MINISTRY OF SOCIAL DEVELOPMENT

ANNUAL REPORT 2011/2012

MINISTRY OF SOCIAL DEVELOPMENT
Te Manatū Whakahiato Ora

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

Chief Executive's foreword

This year has seen the start of fundamental change for the Ministry – for our clients and the organisations we work with. As the changes span most of our work, we have positioned ourselves to be innovative in our approach and ready to adapt to these changes.

The Government has established a clear direction for the state sector. Of the 10 Delivering Better Public Services results for New Zealanders we lead the cross-agency effort for four areas and contribute effort to deliver another four.

We have started work on substantial welfare reforms that change the way we work with our clients and service providers. We are thinking differently about the system and how we operate, invest and innovate to make the biggest difference for people. The reforms put a clear emphasis on people being available to work and thinking about what they can do, rather than what they can't. There will be a focus on doing more for those at risk of remaining on a benefit long term and less intensive services for those who can help themselves. We are supported by the Work and Income Board, which provides us with specialist advice as we work towards delivery on the Government's expectations for welfare reform.

Fundamental change has also been signalled through the Green Paper for Vulnerable Children. It was important that people had the opportunity to have their say on how children can be better protected. We brought the Green Paper to them through a campervan tour, national champions, social media and the traditional submissions process. We received nearly 10,000 submissions from groups and individuals to feed into the Government's strategy and action plan through the White Paper for Vulnerable Children. The plan will detail practical solutions to improve the lives of vulnerable children.

Significant change also surrounds the way we work with non-government organisations. Investing in Services for Outcomes will provide a consistent approach to contracting so that investment in Ministry-funded service providers can focus on the best outcomes for the people who need support.

Integrity is at the core of how we work and it is vital that the people of New Zealand have confidence in the integrity of our staff and the welfare system. We are trusted to prevent, detect and investigate internal and external fraud and we will continue to enhance our systems so that taxpayer money is paid only to those who are entitled to it.

Through such a time of change I am very conscious of the fact that we are dealing with real people in difficult situations. It is more important than ever that we maintain a strong focus on service delivery and put our clients at the centre of all that we do. The one thing that will stay the same is our commitment to doing the best for our clients, staff, and partner organisations.

I would like to acknowledge all Ministry staff and our partner organisations who continue to work hard to deliver social services to those who need them, often going above and beyond what is expected of them. I am extremely proud of our achievements over the past year and look forward to the opportunities ahead.

Brendan Boyle
Chief Executive

Our role and outcomes

We help New Zealand people and their families to be independent and strong, and we target support to those who need it. We help to build successful individuals, healthy families and thriving communities. We have a presence in almost every town and our staff have connections to every community.

Outcomes for 2011/2012

In response to the Government's Delivering Better Public Services priority announced in March 2012, we have eight new Ministry outcomes. These are set out in the Ministry of Social Development's 2012–2015 Statement of Intent.

In 2011/2012, however, we had six outcomes:

At some point our services touch the lives of all New Zealanders.

- more people get into work and stay in work
- more children are safe
- more young people stay on track
- reduced reoffending by young people
- improved quality of life for older people
- communities are better able to support themselves.

Our business

Our core business is to provide services to those in need, helping people to help themselves and to be successful in their lives. We do this through:

We are focused on delivering results more effectively through our own services and through our work with other government and non-government agencies.

- the statutory care and protection of children and young people, youth justice services, adoption services and funding to community 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 behaviour
- student allowances and student loans
- 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 debt levels of our clients
- leadership across the social sector
- funding to community service providers
- access to concessions and discounts for senior citizens and people with low incomes
- third-party monitoring of four Crown entities – the Children's Commissioner, the Families Commission, the New Zealand Artificial Limb Board and the Social Workers Registration Board
- 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

Leadership and delivery across agencies is central to the Government's expectation of the public service. This expectation is clearly shown through the 10 Delivering Better Public Services Results for New Zealanders to be achieved over the next five years.

Social Sector Forum

Cabinet has directed our Chief Executive to chair and lead the Social Sector Chief Executives' Forum. The Forum works to the Cabinet Social Policy Committee and is made up of the Chief Executive of the Ministry of Social Development, the Secretaries of Justice and Education, the Director-General of Health and the Chief Executive of the Department of Building and Housing[1]. It also includes senior officials from the State Services Commission, the Department of the Prime Minister and Cabinet, and the Treasury. The Forum may invite other chief executives to work with it on relevant issues.

The Forum is supported by a Deputy Chief Executives' Group, serviced by the Ministry and overseen by the Cabinet Social Policy Committee.

During 2011/2012, the Forum met monthly with a main focus on helping responsible chief executives deliver on their cross-agency priorities.

Over the last year, the Social Sector Forum has adopted a new Terms of Reference that emphasises the role of the Forum in delivering on the results that matter, through collective responsibility and governance.

Reducing long-term welfare dependency and supporting vulnerable children have been placed at the centre of the Forum's work programme. We have agreed to share governance and responsibility for achieving the results Government has set and this will promote collaboration and alignment of activity around individual results. It will also help to address issues and identify opportunities that cut across a number of result areas. These changes have already resulted in the Forum becoming much more focused on those issues that are directly related to delivering on Better Public Services.

Priorities for the Forum in 2012/2013 across the sector include:

- looking at further strategic planning
- resource sharing
- resolution of issues and barriers.

1 Before the establishment of the Ministry of Business, Innovation and Employment.

The Ministry leads in four and contributes to a further four of the 10 Better Public Services Results for New Zealanders.

Delivering Better Public Services

Public sector chief executives are accountable for making progress against each of the 10 Better Public Services Results for New Zealanders. The Forum is a key mechanism to allow agencies to deliver these results together.

We are responsible for the co-ordination of cross-agency effort in four of the 10 Better Public Services Results for New Zealanders. By September 2012, we will have co-ordinated final action plans with targets for the following:

- Result 1: *Reduce the number of people who have been on a working age benefit for more than 12 months (target: we will reduce the number of people receiving working-age benefits (that will become the new Job Seeker Support (JSS)) continuously for more than 12 months by 30 per cent, from 78,000 to 55,000, over the next five years)*
- Result 2: *Increase participation in early childhood education (target: increase the rate of participation in quality early childhood education to 98 per cent, by June 2016)*
- Result 3: *Increase infant immunisation rates and reduce the incidence of rheumatic fever (targets: achieve and maintain the immunisation rate of eight-month-olds to 95 per cent, and reduce the incidence of rheumatic fever to 1.4 cases per 100,000 population, by June 2017)*
- Result 4: *Reduce the number of assaults on children (target: reduce the number of children experiencing physical abuse by 5 per cent to 2,935, by June 2017).*

Social Sector Trials

During 2011/2012, the Forum also focused on a number of trials to test options for delivering and strengthening longer-term initiatives. For the Ministry, this included the delivery of the Trials in partnership with the Ministries of Education, Health and Justice as well as the New Zealand Police.

Each Trial has a governance group made up of representatives of the five contributing agencies, iwi, young people, schools and the local council.

The Trials investigate new ways of managing funding and services to tackle issues of offending, truancy, alcohol and drug abuse, and poor education and employment outcomes amongst young people.

We are trialing a model in Tokoroa, Levin and Gore in which a non-government organisation decides the funding mix. Initiatives funded include youth co-ordinator roles in Levin to provide service and intensive case management to young people.

Trial areas where an individual is the funding decision-maker are Kawerau, Te Kuiti and Taumarunui. We have funded initiatives including inter-agency approaches to truancy in Taumarunui and a wellness centre at Kawerau College providing health and social services.

2011–2014 Statement of Intent Performance Indicators

Cross-agency leadership

MEASURE	RESULT	TREND/COMMENTS
A joint work programme is in place. This demonstrates an acknowledgement from the Forum and Ministers that working across the sector and across agencies is a priority	Achieved	New measure for 2011/2012. This year, the Cabinet Social Policy Committee Ministers have agreed to prioritise cross-agency initiatives. The Social Sector Forum has agreed that its main focus is delivering on the Better Public Services Action Plans for Reducing Long-term Welfare Dependency and Supporting Vulnerable Children.
Resources are shared across agencies to design and implement programmes	Achieved	New measure for 2011/2012. We are sharing resources across all of the priority initiatives. This year, we developed the Result Action Plans. Next year, the Plans will be implemented using resources across social agencies.
Implementation of cross-sector programmes/pilots/initiatives	Achieved	New measure for 2011/2012. The Social Sector Trials have continued to operate and we are currently looking at options to extend and expand the Trials.
Regular reporting against Positive Ageing Strategy	Not Applicable	New measure for 2011/2012. Reports against the Positive Ageing Strategy are due every three years. The last report was completed in March 2011. The next report is due in 2014.
Regular reporting against Disability Strategy	Achieved	New measure for 2011/2012. The 2011 report against the New Zealand Disability Strategy was presented to Parliament in September 2011. The 2012 report is planned for delivery by December 2012.
Youth Development engagement plan developed by 30 June 2012	Achieved	New measure for 2011/2012. The Youth Development engagement plan for the Ministry's youth participation networks was developed in February 2012.
Property Management Centre of Expertise is established	Achieved	New measure for 2011/2012. The Property Management Centre of Expertise was established at the end of April 2011.

More people get into work and stay in work

Work is at the heart of a better quality of life for New Zealanders. Paid work leads to better health and wellbeing, brings in extra income, and connects people to their community. We are taking a more active approach to help people achieve their aspirations through work, not welfare.

Welfare reform

In 2011/2012, we began a programme of fundamental welfare reform. Based on the recommendations of the Welfare Working Group, we will take a long-term investment approach to getting people off welfare and into work. Through Budget 2012, the Government has invested $288 million over the next four years to implement the reform changes.

Investment Approach

A major focus for the year was the development of an investment approach for the benefit system. This type of approach has not been tried before and is central to the welfare reforms.

As part of the Investment Approach, Australian actuary firm Taylor Fry has completed an actuarial valuation of the benefit system. This valuation provides for the first time an estimate of the future cost of the benefit system, enabling us to understand who needs help, to learn what works and to adapt our services. In turn this will allow us to put resources where they have the biggest impact and to intervene earlier.

We can provide more intensive support to clients who are at a higher risk of remaining on a benefit long-term and less intensive services for clients whose primary need is income support in between jobs.

Work and Income Board

The Board members are Ms Paula Rebstock (Chair), Dr Ian McPherson, Professor Kathryn McPherson, Mr Andrew Body, Mr Reg Barrett and Ms Debbie Packer. The Board meets monthly.

To help us with this new approach, the Work and Income Board was established in April 2012 to:

- advise and support the Chief Executive of the Ministry of Social Development in the implementation of welfare reforms
- provide assurance to the Minister of Finance, the Minister for Social Development and the Minister of State Services on the performance of Work and Income, including the design, implementation and ongoing delivery of the Investment Approach.

Health and Disability Panel

During 2011/2012, we established a Health and Disability Panel of 14 experts to provide specialist and expert advice to the Ministry. The Panel helped to ensure that the welfare changes are appropriate and effective for the 143,000 people on a benefit who are sick or disabled. The Health and Disability Panel assisted us in shifting the emphasis away from what stops people on benefits from working, to what work people can do and what help they need to get them into work.

The Panel first met in October 2011 and has met on three occasions since.

Social Security (Youth Support and Work Focus) Amendment Act

We progressed the first piece of legislation for welfare reform this year. The Social Security (Youth Support and Work Focus) Amendment Bill was introduced to the House in March 2012. The Bill was passed into law in July 2012, and supports the following service delivery changes:

- Sixteen- and 17- year old school leavers at risk of going on a benefit will receive a wraparound service.
- Sixteen and 17 year olds and 16- to 18-year-old teen parents who require financial support will receive a new Youth Payment and Young Parent Payment. To receive the payment, these young people will have to work with providers to ensure they:
  - receive help to manage their money
  - are in education, training or work-based learning
  - attend parenting courses and enrol their child or children in early childhood education and with a primary health provider.
- A new Guaranteed Childcare Assistance Payment will help young parents to get access to education or training and will support their children to get access to quality early childhood education.

More than half of 16 and 17 year olds who enter the benefit system spend at least five of the next 10 years on a benefit.

Approximately 3,000 young people aged 16 and 17, and teen parents aged up to 18 receive a benefit.

