.610 million. On 30 June 2013, the market value of these contracts was a liability of NZ$1.855 million (2012: asset of NZ$0.961 million).

Credit risk management:

AS AT 30 JUNE 2012						AS AT 30 JUNE 2013				
AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000		AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000
-	74,336	-	-	**74,336**	Cash and cash equivalents	-	164,848	-	-	**164,848**
-	-	-	497,158	**497,158**	Trade and other receivables	-	-	-	504,555	**504,555**
-	-	-	961	**961**	Foreign exchange contract	-	-	-	-	-
-	**74,336**	**-**	**498,119**	**572,455**	**Total financial assets**	**-**	**164,848**	**-**	**504,555**	**669,403**

Credit risk is the risk a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of the Ministry's business, credit risk arises from debtors, deposits with banks and derivative financial instrument assets.

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

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

Credit risk has a significant impact on the valuation of social benefit receivables. The credit risk factor is built into the valuation model to calculate the fair value of these assets.

Concentration of credit exposure by geographical area:

AS AT 30 JUNE 2012						AS AT 30 JUNE 2013				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
72,316	2,020	-	-	**74,336**	Cash and cash equivalents	146,222	18,626	-	-	**164,848**
497,158	-	-	-	**497,158**	Trade and other receivables	504,555	-	-	-	**504,555**
961	-	-	-	**961**	Foreign exchange contract	-	-	-	-	-
570,435	**2,020**	**-**	**-**	**572,455**	**Total financial assets**	**650,777**	**18,626**	**-**	**-**	**669,403**

Liquidity risk management:

AS AT 30 JUNE 2012						AS AT 30 JUNE 2013				
CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000		CARRYING VALUE $000	CONTRACTUAL CASH FLOWS $000	0-12 MONTHS $000	1-2 YEARS $000	> 2 YEARS $000
488,017	488,017	488,017	-	-	Accounts payable	557,506	557,506	557,506	-	-
65,089	65,089	65,089	-	-	Tax payable	84,506	84,506	84,506	-	-
-	-	-	-	-	Foreign exchange contract	1,855	-	-	-	-
553,106	**553,106**	**553,106**	**-**	**-**	**Total financial liabilities**	**643,867**	**642,012**	**642,012**	**-**	**-**

Fair value hierarchy risk management:

AS AT 30 JUNE 2012					AS AT 30 JUNE 2013			
QUOTED MARKET PRICE NZ$000	OBSERVABLE INPUTS NZ$000	SIGNIFICANT NON-OBSERVABLE INPUTS NZ$000	TOTAL NZ$000		QUOTED MARKET PRICE NZ$000	OBSERVABLE INPUTS NZ$000	SIGNIFICANT NON-OBSERVABLE INPUTS NZ$000	TOTAL NZ$000
-	961	-	**961**	Foreign exchange contract	-	-	-	-
-	**961**	**-**	**961**	**Total financial assets**	**-**	**-**	**-**	**-**
-	-	-	-	Foreign exchange contract	-	1,855	-	**1,855**
-	**-**	**-**	**-**	**Total financial liabilities**	**-**	**1,855**	**-**	**1,855**

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