Social Security (Benefit Categories and Work Focus) Amendment Bill

This year we also worked on a second piece of legislation for welfare reform, which will be introduced into the House in late September 2012. This Bill includes:

- new main benefit categories that will have a focus on work
- a new approach to work with people who are sick and disabled
- drug-testing requirements where a job or training programme has prerequisite drug testing
- social obligations that beneficiaries with children must meet in order to continue to receive benefit payments
- the power to stop benefit payment to beneficiaries with a warrant to arrest in criminal proceedings
- new regulations that will specify what expenses can be funded by the Disability Allowance
- the ability for us to contract preferred suppliers of goods and services.

Continuing to deliver business as usual

During the year, we remained focused on reconnecting clients with the labour market more quickly and moving them off a main benefit. We reduced the number of working-age clients receiving a main benefit from 327,817 at the end of June 2011 to 320,041 at the end of June 2012.

The most significant change was the number of working-age clients receiving an unemployment-related benefit. As at 30 June 2012, 49,622 working-age clients were receiving the Unemployment Benefit, down from 56,264 at 30 June 2011.

More than 1.7 million clients were seen at our service centres.

Future Focus changes strengthened full-time and part-time work testing, reapplication or budgeting requirements for some clients.

Future Focus

We continued to implement the Future Focus changes. During 2011/2012:

- 16,358 Domestic Purposes Benefit clients undertook part-time work, compared to 15,312 in 2010/2011
- 4,545 Sickness Benefit recipients undertook part-time work, compared to 4,212 in 2010/2011
- nearly 8,000 benefits were cancelled following a requirement to prove continuing entitlement to the Unemployment Benefit after 12 months
- we referred 175,136 repeat applicants for one-off hardship payments to a budgeting course, compared to 121,177 in 2010/2011 – an increase of just over 30 per cent.

Compared to June 2011, there has been a 12 per cent decrease in clients receiving the Unemployment Benefit.

Job Search Service

Our Job Search Service helps clients to reconnect with the labour market. At the outset, clients are required to attend a Work for You seminar which introduces them to local job information, job-search activities, one-on-one case management and group workshops. In 2011/2012, 52,473 jobseekers aged 18 to 24 years who attended a Work for You seminar (47 per cent of attendees) did not require a benefit within 28 days of attending.

Job Connect provides a recruitment service to jobseekers and employers via the telephone. Job Connect listed 13,500 jobs and placed more than 5,000 clients into work in 2011/2012.

Employment support for disabled people

In 2011/2012, we continued to provide opportunities for disabled people to participate and be included in everyday life through:

- The **Mainstream** employment programme, which provides a support and subsidy package to employers. The programme supported 349 disabled people to gain work experience.
- The **Employers' Disability Network**, which takes a leadership role for disabled clients in the private sector. We facilitated ongoing discussions between employers, the disability sector and government agencies to identify priorities to be included in our Disability Action Plan.
- Our **Think Differently** campaign DVD, which showcased employer success stories as well as research on employer perceptions to support the employer forums.
- The **Employment Innovation Fund** from November 2011, which funded employers and the non-government sector to develop 18 innovative initiatives to help disabled people get and stay in employment.

Online services

During 2011/2012, we further strengthened our use of technology to enable us to direct our face-to-face resources to those who need it.

Between August and October 2011, we opened more self-service kiosks in our Work and Income service centres. We reorganised online material on the kiosks to make it more user-friendly for our clients to access, and repositioned our kiosks so that they are easy for our clients to find.

Usage of 'My Account' has increased from around 50,000 to around 300,000 page views per month to June 2012.

These improvements contributed to an increase of more than 20 per cent in the number of people using the kiosks. By June 2012, 61 per cent of Unemployment Benefit-related[2] applications and 36 per cent of Domestic Purposes Benefit-related applications were completed online.

In July 2011, we also added new features to 'My Account'[3] so clients can check their benefit payment details and update some of their contact details online.

Providing support in emergencies

Assistance and employment opportunities in Christchurch

In response to the Canterbury earthquakes of 2010 and 2011, we created employment opportunities for Cantabrians including:

We are committed to playing a part in the recovery and rebuild of Christchurch.

- 'on the spot' services for employers, further enabling the timely and efficient matching of clients to jobs
- over 500 places in training to help with the rebuilding of Christchurch
- the Jobs for a Local subsidy, which encouraged employers to take on staff whose work had been negatively impacted by the disaster.

Agile assistance

During 2011/2012, the Government introduced the Rena Support Subsidy to minimise the adverse impact of the Rena grounding in the Bay of Plenty on employees of affected businesses. We paid out more than $84,000 in assistance to 19 businesses, representing 41 employees.

In response to the Nelson floods in December 2011, we made 77 Civil Defence payments to 41 people for food, clothing and accommodation.

The future

Our work to deliver against this outcome in 2011/2012 has positioned us well to co-ordinate the cross-sector response to achieve Better Public Services Result 1: *Reduce the number of people who have been on a working-age benefit for more than 12 months.*

We will also contribute to Better Public Services Result 10: *New Zealanders can complete their transactions with the Government easily in a digital environment.*

2 Applications include Unemployment Benefit and Unemployment Benefit – Hardship.

3 'My Account' is a service which allows clients to access information and services online.

2011–2014 Statement of Intent Performance Indicators

More people get into work and stay in work

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More clients get work before they require a benefit		
Proportion of people who do not require benefits within 28 days of attending a Work for You seminar:		
• Youth	46.6% (Decreasing)	Intent: Increasing. Nearly 47 per cent of young people who attended a Work for You seminar did not require a benefit within 28 days of attending the seminar. This is a decrease of almost 5 per cent compared to last year (51.3 per cent).
• General	42.4% (Decreasing)	Intent: Increasing. More than 42 per cent of working-age people who attended a Work for You seminar did not require a benefit within 28 days of attending the seminar. This is a decrease of over 3 per cent compared to last year (45.8 per cent). Both results reflect the fact that jobseekers are taking longer to find work due to the slow economy.
Intermediate Outcome – More clients are assisted to be work-ready		
Proportion of people who participated in the Job Search Service who do not remain on Unemployment Benefit for longer than 13 weeks	50.7% (No trend available)	New measure for 2011/2012. Intent: Increasing. This result reflects our focus on intensive case management with clients in the first 13 weeks of benefit receipt, to ensure they have the required skills and knowledge to move into employment.
Intermediate Outcome – More clients are preparing for work		
Average cumulative time spent in employment (over a 12-month period) by people who exit:		
• Unemployment Benefit	39.6 weeks (Increasing)	Intent: Increasing. The average time Unemployment Benefit clients spent off benefit has increased to 39.6 weeks, compared to 39.3 weeks last year.

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More clients are preparing for work		
• Work-ready Domestic Purposes Benefit and Sickness Benefit	39.1 weeks (Increasing)	Intent: Increasing. The average time Domestic Purposes Benefit and Sickness Benefit clients spent off benefit was 39.1 weeks, compared to 36.2 weeks last year. These results are due to: • our focus on helping people move into employment as quickly as possible and supporting them to stay there • greater engagement with Domestic Purposes Benefit and Sickness Benefit clients as part of the Future Focus changes.
Intermediate Outcome – More employers employ our clients		
Number of Unemployment Benefit jobseekers who get work through employer and industry partnership programmes and services and cancel their benefit	1,761 (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 2,170 Unemployment Benefit jobseekers who participated in industry partnership programmes, 1,761 moved into work.

More children are safe

Too many children have lives 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 care and protection.

Green and White Papers for Vulnerable Children

Murray Edridge (previous Chief Executive of Barnardos New Zealand), children's lawyer Sandra Alofivae and former All Black Norm Hewitt supported the Minister for Social Development to lead the public conversation on the Green Paper.

On 27 July 2011, the Government launched the Green Paper for Vulnerable Children. The Paper stimulated public discussion to gain a national consensus on how New Zealand can help prevent child abuse and neglect, and prevent children from becoming vulnerable.

Questions asked in the Green Paper included:

- whether government should intervene in families
- how communities can be supported and encouraged to take more responsibility for the wellbeing of children
- if government spending should be reprioritised towards early intervention
- if monitoring of vulnerable children and their families should occur.

Themes which have emerged include the need for greater information sharing, support for parents, monitoring children from birth and mandatory reporting of suspected abuse and neglect.

For the first time we used social media to engage with the public. We also co-ordinated 17 meetings for the Minister, from Kaitaia to Invercargill, and a campervan tour that visited 34 towns to engage with the public between July 2011 and February 2012.

We received nearly 10,000 submissions on the Green Paper. These have been used to develop the White Paper, which will be released in October 2012.

Communities keeping our children safe

Taskforce for Action on Violence within Families

The Ministry provides secretariat support to the Taskforce.

The Taskforce for Action on Violence within Families is made up of key decision-makers from government, non-government organisations, the judiciary and Crown entities. Its focus is to promote the elimination of family violence in New Zealand.

Key achievements over 2011/2012 include:

Results from the It's Not OK campaign show nine out of 10 people believe change is possible.

- The third phase of the It's Not OK campaign – It is OK to Help. The results from the campaign show that:
  - across the country, one in three people have taken some action against violence (up from one in five in 2008). Of those who took action 50 per cent are Māori and 45 per cent are Pacific.
  - 83 per cent believe they could influence someone's violent behaviour, up from 57 per cent in 2008.
- The launch of the Pacific Conceptual Framework for Family Violence, *Nga Vaka o Kaiga Tapu.* This will be used to guide the development of family violence training for Pacific practitioners.
- The development of a Service User Involvement Guide to help agencies, non-government organisations and service providers to plan, manage and deliver services.

SKIP – Strategies with Kids, Information for Parents

This year we distributed over 1.6 million resources to provide parents with a range of practical solutions to support positive parenting. To help families learn more about positive parenting, SKIP supported 49 community projects through its Local Initiatives Fund, and helped local initiatives to deliver innovative projects to increase the use of positive parenting.

SKIP offers a range of free resources to support positive parenting.

Family Start

This year we funded 33 providers through Family Start (including one Early Start provider) to deliver services to 6,074 families. As at 30 June 2012, there were 5,304 families receiving services through Family Start or Early Start.

The Family Start Directorate works closely with all 32 Family Start providers to improve their performance against set objectives for the vulnerable families they serve. This has resulted in many of the providers making tangible and positive progress towards meeting our expectations.

Family Start is a home visiting programme that focuses on improving children's growth and health, learning and relationships, family circumstance, environment and safety.

Teen Parents

Vulnerable teen parents frequently have high and complex needs requiring wraparound support. Over the year, Intensive Case Workers supported more than 400 teen parents with a range of issues by helping them stay in education, prepare for future employment, prevent further unplanned pregnancies, and link to the support they need. Support can include antenatal care, housing, budgeting and parenting services, and early childhood education.

Following changes to the welfare system, there are new obligations for teen parents. With their benefit comes the requirement to enrol their child with a primary health care provider and complete Well-Child/Tamariki Ora checks. A Guaranteed Childcare Assistance Payment for children under five will also be provided so childcare costs do not prevent teens from studying.

Community speaking up

Notifications

In 2011/2012, we received 152,800 notifications of child abuse or neglect, including Police family violence referrals, a small increase from 150,747 last year (1 per cent). Of these, 277 notifications (0.2 per cent of total notifications) related to an incident of smacking with no other concerns. This is compared to 223 in the previous year.

In 2011/2012, 61,074 notifications (40 per cent) required further action to determine the type of response and the social work services needed. In 2010/2011, 57,949 (38 per cent) required further action.

There were 21,525 findings of substantiated abuse in 2011/2012, compared to 22,087 in 2010/2011. Of the substantiated findings in 2011/2012, 12,114 (56 per cent) were findings of emotional abuse, 4,766 (22 per cent) were neglect findings, 3,249 (15 per cent) were physical abuse findings, and 1,396 (7 per cent) were sexual abuse findings. There has been a modest reduction in the proportion of substantiated abuse/neglect findings within six months of a previous abuse/neglect finding.

Care and Protection Family Group Conferences

Care and Protection Family Group Conferences are a way of formally bringing family/whānau and professionals together to talk about the concerns held for a child or young person's safety or wellbeing. This year, we held 8,246 Care and Protection Family Group Conferences, compared to 7,870 last year.

Our frontline

Protecting children is our priority. In October 2011, the Government announced an increase of 96 frontline Child, Youth and Family social workers to do the intensive ongoing work needed with increasingly complex families and to better support foster parents.

As at 30 June 2012, we had recruited 16 new social work supervisors and 47 new social workers were in place to deal with care and protection matters. A further 33 social workers will be in place by June 2013.

Social Workers in Schools (SWiS)

SWiS supports children to be healthy, engaged in school and well socialised with a strong sense of identity.

In 2011/2012, the recruitment of an additional 149 full-time social workers for schools began. This will increase the number of deciles 1–3 schools involved in the programme from 285 to 673, and means around 131,000 children will be reached by our service by the end of 2013.

Children in care

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

We support foster families to provide care for as long as a child needs it, and to help prepare them to return home. We undertake checks on all prospective caregivers to ensure the safety of the children and young people in care.

At 30 June 2012, there were 3,406 Child, Youth and Family approved caregivers.

In July 2011, we started a new training curriculum for Child, Youth and Family caregivers, developed in partnership with Fostering Kids, to promote excellence in foster care. This training consists of 11 one-day workshops covering topics such as child development, attachment and resilience, and understanding and managing behaviour. In 2011/2012, 1,452 participants attended these workshops.

In 2011/2012, 23 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 represents 0.4 per cent of all children and young people in custody[4], placing us at the lower end of the international scale. Twenty-two 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-approved caregivers in 2010/2011.

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

More services for children in care

Gateway assessments give children and young people coming to the attention of Child, Youth and Family a full assessment of their physical health, mental health and education needs so we can link them to the right services. We have targeted assessments at up to 2,200 children entering care, 500 children already in care, and 1,500 children identified through a family group conference.

Throughout 2011/2012, Gateway assessments were rolled out to 36 Child, Youth and Family sites and 13 of the 20 district health boards. Gateway assessments will be rolled out to all district health boards by December 2012. During this period, we referred 1,187 children to district health boards for a Gateway assessment and 630 assessments were completed.

Budget 2011 provided more than $15 million over four years for the purchase of mental health services to address the mental health or behavioural problems of children coming into our care. Primary mental health services have been established in the Auckland, Counties Manukau, Waitemata, Lakes, Mid Central and Nelson Marlborough District Health Board areas. The roll out of these services across the remaining 14 district health board regions will be completed by the end of 2012.

At the same time, more than $11 million was provided over four years to subsidise the cost of early childhood education for all children aged 18 months to three years in the custody of the Chief Executive. As at 30 June 2012, 221 children in this age group were in early childhood education. This represents 68 per cent of those eligible.

Home for Life

Home for Life is a package of support aimed at encouraging families to bring a child into their home permanently, giving the child the stability and security they need.

In 2011/2012, 489 children in care achieved a Home for Life. Of these 235 were aged under five years.

Stable and continuous care is important for healthy child development as this helps meet a child's need for safety and support.

The future

Our work to deliver against this outcome in 2011/2012 has positioned us well to co-ordinate the cross-sector response to achieve Better Public Services Result 2: *Increase participation in early childhood education*, Better Public Services Result 3: *Increase infant immunisation rates and reduce the incidence of rheumatic fever*, and Better Public Services Result 4: *Reduce the number of assaults on children.*

2011–2014 Statement of Intent Performance Indicators

More children are safe

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Fewer babies, children and young people are harmed		
Percentage of children and young people who are abused/neglected within six months of a previous finding of abuse/neglect	13.3%[5] (Decreasing)	Intent: Decreasing. The proportion of substantiated abuse/neglect findings within six months of a previous abuse/neglect finding has decreased from 14.1 per cent last year to 13.3 per cent this year.
Percentage of individuals receiving child protection training who have increased awareness and knowledge of how to respond to child abuse and neglect	95.0% (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 684 social sector professionals who attended workshops on how to respond to child abuse and neglect, 650 reported their awareness and knowledge had increased as a result of the workshops.
Intermediate Outcome – More children are in safe permanent care		
Percentage of children aged under five years old who achieve a Home for Life placement[6] within 12 months of coming into our care	68.1% (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 144 children under five years old who came into our care, 98 achieved a Home for Life placement within 12 months.
Intermediate Outcome – More children in care have improved health and wellbeing		
Percentage of children and young people leaving care and protection residences with individual transition plans[7] for reintegration into their communities	97.0% (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 137 young people who left a care and protection residence, 133 had a transition plan to help them reintegrate into their communities.
More children entering residential care have their immediate health needs identified and action taken to address them	92.3% (No trend available)	New measure for 2011/2012. Intent: Increasing. There were 946 admissions into residential care. Of these, 873 were seen by a doctor within seven days of admission to have their immediate health needs identified and treated.

5 This result includes findings that may relate to historical events before the child or young person came into care. As a child or young person can have more than one finding, the number of findings is not an indication of the number of children or young people.

6 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. The child remains in the custody of the Chief Executive. Achieving a Home for Life is when the Chief Executive's custody is discharged in favour of a permanent caregiver.

7 Individual transition plans include actions to address health and education needs.

More young people stay on track

We want to provide all young people with opportunities to be challenged, learn new skills and achieve positive outcomes, and to help them to be successful now and in the future. We support young people to play a positive role in their communities to become active citizens with a voice in the decisions that affect them.

Helping young people move into employment or training

Helping youth into work

Over the last year, the number of young people receiving the Unemployment Benefit decreased considerably. In June 2012, 13,114 young people were on unemployment-related benefits compared to 16,363 in June 2011 – a drop of nearly 20 per cent.

Youth are a key focus for us. To ensure young people continue to move into employment or training, we implemented new youth-focused programmes and built on existing ones. In 2011, the Government invested $55 million in a Youth Employment Package to provide 13,000 places for young people in employment and training over the next four years. This enabled us to run several youth-focused programmes including:

This year 2,276 employers participated in the Job Ops with Training programme which subsidised 2,939 young people.

- The **Job Ops with Training** programme, which pays a subsidy of up to $5,000 to employers to employ a young person. The programme specifically targets those who have been assessed at risk of long-term benefit receipt or who have spent at least 13 weeks on a benefit. This programme will not continue in 2012/2013, but employment support for young people will be available through the new Job Streams package.
- The **Limited Service Volunteer** programme, which is a six-week residential course that addresses issues such as a lack of motivation or confidence. In partnership with the New Zealand Defence Force, 1,828 young people were successfully referred to courses. After the course, participants received ongoing contact to connect them to work, training or education.

The Limited Services Volunteer programme focuses on 18 to 24 year olds who have been on a benefit for more than six months.

Youth Transition Services

In 2011/2012, we helped 8,606 young people into employment, training or further education through Youth Transition Services. This is an increase of 3 per cent from last year (8,335). We continued to fund providers to help young people make the transition from school into further education, training or work.

In 2012/2013, a new Youth Service will replace Youth Transition Services. The new Youth Service will provide a more intensive and individualised service to support at-risk young people to complete education, training or work-based learning.

Increase youth engagement

In 2011/2012, we continued to support quality youth development programmes that provided positive community-based opportunities to over 41,100 young people. These programmes included the Duke of Edinburgh's Hillary Award, Smokefree Rock Quest, Spirit of Adventure Trust, Stage Challenge, Youth Enterprise Trust, Scouts New Zealand and the Connected Media Trust.

Break-Away School Holiday programmes

The Break-Away School Holiday programmes are available at no cost to those who attend.

Break-Away School Holiday programmes provide stimulating, fun and structured holiday activity for young people aged 11 to 17 years who would not normally have access to holiday programmes. Break-Away is delivered in areas that face social and economic disadvantage, to over 28,000 young people through 78 providers.

Supporting young people's participation in decision-making

In 2011/2012, we delivered 82 workshops across 41 locations to develop young people's skills in leadership, decision-making, and project and event planning. Over 1,900 young people attended the workshops.

A further 3,330 young people aged 12 to 24 years contributed to one of 14 consultations commissioned by external agencies. These consultations have informed central and local government, as well as communities, on what is important to young people.

Aotearoa Youth Voices Network

In 2011/2012, one network member represented New Zealand at the United Nations Rio+20 Conference.

The Ministry of Youth Development's Aotearoa Youth Voices Network consists of 6,457 young people aged 12 to 24 years. Network members have had the opportunity to represent other young people at key events and activities.

The Ministry of Youth Development's National Youth Advisory Group comprises young people from across New Zealand. Members play a leading role in the provision of youth support and advice to central and local government on the development and implementation of resources and initiatives for young people. This year a member from the Canterbury region was appointed to the Community Forum advising the Minister for Canterbury Earthquake Recovery on recovery efforts.

Prime Minister's Youth Programme

The participants can be nominated by community leaders, school teachers and youth aid officers, after improving academic performance or reducing behaviours such as truancy or low-level offending.

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The Prime Minister's Youth Programme fosters and celebrates the achievements of young people who have overcome adversity to make good life choices. In January 2012, 100 young people from south and west Auckland who were at risk of poor social outcomes participated in the week-long programme.

The programme gave the participants the opportunities to engage in a number of sport and art activities, including climbing the Auckland Harbour Bridge, training with the Warriors, and a makeover session with New Zealand's Next Top Model host Sara Tetro. Other celebrity mentors involved with the programme included Oliver Driver, Elemeno P, Eroni Clarke, and 2010 New Zealand's Next Top Model winner Danielle Hayes.

Student services made easy

By 30 June 2012, over 137,000, or 72 per cent of students with current loans or allowances were receiving their StudyLink correspondence online.

Students completed over 2.3 million transactions in their MyStudyLink accounts in 2011/2012. Students can now also receive and accept Student Loan contracts online, making the contract process faster for over 106,000 students.

In 2011, a student interactive programme called Sussed was launched. Sussed provides information to students in Years 12 and 13 to help them plan and understand the costs they will face while studying. The programme is available online.

Our Sussed programme was presented to over 32,000 students at 577 high schools throughout New Zealand in 2011/2012.

The future

Our work to deliver against this outcome in 2011/2012 has positioned us well to co-ordinate the cross-sector response to achieve Better Public Services Result 1: *Reduce the number of people who have been on a working-age benefit for more than 12 months.*

We will also contribute to Better Public Services Result 5: *Increase the proportion of 18 year olds with NCEA level 2 or equivalent qualification* and Better Public Services Result 10: *New Zealanders can complete their transactions with the Government easily in a digital environment.*

2011–2014 Statement of Intent Performance Indicators

More young people stay on track

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – More young people are engaged in education, training or employment		
Proportion of young people who exit the Youth Transition Service into employment or further education or training	64.0% (Increasing)	Intent: Increasing. The Youth Transition Service helped 64 per cent (8,606) of young people into employment, training or further education. This is an increase of 3 per cent compared to last year.
Intermediate Outcome – More young people are engaged in positive community-based activities		
Number of young people participating in youth development programmes	41,116 (No trend available)	New measure for 2011/2012. Intent: Increasing. Over 41,000 young people participated in youth development programmes throughout New Zealand to help develop their leadership skills and improve their problem-solving skills and confidence.
Intermediate Outcome – More young people contribute to decisions that affect them		
Number of young people that contribute to decisions that affect them	3,330 (No trend available)	New measure for 2011/2012. Intent: Increasing. Over 3,330 young people were able to contribute to decisions that affect them at the local and national level.

Reduced reoffending by young people

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.

Getting youth offenders back on track

New Zealand is developing a Youth Crime Action Plan, led by the Ministry of Justice. Child, Youth and Family is a core partner in the development of the Plan. We anticipate that the improvements envisaged will make a significant contribution to reducing youth reoffending.

Fresh Start

Since 2010, the Fresh Start reforms have given us a wider range of options for holding young offenders to account and for managing the risk to their communities.

Through the reforms, we support a range of community-based programmes. In 2011/2012, the numbers of young offenders diverted towards more positive activities through Fresh Start programmes included:

- 461 in community youth development programmes for low-level offenders designed to develop positive social attitudes, values, and behaviours (up from 331 in 2010/2011)
- 698 in mentoring programmes providing individualised and intensive support and guidance to young offenders (up from 471 in 2010/2011)
- 524 in parenting education programmes to develop parenting skills (up from 374 in 2010/2011)
- 660 in community day programmes and 55 in residential programmes for young offenders who need help with alcohol or drug addictions
- 172 on supported bail involving intensive community-based support and services to reduce the likelihood of offending on bail and the risk of a subsequent remand to a Youth Justice residence.

Military-style Activity Camps

MAC programmes specifically address the underlying causes of offending behaviour, including alcohol and drug treatment as well as parenting and education courses.

The Military-style Activity Camp (MAC) programme currently targets the most serious youth recidivist offenders, when other options have been exhausted. This programme is delivered in partnership with the New Zealand Defence Force and community social service providers.

The MAC programme involves two phases:

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

This year, 32 young people successfully completed a MAC programme as part of a Supervision with Residence Order. The next MAC programmes are scheduled for July and October 2012.

Doing our best for young offenders

Youth Justice Family Group Conferences

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

When a young person has committed an offence of sufficient concern, we receive a referral from the New Zealand Police, or a direction from the Youth Court to convene a family group conference.

This year, 7,069 Youth Justice Family Group Conferences were held, almost 98 per cent within the statutory timeframes. Youth Justice Family Group Conference plans were prepared for 3,955 children and young people, and 90 per cent of them met the objectives of their plans[8].

This process allows us to intervene early before offending escalates. Most young people do not come back to the attention of Child, Youth and Family for offending within the year following their Family Group Conference. Due to the success of the Family Group Conference system in New Zealand, many other countries have adopted a similar process.

Youth Justice residential facilities

We have four Youth Justice residences, housing a maximum of 146 young people at any one time.

Our youth justice facilities have programmes aimed at helping serious young offenders turn their lives around.

In 2011/2012, we introduced a number of initiatives in our youth justice residences with the aim of supporting young people by encouraging teamwork and fair play. The Kids Voices video conferences was an initiative that gave young people the opportunity to talk to important people in New Zealand about their concerns, including the Children's Commissioner and the Principal Youth Court Judge. These forums were designed to encourage young people to have a say in matters that affect their care in residences.

Social Services Select Committee inquiry into child offenders

This year, we have provided advice and support to the Social Services Select Committee inquiry into the identification, rehabilitation, and care and protection of child offenders. The Committee's report was tabled in the House on 20 June 2012.

We will table the Government's response in the House on 12 September 2012.

Themes from the report's 31 recommendations included:

- improvements in the effectiveness of how we work with child offenders
- clarity of where accountability for child offenders lies among government agencies
- broadening the powers of the Family Court in relation to child offenders.

8 A Youth Justice Family Group Conference does not necessarily result in a Family Group Conference plan being agreed on.

The future

Our work to deliver against this outcome in 2011/2012 has positioned us well to contribute to the cross-sector response to achieve Better Public Services Result 7: *Reduce the rates of total crime, violent crime and youth crime* and Better Public Services Result 8: *Reduce reoffending.*

2011–2014 Statement of Intent Performance Indicators

Reduced reoffending by young people[9]

MEASURE[10]	RESULT	TREND/COMMENT
Intermediate Outcome – Fewer young people are at risk of re-entering the justice system		
Percentage of young offenders who reoffend within one year of a previous offence	37.2%[11] (No trend available)	New measure for 2011/2012. Intent: Decreasing. There were 2,098 young offenders in 2011/2012 and of these, 780 reoffended within one year of a previous offence.
Percentage of young offenders whose reoffending within one year has reduced in severity	19.6% (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 780 young offenders who had reoffended within one year: • 19.6 per cent (153) had reduced their severity of reoffending • 15.7 per cent (122) had increased their severity of reoffending • 54.2 per cent (423) had the same severity • 10.5 per cent (82) had multiple reoffending with a mix of reduced/increased/same severity. A new seriousness scale for the justice sector will be introduced in 2012/2013.
Intermediate Outcome – More young offenders are in education, training or employment		
Percentage of young offenders who are in education, training, or employment following our intervention	52.3% (No trend available)	New measure for 2011/2012. Intent: Increasing. Of the 1,955 clients who completed a youth justice intervention, 1,023 were in education, training or employment.

9 'Reoffending' means the young person was referred back to Child, Youth and Family for reoffending (the Police may deal directly with low-level offending and not refer to Child, Youth and Family).

10 These measures were implemented with the introduction of Fresh Start in October 2010.

11 In the United Kingdom, in 2011, 56 per cent of young offenders who received a Court sentence reoffended within one year.

Improved quality of life for older people

We want to encourage more New Zealanders to make the most of the knowledge and experience this valuable generation has to offer and to increase independence and greater choice for older people.

Caring for older people and keeping them connected

Positive Ageing Strategy

The Positive Ageing Strategy encourages New Zealanders to recognise older people are an integral part of families, communities, society and the economy.

In 2011/2012, as part of the strategy, we worked with district health boards and key non-government organisations to report on their initiatives to provide a more comprehensive picture of positive ageing. This information is available on our website and is of particular interest to central and local government and older people's organisations.

Reducing social isolation

During 2011/2012, we worked with key stakeholders in Napier to support the development of a community-led initiative to address social isolation. Napier was selected because the key stakeholders have a strong presence and they were willing to develop a framework that could be adapted by other communities to help improve the quality of life for older people.

The Napier initiative encourages older people who are socially isolated or at risk of becoming so, to get involved in a wider range of activities in their community to improve their social connectedness and social participation.

To initiate this work, the Minister for Senior Citizens attended a meeting with representatives of Napier's community organisations in June 2012. The ideas raised at this meeting are being worked through and will be used by community organisations and leaders in the Napier area to develop a range of activities to reduce social isolation for older people.

Supporting older people to remain active in their communities

We provide a range of intergenerational programmes to enable children and young people to benefit from the life experience of older New Zealanders.

Through SAGES, people can develop their skills in home management, cooking, budgeting and parenting.

SAGES is a community-based mentoring programme that taps into the life experiences and knowledge of older New Zealanders. In 2011/2012, we provided over $1 million in funding to 15 community groups to connect 189 SAGES mentors to 758 individuals and families who need help and support.

Link Age is an online resource produced by the Ministry's Office for Senior Citizens to promote intergenerational learning programmes through volunteering in schools and community organisations. Primary schools have been targeted, through the *Education Gazette*, to promote the Link Age resource and to gain agreement to showcase their intergenerational initiatives online.

We have also encouraged schools to arrange activities to bring young and older people together each October for Greats and Grands Month. The aim of this is to build positive relationships and understanding between the generations. Opportunities are available for young and older people to have fun together and to exchange learning and skills, enabling older people to be involved in their local school.

Improving older people's wellbeing

Supporting those who care for older people

The latest It's Not OK messaging and social media have featured older people as influencers and helpers within the family.

In 2011/2012, we provided over $1 million for education to the aged care sector, other professionals with an interest in older people, and informal carers. Age Concern New Zealand co-ordinates the delivery of 24 community groups to deliver elder abuse and neglect prevention services to 4,038 clients. The services aim to prevent or reduce the incidence of abuse or neglect through direct assistance to older people, their families and carers, and through public and professional education.

On a larger scale, we used our successful community-driven It's Not OK campaign to stop family violence directed towards older people in New Zealand.

Improving access to entitlements

Superannuation

In 2011/2012, we processed around 59,000 new applications for New Zealand Superannuation, interviewed 128,000 clients, and took 349,000 telephone calls.

This year we delivered New Zealand Superannuation to over 598,000 New Zealanders and the Veterans' Pension to around 9,500 New Zealanders.

We have made it easier for clients to access our services. Some 12,663 applications for New Zealand Superannuation were made online. We have also actively encouraged clients to give us their email addresses so we can provide them with information about their financial entitlements and special SuperGold Card offers. As at 30 June 2012, we held over 121,000 email addresses. This is an increase of around 57 per cent compared to the same time last year.

Expanding the benefits of SuperGold Card

This year SuperGold cardholders made 10.6 million off-peak trips on public transport.

At 30 June 2012, there were 596,718 SuperGold cardholders who were able to access savings from 3,665 participating businesses operating in 7,930 business outlets. This is an increase of 173 per cent on the 1,342 participating businesses at the same time last year.

This year, reciprocal arrangements for the SuperGold Card and the eight Australian State and Territory Seniors Cards were finalised, allowing cardholders access to commercial discounts on both sides of the Tasman.

Keeping older people informed

At the Age Concern National Conference in March 2012, we launched the Services for Seniors brochure. This is a comprehensive all-in-one guide to our products and those of other agencies for seniors. The brochure provides information to older people about the range of entitlements and services that are available from the Ministry, from other agencies and from non-government organisations.

We also use online and email channels to keep older people informed. In 2011/2012, we updated our SuperGold Card and Seniors websites to make it easier for people to check for up-to-date information about our services and special SuperGold Card promotions.

The future

Our work to deliver against this outcome in 2011/2012 has positioned us well to contribute to the cross-sector response to achieve Better Public Services Result 10: *New Zealanders can complete their transactions with the Government easily in a digital environment.*

2011–2014 Statement of Intent Performance Indicators

Improved quality of life for older people

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Older people access their entitlements more easily		
Take up of online services	28.9% (No trend available)	New measure for 2011/2012. Intent: Increasing. Almost 29 per cent (12,663) of New Zealand Superannuation applications were lodged online.
Intermediate Outcome – Increased awareness of elder abuse and neglect		
Number attending elder abuse and neglect seminars	8,817 (Increasing)	Intent: Increasing. Awareness of elder abuse and neglect continued to increase, with 8,817 individuals receiving elder abuse advice, education and support this year. Last year, 4,386 attended elder abuse and neglect seminars.
Intermediate Outcome – More older people are in the workforce		
Number of activities promoting the value of older people in the workforce	5 (No trend available)	New measure for 2011/2012. Intent: Increasing. Activities promoting the value of older people in the workforce included promoting: • the International Day of Older Persons, which included activities highlighting the value of older people in the workforce • the Business of Ageing Research Report to colleagues, external agencies and non-government organisations.
Intermediate Outcome – More older people remain active in the community		
Percentage of older people aged 65 and over who undertook voluntary work	31.7%[12] (No trend available)	New measure for 2011/2012. Intent: Increasing. The result for this indicator was not updated in 2011/2012 as expected, due to the cancellation of the 2011 Census following the Christchurch earthquake. Source: Statistics New Zealand: *Household Labour Force Survey, New Zealand's 65+ Population: A Statistical Volume, 2007.*

12 The percentage of 17.3 per cent shown in the Ministry's 2011–2014 Statement of Intent was incorrectly calculated for this indicator.

Communities are better able to support themselves

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

Transforming the way we work with communities

Investing in Services for Outcomes

We are committed to working with our funded providers to ensure services are making a proven and positive difference in people's lives.

Our new approach will ensure a consistent approach to contracting and that government priorities drive funding decisions.

This year we began developing our Investing in Services for Outcomes approach. Investing in Services for Outcomes is the result of the Government's direction to ensure the Ministry and the providers we fund are working in the most effective and sustainable way to achieve better results for children, young people, family/whānau and communities.

In June 2012 the directions, expectations and timeframe for Investing in Services for Outcomes were announced.

Community Response Model and Community Response Forums

The Community Response Model shifts the decision-making on community services back to communities.

The 14 Community Response Forums continued to engage with communities in their regions. They provided independent advice to the Minister for Social Development and the Ministry on community needs and ways in which government services and funding can be improved to address these needs.

The Investing in Services for Outcomes programme builds on the work of the Community Response Forums. As the programme is rolled out, it will address some of the concerns raised by the Forums in their reports, such as the better integration of government funding to communities, strengthening the co-ordination between services, and community access to these services.

Community Response Fund

The Community Response Fund was established in May 2009 to support non-government organisations delivering critical community-based social services and facing serious recession-related funding or demand pressures.

The Community Response Fund was to run for two years but was extended for one further year and ended on 30 June 2012.

During 2011/2012, we administered the final three rounds of the Fund and made a total of 634 grants to the value of $24 million.

The services funded by these grants included:

- support for families under stress
- budgeting and financial advice
- addressing family violence
- addressing child abuse and neglect
- early intervention for vulnerable and at-risk children and families.

High Trust contracts

High Trust contracting places a greater focus on results for clients. It enables high-performing social service providers to focus more on the families they serve and less on ticking boxes, complex paperwork and reporting.

At the end of 2012, we had 166 High Trust contracts in place. This is an increase of 73 since the same time last year.

High Trust contracts involve a concise and simple funding agreement enabling the flexible delivery of services.

Addressing violence in the community

It's Not OK campaign

The It's Not OK campaign continued to mobilise New Zealanders to take action against family violence. In 2011/2012, one in three people reported taking action as a result of the campaign, with the figures higher for Māori (50 per cent) and Pacific (45 per cent).

During the year, we worked with the Ministry of Defence to develop a family violence policy and a promotional campaign featuring Army, Navy and Airforce champions.

The It's Not OK campaign received approaches from organisations in Denver, Colorado and Richmond, Virginia about how to begin their own campaigns.

Pacific family violence prevention

In 2011/2012, we published the *Pacific Conceptual Frameworks for Family Violence*. We developed seven ethnic-specific frameworks that will inform the development of training programmes to help Pacific family violence prevention practitioners. The frameworks will also inform service providers and non-Pacific practitioners working with Pacific victims of family violence.

Working differently to do better

Whānau Ora

Whānau Ora is an inclusive inter-agency approach, led by Te Puni Kōkiri, which empowers whānau as a whole rather than focusing separately on individual family members and their problems. This year we worked with 33 Whānau Ora providers to simplify existing contracts with agencies through Integrated Contracts.

Our Chief Executive and the Deputy Chief Executive, Family and Community Services are members of the Whānau Ora Governance group. The group meets monthly, and is responsible for overseeing the implementation of Whānau Ora and advising the Minister for Whānau Ora on policy settings, priorities and regional management.

There are now 79 Community Link sites, 29 more than last year.

Community Link

Community Link sites provide a broad range of cross-agency and community support, depending on the community they are in. At the end of June 2012, there were nearly 900 agency partners either in a Community Link or working with Community Links to deliver a joined-up service.

Disability issues

Disability Action Plan

The Chief Executives' Group on Disability Issues leads the implementation of the Disability Action Plan.

In July 2011, Cabinet agreed to the Ministerial Committee on Disability Issues' first Disability Action Plan. This provided a focus for government agencies to ensure the recovery and rebuilding of Christchurch was inclusive of disabled people and was developed in consultation with disabled people. A progress report was provided to Cabinet in May 2012.

In May this year, the Office for Disability Issues co-ordinated a symposium in Christchurch to learn about disabled people's experiences in the earthquakes. Progress will be made over 2012/2013 by the Ministries of Civil Defence and Emergency Management, Social Development, and Health to ensure emergency preparedness and responsiveness is more inclusive of disabled people.

Making a Difference Fund

The Making a Difference Fund supports projects that improve attitudes and behaviours toward disabled people.

A significant effort has been put into building on community-based and national partnerships. This year the Think Differently campaign was introduced. This focused on disabled people as leaders, breaking down barriers to employment and increasing accessibility to goods and services. The Unique Extras project is an initiative which uses popular culture to make disabled people more visible in everyday life by employing them as extras in New Zealand television productions.

Carers' Strategy Action Plan

We are responsible for co-ordinating the cross-agency effort around the Carers' Strategy to acknowledge the very real difference carers make in people's lives.

The Carers' Strategy Five-year Action Plan covering 2008 to 2013 is almost completed. The strategy and plan were developed in partnership with government agencies and the New Zealand Carers Alliance to improve the support available for informal carers.

We have responsibility for specific actions under the Carers' Strategy. This year we published practical advice for caregivers in *A Guide for Carers*. We also provided a $50,000 funding contribution to Carers New Zealand to help establish the CarersAir website and database.

2011–2014 Statement of Intent Performance Indicators

Communities are better able to support themselves

MEASURE	RESULT	TREND/COMMENT
Intermediate Outcome – Social services better reflect the needs of their community		
Number of Community Response Forums that are actively engaged in planning with communities	14 (No trend available)	New measure for 2011/2012. Intent: Sustaining. Fourteen Community Response Forums were actively engaged in reviewing the Ministry's family support services and developing community funding plans.
Number of Community Response Forums that receive community support for their Quality Services and Innovation Fund decision-making process	14 (No trend available)	New measure for 2011/2012. Intent: Sustaining. All 14 Community Response Forums enjoyed the support of their communities for their decision-making processes.
Intermediate Outcome – Community providers are more able to respond to community needs		
The number of providers who deliver services within a High Trust relationship	166 (Increasing)	Intent: Increasing. A High Trust relationship enables trusted providers to focus more on the families they serve and less on completing paperwork and reporting. This year, there were 166 non-government providers with High Trust relationships, compared to 93 last year.
Intermediate Outcome – Communities have better access to social services		
Number of government and non-government providers delivering their services in partnership with us	888 (No trend available)	New measure for 2011/2012. Intent: Increasing. We worked with almost 900 government and non-government providers across our 79 Community Links, such as Housing New Zealand Corporation, Inland Revenue, budgeting service providers and The Salvation Army. Most Community Link sites have 17 providers and some providers operate from more than one site.

Maintaining performance integrity

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

The Leadership Team

Our Leadership Team is made up of our Chief Executive and nine Deputy Chief Executives. The Leadership Team provides Ministry-wide direction and leadership. In 2011/2012, we adjusted our governance arrangements to reflect new Leadership Team requirements. These arrangements consist of:

- **Leadership Team Business** meetings are held up to three times a month and focus on strategic issues
- **Leadership Team Board** meetings are held once a month and provide Ministry-wide governance with a focus on monitoring organisational performance, capability and risk
- **Leadership Team Strategy** meetings are held once a month and provide Ministry-wide governance with a focus on longer-term strategic issues and direction.

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

Advisory committees

Our Chief Executive is also supported by advisory committees. These committees are the:

Independent advisory committees

- **Work and Income Board**, which provides expertise and support from outside the public service on the implementation of the welfare reform Investment Approach. The Board was established in April 2012 and reports on Work and Income's performance to the Minister of Finance and the Minister for Social Development
- **Audit Committee**, which provides independent advice on our risk framework and internal controls (including legislative compliance), on our internal and external audit functions, financial and other external reporting, and on our governance framework and process. The Committee is chaired by one of the three external members
- **Value for Money Advisory Board**, which provides advice and support on the implementation of our Value for Money work programme. The Board meets formally five times a year and is chaired by one of the three external members. One of these external members is a representative from the Treasury.

The Work and Income Board has six members and is chaired by Paula Rebstock.

Ministry advisory committees

- **Joint Policy Priority Projects Committee**, which provides a forum for our Deputy Chief Executives to monitor deliverables and to actively manage risks/issues on cross-Ministry policy and implementation projects
- **IT Strategy Group**, which develops the Ministry's information technology strategy and capital plan roadmap to support the Ministry's overall business priorities.

Complaints, reviews and resolution of grievances

All our complaint, review and appeal processes are either operated or monitored from outside our service lines.

We provide ways for clients to get timely reviews of decisions that have been made about them and ways for the Ministry to investigate and resolve concerns raised by people who have been in our direct care or custody or who have received our services.

The Chief Executive's Advisory Panel on Child, Youth and Family Complaints provides advice on complaints Child, Youth and Family has not been able to resolve through its own internal complaints process. The Panel is made up of independent experts who are respected in the community. In 2011/2012, the Panel heard 10 complaints. The Chief Executive accepted all of the Panel's recommendations.

We have collaborated with the Department of Internal Affairs and the Ministry of Education to help more than 1,000 people rebuild their lives after being mistreated while they were children in state care. In 2011/2012, our Care Claims and Resolution Team resolved or made offers of compensation on 118 historic claims of abuse and neglect. This is in line with the previous year.

The Institute of Public Administration New Zealand (IPANZ), at its Public Sector Excellence Awards in June 2012, acknowledged this successful collaboration with its award in the category of Working Together for Better Government and with its Supreme Award.

Of the 4,303 benefit decisions reviewed in 2011/2012, 32 per cent were referred to an external Benefit Review Committee. Of the decisions referred to a committee, 82 per cent were upheld, 6 per cent were changed and 12 per cent were overturned.

Improving performance management and measurement

We work closely with Audit New Zealand and the Treasury to improve our outcome framework and measurement systems.

In 2011/2012, of the 100 performance measures we reported against, we achieved or exceeded the expected standard in 97 cases. Seventeen of our measures exceeded their standards by more than 5 per cent.

We continue to focus on strengthening 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 provide advice on improving our performance framework. Through this process we developed an additional 14 performance measures for 2011/2012.

Control and accountability

Providing assurance

The Total Assurance Plan provides assurance that our network of risk management activities, controls and governance is adequate and is functioning effectively.

Our Risk and Assurance group provides independent assurance, advice and support to the Audit Committee, the Chief Executive and the Leadership Team on the systems, processes and controls we rely on to deliver effective and efficient services to all New Zealanders.

The group undertakes a programme of assurance and advisory activity to evaluate and improve risk management, controls and governance processes in the Ministry.

Risk management

Our risk management approach is well established. The culture-based approach builds on international best practice guidelines and was given a strong rating in the State Services Commission's 2011 Performance Improvement Framework review of the Ministry.

The Chief Executive and the Leadership Team regularly engage in discussions about strategic objectives, opportunities and risks, and the appropriate strategies to manage them across the Ministry.

Our risk programme ensures our risk management activities are linked to performance and the achievement of our outcomes and strategic objectives. This includes consistent and robust challenge and analysis of risks, controls and mitigation strategies at all levels to highlight opportunities and gaps.

In 2011/2012, we identified opportunities to enhance the Ministry's approach and to further improve the quality, consistency, and maturity levels of our risk management practices. The Risk and Assurance group will support the Leadership Team to implement these enhancements in 2012/2013.

Complying with our legal obligations

Our Legal Services team works with managers to ensure our internal policies properly reflect the law. The team also works with business areas to ensure our staff are aware of our legal requirements and are able to identify legal risk. This complements our wider risk management approach.

These components are backed by a rolling programme to systematically check all policies against underlying legal requirements. Business groups also complete legislation compliance checks.

Maintaining the integrity of our service

Code of Conduct

In July 2011, we launched the new Code of Conduct, replacing the two separate Codes that have been in use since Child, Youth and Family joined the Ministry in July 2006. The Code of Conduct provides staff with guidelines and expectations about conduct that will not be tolerated, and the consequences of not meeting those expectations.

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

Because of our role, 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 include dismissal and referral to the Police. In addition to any penalty the Court may impose, if any money has been fraudulently obtained, it must be repaid in full.

In March 2012, we held an Integrity Week with a spotlight on information security. The week helped to raise awareness of information risks and to prompt staff to think about their role in maintaining information security. We developed tools and resources, including a number of scenario cards that proved useful in generating discussion around expected behaviours, risks and obligations.

Fraud

Where we find evidence of fraud, we prosecute.

In 2011/2012, we completed 742 benefit fraud prosecutions, of which 96 per cent (714) were successful, compared to 95 per cent in 2010/2011.

During the year we established over $23 million of fraud debt and we recovered over $2 million. The total balance of fraud debt owed to the Crown is over $106 million.

Information sharing

We match information with other agencies to identify clients who may be receiving benefits/ allowances to which they are no longer entitled.

There are currently nine different data matches with six different government agencies. The primary purpose of information matching is to ensure people receive their correct entitlement to assistance. In the past three years we have increased the number of data match checks on clients by 250 per cent. In 2012, we will be establishing an information sharing agreement with Inland Revenue.

Managing money owed to the Crown

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

The Recoverable Assistance programme provides recoverable assistance to non-beneficiaries to meet essential immediate needs.

- **Recoverable Assistance Loans**, which are for essential items such as school uniforms or washing machines. This year we granted loans totaling $147 million, which makes up less than 1 per cent of the total benefit spend. The total balance owed is over $407 million and clients repaid almost $147 million over the year
- **Overpayments**, which can occur because we are told about changes to a client's circumstances after a payment has been made. This year we established overpayments of approximately $208 million, which makes up just over 1 per cent of the total benefit spend. We also recovered overpayments of just under $140 million over the year. Information-sharing arrangements with Inland Revenue will help us to correct benefit payments more quickly.

In 2011/2012, the cost of collecting money owed from former clients and non-beneficiaries was $0.17 for each dollar collected. Around half of all money owed by former clients is less than one year old.

Organisational health and capability

We are finding better, smarter ways to be a stronger organisation for our clients and staff.

Our people

We have approximately 9,500 employees – just over 20 per cent of the public service. Through our network of 300 locations, we have a presence in nearly every community in New Zealand.

Who we are

We are committed to an organisational culture in which staff are supported and people are put first. This year we are taking another look at our culture and checking in with our people to ensure we have got this right.

We have dedicated Engage champions and a project team helping to continuously build staff engagement.

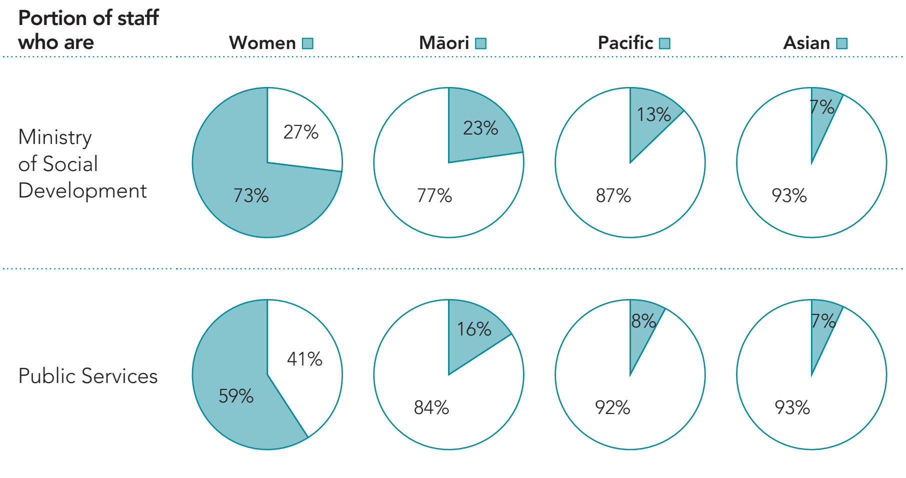
Staff engagement is an important indicator of how we are going as an organisation. In April 2012, we completed our third nationwide staff engagement survey which was run independently by Gallup. The last survey was in 2010 and our results for 2012 showed a slight improvement.

From the survey, we have identified two question areas for an organisation-wide focus and each team will be responsible for taking improvement actions.

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.

As at 30 June 2012, 64 per cent of all our managers and 55 per cent of our senior managers are female.



Source: MSD and State Services Commision data

Looking after each other

Partnering with the Accident Compensation Corporation (ACC)

In 2011/2012, we maintained our secondary level accreditation from ACC. This means we receive significant discounts on levies in exchange for taking responsibility for management practices that keep our employees safe at work and for maintaining claims, should an injury occur.

Our secondary level accreditation confirms our commitment to ongoing improvements in health and safety and managing return-to-work programmes.

Over the last three years, we have reduced the average cost of claims to the Ministry. We have achieved this by better return-to-work outcomes resulting in fewer days away from work, and by improved health and safety initiatives to reduce the seriousness of the claims, such as the Pain and Discomfort programme.

Over the past three years, we have also worked more closely with ACC around the non-work injuries of our employees. Better engagement with staff and allowing them to fulfil alternate duties has helped them to get back to work earlier. Improvements in the way we manage the non-work related injuries of our staff has resulted in a reduction of about 85 per cent in the number of lost hours and has saved us in excess of $1 million over this period.

Working together better

Industrial relations

We recognise the importance of positive and stable industrial relations in supporting a modern, innovative and high-performing organisation. Across the Ministry, we have more than 6,400 staff on five separate collective employment agreements.

Our Modern, Innovative and Productive Public Services Agreement with the Public Service Association (PSA) confirms our positive working relationship. This agreement records our shared commitment to working together with a joint focus on areas such as innovation, productivity and value for money. It also outlines the processes for engagement and the development of our joint work programmes.

The PSA has more than 6,000 members and 500 delegates across the Ministry.

We set up joint working parties with the PSA on:

- unplanned absence management
- managing workloads across the Ministry
- implementing the productivity dividend in Work and Income, and Students, Seniors and Integrity Services to staff who have achieved productivity and innovation standards.

The National Union of Public Employees (NUPE), which represents a small number of employees, works with us to address matters of mutual interest.

We also work with the PSA and NUPE on:

- collective agreements
- employee participation in health and safety.

Collective agreements

We successfully renegotiated and settled two of our five current collective agreements at the start of 2011/2012. These were:

- the PSA Child, Youth and Family Collective Agreement
- the NUPE Child, Youth and Family Collective Agreement.

The PSA and NUPE Child, Youth and Family collective agreements cover more than 2,000 people.

We kept the State Services Commission fully informed throughout the negotiations to ensure the terms of the agreements aligned with the Government's Expectations for Pay and Employment Conditions in the State Sector.

Employee participation in health and safety

We have an agreement with the PSA and NUPE for employee participation in health and safety. Among other things, this agreement facilitates the continuous improvement of the health and safety system through open communication across the Ministry. The agreement was signed by all parties in June 2012.

We promote excellence in the management of health and safety in the workplace for all of our employees.

Developing our leaders

We provide a range of development opportunities to build our leadership capability and succession planning. In 2011/2012 these opportunities included:

- **Managing the Political Context**, which is our breakthrough, experience-based learning programme that allows participants to live 'a day in the life of a Chief Executive.' We have started making this available for other agencies across the public sector. The programme was recognised with the HRINZ State Services Commission Public Sector Award for excellence and commitment to improving human resources within a public sector organisation, as well as with the 2011 IPANZ award for Improving Performance through Leadership Excellence. More than 200 participants have now completed the programme.
- The **Emerging Leaders** programme, which is designed for high-performing individuals who have been identified as having the potential and aspiration to move into their first management or leadership role. A number of other agencies are now participating in the Emerging Leaders programme. Since the launch of the Ministry-wide programme in 2009, 140 employees have participated.
- The **Te Aratiatia** programme, which is aimed at supporting Māori and Pacific high-performing individuals to move into their first management or leadership role. Since its launch in 2002, over 100 Māori and Pacific staff have graduated from Te Aratiatia.
- The **Te Aka Matua** programme, which currently supports five Pacific and Māori managers who will complete their masters degrees in Public Management from Victoria University of Wellington in 2013.
- **Leadership Development Centre Fellowships**, which targets senior leaders who are recognised as opinion influencers and demonstrate the potential to progress to more demanding roles, and bring improvements in agencies and across the public sector. Two of our senior leaders received fellowships and plan to use the award to participate in leadership programmes that will build on their existing knowledge and skills.

Our leadership programmes are about finding talented, motivated individuals and supporting them to succeed.

Developing specialist expertise

Our wide range of responsibilities requires us to have staff who are experts in their chosen fields.

Social workers

We have a professionalisation programme to help social workers in Child, Youth and Family to become qualified and registered.

At 30 June 2012, 1,039 Child, Youth and Family staff members were registered social workers, an increase of 50 from last year. A further 123 social workers had achieved competency, a pre-requisite to registration. In addition, 193 social workers were working towards competency, and 42 social workers were working towards a bachelor's or higher degree in social work.

In 2011/2012, Child, Youth and Family provided 706 in-house workshops for practice staff and managers. These workshops included those related to the Advanced Safe Strong Practice programme. In all, 7,789 participants attended these workshops.

Case management

Over 2,600 Work and Income staff have graduated with National Certificate qualifications since the programme was set up seven years ago.

At 30 June 2012, 266 Work and Income staff members were enrolled in a qualification programme and there were 50 new cadets in Work and Income sites.

Next year we are looking to launch the Level 5 Public Sector Services qualification to support the extension of service delivery skills to our front line.

Government Property Management Centre of Expertise

In April 2011, we set up the Government Property Management Centre of Expertise with a focus on three key projects:

The Government Property Management Centre of Expertise provides a central point for the sharing of best practice, resources and facilities across the public sector.

- a national database of commercial property holdings
- an online workspace for practitioners to share experiences, standard documents and resources
- a guideline document on the practices required to give effect to the Government's expectations.

In addition, the Centre of Expertise actively engaged in brokerage and syndicated procurement activities, successfully achieving five major initiatives with significant savings, and providing assistance to more than 30 agencies. It also co-ordinated the seismic assessment guidance process for state sector agencies.

Value for Money

We use the externally-chaired Value for Money Advisory Board to continually review and assess progress against our Value for Money plans.

The Ministry has had a Value for Money programme in place since 2007 to manage its departmental cost pressures through productivity and efficiency gains while improving the quality of services to clients. The Ministry has undertaken a four-year planning cycle since that time and has managed departmental cost pressures through its Value for Money programme. The first Value for Money programme enabled us to manage $255 million of cost pressures internally over the period 2008/2009 to 2011/2012. We have now developed plans to deliver efficiency savings of $172 million for the four years 2012/2013 to 2015/2016.

In response to the Government's Efficiency Savings Dividend, we will return to the Crown savings of $15 million a year from 2012/2013, growing to $25 million a year from 2014/2015.

There are three key streams to our four-year Value for Money plan. These are:

- Investment in online services, which involves the removal of manual processes and the introduction of self-service options for clients. Specific initiatives include:
  - the automation of workflows through digitisation and online applications
  - replacing letters with online notifications, for example using 'My Account' and email
  - using Payment Card facilities to make Hardship payments.
- Improvements in existing processes and removing inefficiencies by streamlining and standardising the fraud investigation process across the country. This has resulted in a 50 per cent reduction in the turnaround time for high-risk fraud cases. Through data matching with Inland Revenue we have increased our capacity by a further 30 per cent.
- Driving better value from our procurement opportunities. Specific initiatives include:
  - working with the Ministry of Business, Innovation and Employment to establish a single supply agreement between the Crown and approved suppliers
  - developing a new accreditation and procurement process for suppliers of monitored medical alarms paid through the Disability Allowance. From 2011/2012, this will save us around $8 million a year.

This year we signed up for All-of-Government Travel, Laptop/Desktop Computers and External Legal Services contracts.

In 2011/2012, we paid approximately $264 million in one-off hardship payments and over $300 million in disability allowances which cover goods and services such as transport costs, special foods, telephone costs, gardening and medical alarms.

Service delivery across whole of government

The Ministry was the lead agency for the Service Transformation programme until March 2012. The programme was established as a collaborative project between the Ministry, Inland Revenue and the Department of Internal Affairs to develop joint service delivery approaches. In March 2012, the programme was transferred to the Department of Internal Affairs as the lead agency. This aligns the programme with the Government's lead agency for Better Public Services Result 10: *New Zealanders can complete their transactions with the Government easily in a digital environment.*
The programme has now been extended to include over 20 agencies to make progress with this work.

We have worked with the Department of Internal Affairs to develop the action plan for Better Public Services Result 10: *New Zealanders can complete their transactions with the Government easily in a digital environment*, including a target of 70 per cent of New Zealanders' most common transactions with government being completed in a digital environment by 2017. Action areas will develop consistent approaches to common transactions and will foster initiatives and partnerships that deliver citizen-centric digital services.

Our technology

This year our payment systems processed over 45 million transactions totalling $16 billion.

The majority of our modern business practices are underpinned by technology. We support over 200 systems, which include the provision of payment and services to approximately 1.1 million clients through secure, robust and scalable systems, and a nationwide network.

In 2011/2012, our IT department delivered significant projects to the value of $29 million. Six of these projects were efficiency projects to automate common business functions.

To manage the coming changes to reform the benefit system, based on recommendations from the Welfare Working Group, we have started to look at what changes we need to make to our core service delivery systems such as:

Since 2001, we have successfully delivered over 180 individual IT projects worth over $300 million.

- the benefit payment system (SWIFTT)
- our client management system (CMS)
- job and skills match systems (SOLO and jobz4u).

The changes we make will enhance the systems and help our staff to implement the new service approach under which clients who need the most support get that support. We plan to complete the necessary system changes and tools development by July 2013.

Performance Improvement Framework

During the 2011/2012 year, we have been working through the recommendations from the Ministry's 2011 positive Performance Improvement Framework (PIF) review. Despite the three-year timeframe of the action plan, we have completed a number of recommendations and have made good progress on the remainder. Enhancing our social work practice and decision making is a long-term commitment.

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 2012 and its operations for the year ended on that date.

Brendan Boyle
Chief Executive

26 September 2012

Countersigned by:

Nick Gale
Chief Financial Officer

26 September 2012

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 2012.

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 74 to 107, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2012, the statement of comprehensive income, statement of changes in taxpayers' funds, statement of departmental expenses and capital expenditure against appropriations, statement of unappropriated expenses and capital expenditure, 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 accounting policies and other explanatory information; and
- the non financial performance information of the Ministry that comprises the statement of service performance on pages 46 to 72 and the report about outcomes on pages 5 to 29; and
- the schedules of non departmental activities of the Ministry on pages 108 to 128 that comprise the schedule of assets, schedule of liabilities, schedule of commitments and schedule of contingent liabilities and contingent assets as at 30 June 2012, the schedule of expenses, statement of expenditure and capital expenditure against appropriations, statement of unappropriated expenditure and capital expenditure, schedule of income, schedule of capital receipts and statement of trust monies for the year ended on that date and the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 74 to 107:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Ministry's:
    - financial position as at 30 June 2012;
    - 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 2012; and
    - unappropriated expenses and capital expenditure for the year ended 30 June 2012; and
- the non financial performance information of the Ministry on pages 5 to 29 and 46 to 72:
  - 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 2012, 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 108 to 128:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the assets, liabilities, contingencies and commitments and trust monies as at 30 June 2012 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 2012. 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 would affect a reader's 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. 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 2011 that:
  - comply with generally accepted accounting practice in New Zealand; and
  - 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'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 New Zealand Institute of Chartered Accountants.

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

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and schedules of non-departmental activities

This audit report relates to the financial statements, non-financial performance information and schedules of non-departmental activities of the Ministry of Social Development (the Ministry) for the year ended 30 June 2012 included on the Ministry's website. The Ministry's Chief Executive is responsible for the maintenance and integrity of the Ministry's website. We have not been engaged to report on the integrity of the Ministry's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and schedules of non-departmental activities since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and schedules of non-departmental activities named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and schedules of non-departmental activities. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and schedules of non-departmental activities as well as the related audit report dated 26 September 2012 to confirm the information included in the audited financial statements, non-financial performance information and schedules of non-departmental activities presented on this website.

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

Statement of Objectives and Service Performance

For the year ended 30 June 2012

Vote Social Development

Output Expense: Adoption Services

Scope

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

Summary of Performance

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

Over 99 per cent (797) of prospective adoptive parents who attended the Child, Youth and Family education programme evaluated the programme as achieving its objective of preparing them adequately for their assessment for suitability to adopt or foster.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
7,202	Crown	7,176	8,991	7,176
46	Department	46	46	46
–	Other	–	–	–
7,248	**Total Revenue**	**7,222**	**9,037**	**7,222**
7,087	**Total Expense**	**5,989**	**9,037**	**7,222**
161	**Net Surplus/(Deficit)**	**1,233**	**–**	**–**

Service Performance Information

Output: Adoption Services

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
98.2%	The percentage of prospective adopted parents evaluating the education programme as achieving its objectives[13] will be between	99.5%	95–100%
New measure in 2011/2012	**Timeliness**		
	Assessments of adoption applicants completed within 90 days will be no less than	80.6%	80%

13 Research shows educating and preparing prospective adoptive parents results in more stable adoptions and less placement disruption.

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 47 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. This is despite an increase in notifications of 2,053 this year.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
325,748	Crown	331,223	325,752	331,223
797	Department	945	797	1,225
959	Other	1,018	1,799	1,799
327,504	**Total Revenue**	**333,186**	**328,348**	**334,247**
327,629	**Total Expense**	**330,637**	**328,348**	**334,247**
(125)	**Net Surplus/(Deficit)**	**2,549**	**–**	**–**

Service Performance Information

Output: Engagement and Assessment

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Timeliness		
	The percentage of reports of concern that require further action are allocated to a social worker within the timeframe appropriate to the safety of the child or young person will be between:		
98.1%	Critical (less than 24 hours)	98.6%	95–100%
97.8%	Very Urgent (up to 48 hours)	97.7%	90–95%
	The percentage of actions taken at sites by a social worker to establish the immediate safety of the child or young person, and to confirm the response time and further action required, within the following timeframes will be between:		
91.8%	Urgent (up to seven days)	94.4%	85–95%
94.1%	Low Urgent (up to 28 days)	94.6%	85–95%
83.9%	The percentage of investigations/child and family assessments completed within 60 days for those aged five and over is no less than	85%	80%

Service Performance Information

Output: Seeking Safety and Security

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
90.5%	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 no less than	93.5%	85%
	Timeliness		
98.6%	The percentage of Care and Protection Family Group Conference plans reviewed by the agreed due date will be between	99.6%	95–100%
96%	The percentage of reports provided to Courts that are delivered on time will be no less than	97.4%[14]	90%

Output: Securing Stability and Wellbeing

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
New measure in 2011/2012	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	97%	90–100%
	Timeliness		
91.1%	The percentage of Family Court plans reviewed on time[15] will be between	95.8%	95–100%
New measure in 2011/2012	The percentage of Family/Whānau Agreements that are reviewed within three months will be between	99.4%	95–100%

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

Four of five performance standards in this output expense have been met or exceeded.

The cost per dollar to collect balances owed reduced to 17 cents this year, compared to 18 cents last year. Results for the quality measure, for work completed accurately by the Collections Units, also improved from 95 per cent last year to 97 per cent this year.

The effects of the Canterbury earthquakes and the implementation issues with the new collections IT system had an impact on the Collections Units' full-year performance. This resulted in one performance measure being under standard for the year.

14 The result significantly exceeded the standard due to the strengthening of processes over time and improvements made in social work practice.

15 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).

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
14,302	Crown	16,020	16,020	16,020
180	Department	215	180	215
–	Other	–	–	–
14,482	**Total Revenue**	**16,235**	**16,200**	**16,235**
14,113	**Total Expense**	**13,835**	**16,200**	**16,235**
369	**Net Surplus/(Deficit)**	**2,400**	**–**	**–**

Service Performance Information

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

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quantity		
$80.7m	The actual amount of money collected by the Collections Units is expected to be between	$79.7m	$79–86m
$0.18	The cost per dollar of collecting balances owed will be less than	$0.17[16]	$0.24
	Timeliness		
81.1%	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	77%[17]	80–85%
88%	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	85%[18]	85–90%
	Quality		
95.5%	The percentage of work completed accurately by the Collections Units will be no less than	97%	95%

Output Expense: Development and Funding of Community Services

Scope

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

Summary of Performance

Both performance standards in this output expense have been met.

Over 700 funding agreements were monitored and reviewed and 500 contracted providers were assessed against Child, Youth and Family Approval Standards within the required timeframes.

16 This result is due to cost-effective collection processes.

17 This result is under standard due to the deployment of staff to help in the earthquake response and to the implementation of a new IT system.

18 The total number of clients used to calculate the percentage of clients on arrangement to pay for 12 months is different from the number used to calculate the four-month result because clients are categorised according to their most recent debt.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
8,212	Crown	8,068	8,068	8,068
59	Department	59	59	59
–	Other	–	–	–
8,271	**Total Revenue**	**8,127**	**8,127**	**8,127**
8,038	**Total Expense**	**8,071**	**8,127**	**8,127**
233	**Net Surplus/(Deficit)**	**56**	**–**	**–**

Service Performance Information

Output: Development and Funding of Community Services

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	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 contracted providers who will be assessed at least once every two years against Child, Youth and Family Approval Standards will be no less than[19]	100%	100%

Output Expense: Family and Community Services

Scope

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

Summary of Performance

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

In 2011/2012, 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 Heartland Services Centres provided improved access to government and community services in their community.

In 2011/2012, 49 community projects received funding through SKIP's Local Initiatives Fund. The projects focus on young dads, grandparents raising grandchildren, refugees and Pacific, Asian and Islamic communities.

During the year, seven providers delivered group activities and events across Auckland to 6,664 at-risk young people through the Break Thru initiative. The initiative included programmes on leadership development, promoting healthy lifestyles, and sports and recreational activities.

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

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
31,907	Crown	33,346	35,206	33,346
129	Department	129	129	129
–	Other	–	–	–
32,036	**Total Revenue**	**33,475**	**35,335**	**33,475**
31,110	**Total Expense**	**32,284**	**35,335**	**33,475**
926	**Net Surplus/(Deficit)**	**1,191**	**–**	**–**

Service Performance Information

Output: Social Support Services Sector Leadership and Co-ordination

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
92%	The percentage of surveyed clients agreeing that Heartland Centres have improved access to government and community services in their community will be no less than	95%[20]	70%
88%	The percentage of surveyed agencies agreeing that they were satisfied or very satisfied with Heartland Centres' accessibility, range of services and facilities will be no less than	94%[21]	70%

Output: Supporting Families and Communities

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
90.19%	The percentage of community projects funded through SKIP[22] that meet their objectives will be between	93%	90–95%
	Quantity		
9,052	Break Thru The number of young people supported through group activities and events by youth workers will be no fewer than	6,664[23]	5,000

Output: Management of Social Services Funding Agreements

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quantity		
2,622	The number of funding agreements will be between	2,613[24]	1,500–1,900

20 This was a new reporting measure for 2010/2011. An initial target of 70 per cent was set to establish a baseline figure. This will increase to 80 per cent for 2012/2013.

21 This was a new reporting measure for 2010/2011. An initial target of 70 per cent was set to establish a baseline figure. This will increase to 80 per cent for 2012/2013.

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

23 Our providers are becoming more trusted within their communities, which results in increased numbers of at-risk youth attending these events. This was a new measure for 2010/2011 with a target of 3,600–4,500. This target increased to 5,000 in 2011/2012 . The result for 2010/2011 of 9,052 reflects the number of attendances and the result for 2011/2012 reflects the number of unique attendees.

24 The high result is due to the large number of Community Response Fund contracts negotiated this year. This fund is demand-driven and it is difficult to accurately predict the demand. The Community Response Fund ended on 30 June 2012.

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

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

The results for client satisfaction and for accuracy in completing entitlements for seniors reached 94 per cent and 92.4 per cent respectively.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
38,061	Crown	36,502	36,522	36,502
412	Department	602	412	602
–	Other	–	–	–
38,473	**Total Revenue**	**37,104**	**36,934**	**37,104**
37,518	**Total Expense**	**35,896**	**36,934**	**37,104**
955	**Net Surplus/(Deficit)**	**1,208**	**–**	**–**

Service Performance Information

Output: Services to Seniors

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
96%	The percentage of clients satisfied with the quality of service provided will be between	94%	90–95%
94.6%	The percentage of entitlement assessments completed accurately will be between[25]	92.4%	90–95%
	Timeliness		
88.7%	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 will be between[26]	86.9%	85–90%

25 An assessment of entitlement is deemed accurate when the right person is receiving the correct entitlement from the correct commencement date.

26 This combines timeliness measures for all activities in this output expense. The timeframe for each component is as follows:
- five working days for New Zealand Superannuation and for Emergency Benefit (for people over 65 years of age) entitlement assessments completed for payment in New Zealand
- 20 working days for New Zealand Superannuation entitlement assessments completed for payment overseas and for other New Zealand entitlements paid overseas
- 20 working days for residential subsidy entitlement assessments.

Output Expense: Management of Service Cards (MCOA[27])

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 exceeded.

The standard for completing Community Services Card entitlement assessments accurately increased to 99 per cent this year, compared to 97 per cent last year. The standard for completing the assessment within two working days also increased to 97 per cent this year, compared to 96 per cent last year. The improvement in processing Community Services Card entitlements is a result of an ongoing focus to strengthen our processes.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
5,646	Crown	5,619	5,619	5,619
36	Department	36	36	36
–	Other	–	–	–
5,682	**Total Revenue**	**5,655**	**5,655**	**5,655**
5,343	**Total Expense**	**5,463**	**5,655**	**5,655**
339	**Net Surplus/(Deficit)**	**192**	**–**	**–**

Service Performance Information

Output Class: Administration of Community Services Card

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
96.7%	The percentage of Community Services Card entitlement assessments[28] completed accurately will be no less than	98.5%	95%
	Timeliness		
96.3%	The percentage of Community Services Card entitlement assessments completed within two working days of receipt will be between	97.1%	90–95%

27 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).

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

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

In 2011/2012, the number of new business partners joining the SuperGold Card programme increased by 2,342. This brings the total number of businesses participating across New Zealand to 3,665, representing 7,930 outlets. The increase was largely due to a recruitment campaign targeting new business partners in rural and provincial areas carried out in May and June 2012. The campaign was not planned when the quantity performance measure for business partner growth was set, hence the significant variance against the measure.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
1,421	Crown	1,421	1,421	1,421
–	Department	–	–	–
–	Other	–	–	–
1,421	**Total Revenue**	**1,421**	**1,421**	**1,421**
1,156	**Total Expense**	**1,257**	**1,421**	**1,421**
265	**Net Surplus/(Deficit)**	**164**	**–**	**–**

Service Performance Information

Output Class: Management of SuperGold Card

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
99.6%	The percentage of SuperGold Card entitlement assessments[29] completed accurately will be between	99.9%	95–100%
	Timeliness		
96.5%	The percentage of SuperGold Card entitlement assessments completed within two working days of receipt will be between	96%	95–100%
	Quantity		
167	The number of new business partners engaged will be no fewer than	2,342[30]	150

29 Recipients of New Zealand Superannuation and Veterans' Pension are automatically issued a SuperGold Card. However, around 5 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.

30 The engagement of new business partners has been actively promoted in the regions. This target will increase to 200 in 2012/2013, which reflects the growth expected in the year, without the major recruitment campaign seen in 2011/2012.

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

In 2011/2012, StudyLink processed a total of 262,490 Student Loan applications, a decrease of 1 per cent compared to the previous year. One hundred per cent of students received 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. In 2011/2012, 97 per cent of total Student Loan applications were made online.

Financial Performance Information

ACTUAL[31] 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED[32] 2012 $000
	Revenue			
–	Crown	16,667	15,467	16,667
–	Department	–	–	–
–	Other	–	–	–
–	**Total Revenue**	**16,667**	**15,467**	**16,667**
–	**Total Expense**	**16,369**	**15,467**	**16,667**
–	**Net Surplus/(Deficit)**	**298**	**–**	**–**

Service Performance Information

Output: Student Loans

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
New measure in 2011/2012	The percentage of surveyed students satisfied with the quality of service provided will be between	87%	85–90%
99.7%	The percentage of students who receive their correct entitlement (living cost component) on their first payment will be no less than	100%	95%
	Timeliness		
99.8%	The percentage of initial entitlement assessments for a Student Loan will be completed within three working days of receipt of application will be between	99.9%	90–95%

31 Financial figures for 2010/2011 are not available as this new appropriation was created from a previous appropriation called Management of Student Support.

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

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

In 2011/2012, StudyLink processed a total of 165,127 Student Allowance applications. This is an increase of 3 per cent compared to the previous year.

Student Allowance online applications continue to be a high proportion of total applications. In 2011/2012, 99 per cent of total Student Allowance applications were made online.

Financial Performance Information

ACTUAL[33] 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED[34] 2012 $000
	Revenue			
–	Crown	15,930	19,980	15,930
–	Department	164	164	164
–	Other	–	–	–
–	**Total Revenue**	**16,094**	**20,144**	**16,094**
–	**Total Expense**	**15,260**	**20,144**	**16,094**
–	**Net Surplus/(Deficit)**	**834**	**–**	**–**

Service Performance Information

Output: Student Allowances

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
New measure in 2011/2012	The percentage of surveyed students satisfied with the quality of service provided will be between	87%	85–90%
96.4%	The percentage of students who receive their correct Student Allowance entitlement on their first payment will be no less than	96.5%	95%
	Timeliness		
98.5%	The percentage of initial entitlement assessments for a Student Allowance will be completed within five working days of receipt of application will be between	99.5%	90–95%

33 Financial figures for 2010/2011 are not available as this new appropriation was created from a previous appropriation called Management of Student Support.

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

Output Expense: Policy Advice and Support to Ministers (MCOA[35])

Output Class: Crown Entity Monitoring

Scope

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

Summary of Performance

All eight performance standards in this output class have been met.

Two new measures for Crown entity monitoring were introduced this year in an effort to continually improve our monitoring and advice to Ministers.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
337	Crown	303	303	303
–	Department	–	–	–
–	Other	–	–	–
337	**Total Revenue**	**303**	**303**	**303**
239	**Total Expense**	**294**	**303**	**303**
98	**Net Surplus/(Deficit)**	**9**	**–**	**–**

Service Performance Information

Output Class: Crown Entity Monitoring

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quantity		
New measure in 2011/2012	Advice will be delivered to the Minister on all social development and employment Crown entities' statements of intent and output agreements	100%	100%
New measure in 2011/2012	Monitoring advice will be provided to the Minister on all social development and employment Crown entities' performance reports	100%	100%
Standard met	Provide advice to the Minister on Crown entity and Statutory Board appointments as required	Standard met	Standard met[36]
	Quality		
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%	Purchase advice will be delivered to Ministers within negotiated deadlines will be no less than	100%	100%

35 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).

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

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
100%	Advice to Ministers on draft statements of intent for Crown entities for the next year to be provided by no later than 31 May 2012 will be no less than	100%	100%
100%	Advice to Ministers on draft output agreements[37] for Crown entities for the next year to be provided by no later than 30 June 2012 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%

Output Class: Social Policy Advice

Scope

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

Summary of Performance

All 11 performance standards in this output class have been met or exceeded.

This year, the Ministry developed a series of policy papers to secure Cabinet approval to reform the benefit system, based on recommendations from the Welfare Working Group. This resulted in the introduction of the Social Security (Youth Support and Work Focus) Amendment Bill[38] in March 2012. A second Social Security Amendment Bill containing further reforms will be introduced into the House in late September 2012.

Following the release of the Green Paper for Vulnerable Children in July 2011, the Ministry received nearly 10,000 submissions from the public. These submissions will help to inform the development of a White Paper setting out the Government's proposals for the protection of New Zealand's most vulnerable children. The Government is planning to release the White Paper in October 2012.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
40,929	Crown	35,732	35,716	35,732
1,545	Department	1,242	1,545	1,610
–	Other	–	–	–
42,474	**Total Revenue**	**36,974**	**37,261**	**37,342**
40,783	**Total Expense**	**35,726**	**37,261**	**37,342**
1,691	**Net Surplus/(Deficit)**	**1,248**	**–**	**–**

37 Output agreements also refers to memoranda of understanding where funding is not paid via Vote Social Development.

38 The Social Security (Youth Support and Work Focus) Amendment Act 2012 was passed into law in July 2012.

Service Performance Information

Output: Ministerial Servicing

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	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:		
99.4%	Ministerial correspondence replies	99.1%	95%
99.9%	Parliamentary question responses	100%	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:		
96.9%	Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	96.3%	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: Social Policy Advice

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quantity and Timeliness		
Standard met	Policy advice will be delivered in accordance with work priorities identified and advised by Ministers[39]	Standard met	Standard met[40]
	Quality		
	Process		
97.6% of cases	An audit[41] shows that the Ministry of Social Development's quality assurance processes have been followed in at least	97% of cases	90–95% of cases
	Technical robustness		
Standard met	An independent review[42] of the Ministry of Social Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria	Standard met	Standard met[43]

39 The Ministers who receive services are the Minister for Social Development, the Associate Ministers for Social Development and the Minister for Disability Issues.

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

41 The work for the internal audit, review or survey for these 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.

42 The independent review was carried out by the New Zealand Institute of Economic Research in June 2012.

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

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

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

In 2011/2012, we held 28 workshops on how to respond to child abuse and neglect and over 680 social sector professionals attended. Of these, 650 reported they now have increased awareness and knowledge on how to respond to child abuse and neglect.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
2,829	Crown	3,786	4,048	3,786
601	Department	601	601	601
7	Other	13	13	13
3,437	**Total Revenue**	**4,400**	**4,662**	**4,400**
3,367	**Total Expense**	**3,402**	**4,662**	**4,400**
70	**Net Surplus/(Deficit)**	**998**	**–**	**–**

Service Performance Information

Output: Prevention Services

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quantity		
100%	The percentage of key stakeholders[44] engaged with each year will be between	100%	95–100%
New measure in 2011/2012	The number of brochures[45] with information about the dangers of shaking a baby and how to prevent shaken baby syndrome produced for parents will be between	110,000	100,000–150,000
New measure in 2011/2012	The percentage of individuals receiving child protection training who have increased awareness and knowledge on how to respond to child abuse and neglect will be between	95%	95–100%

44 Key stakeholders include: the New Zealand Police, district health boards, the Ministry of Health, the Ministry of Education, Accident Compensation Corporation, the Office of the Children's Commissioner, key non-government organisation providers, the Ministry of Justice and the Department of Corrections.

45 Refers to the number of brochures printed.

Output Expense: Promoting Positive Outcomes for Disabled People

Scope

This appropriation is limited to promoting positive outcomes for disabled people and comprises of: enabling the involvement of disabled people in the monitoring and implementation of the United Nations Convention on the Rights of Disabled Persons; and changing negative attitudes towards disabled people.

Summary of Performance

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

In June 2012, the report *Disability Rights in Aotearoa New Zealand, 2012: A systematic monitoring report on the human rights of disabled people in Aotearoa New Zealand* was completed. This report monitors disabled people's experiences under the United Nations Convention on the Rights of Persons with Disabilities.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
1,250	Crown	1,250	1,250	1,250
–	Department	–	–	–
–	Other	–	–	–
1,250	**Total Revenue**	**1,250**	**1,250**	**1,250**
1,250	**Total Expense**	**1,231**	**1,250**	**1,250**
–	**Net Surplus/(Deficit)**	**19**	**–**	**–**

Service Performance Information

Output: Promoting Positive Outcomes for Disabled People

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	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[46]
5	The number of partners engaged to promote positive attitudes with whom agreements are established will be no fewer than	5	4
9	The national and community driven projects funded will be between	24[47]	4–6

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

47 The high result can be attributed to an increased interest in the Making a Difference Fund, and an increase in available funding. The target will increase to 14–20 for 2012/2013.

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 in the Public Sector.

Summary of Performance

One of two performance standards in this output expense has been exceeded. The remaining performance standard in this output expense has not been met.

The Property Management Centre of Expertise was formed in April 2011. The report on property management information was the inaugural report from a newly established database. Additional consultation and data validation was required on an agency-by-agency basis. In 2012/2013, it is expected the number of agencies supported will increase as the seismic assessment work progresses, and subsequent reports will be completed within a shorter timeframe.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
200	Crown	400	100	400
–	Department	–	–	–
–	Other	–	–	–
200	**Total Revenue**	**400**	**100**	**400**
183	**Total Expense**	**371**	**100**	**400**
17	**Net Surplus/(Deficit)**	**29**	**–**	**–**

Service Performance Information

Output: Property Management Centre of Expertise

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Timeliness		
New measure in 2011/2012	Publish report on property management information for agencies by 30 June 2012	Standard not met[48]	Standard met[49]
	Quantity		
19	The number of agencies who receive brokerage, guidance, or support as at 30 June 2012 will be no fewer than	35[50]	20

48 Consultation on the report took longer than expected. As a result, we now expect to publish the report in August 2012.

49 Standard met means the report is published annually through the State Services Commission. Publishing of the performance data ex-post is the monitoring role of the Centre of Expertise.

50 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 has contributed to this result exceeding the standard for 2011/2012. The target will increase to 30 for 2012/2013.

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 2011/2012, 96 per cent of prosecutions were successful. This compares to 95 per cent in 2010/2011 and 91 per cent in 2009/2010.

The number of completed prosecutions increased to 742 for 2011/2012, up from 690 in 2010/2011.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
36,415	Crown	35,900	35,900	35,900
346	Department	431	346	431
–	Other	–	–	–
36,761	**Total Revenue**	**36,331**	**36,246**	**36,331**
36,024	**Total Expense**	**35,873**	**36,246**	**36,331**
737	**Net Surplus/(Deficit)**	**458**	**–**	**–**

Service Performance Information

Output: Services to Protect the Integrity of the Benefit System

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
95.4%	Of all the cases we prosecute, the percentage of successful prosecutions concluded will exceed	96.2%	95%
	Quantity		
95.2%	The percentage of cases referred to the National Fraud Investigators that are "fully investigated"[51] will be between	98.3%	95–100%
	Timeliness		
98.9%	The percentage of cases[52] completed within a 12 month period will be no less than	98.3%	95%

51 Where an assessment is made to either close, take no further action or commence a full investigation.

52 This includes cases referred by all sources for further enquiry (eg, fraud allegations and data matches).

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

To keep benefit numbers down in challenging times, Work and Income focused on triaging clients away from the benefit system, worked with employers to source vacancies for our clients, and delivered industry partnership programmes. As part of this focus, Work and Income delivered the Job Search Service, which helped to ensure more than 50 per cent of Unemployment Benefit jobseekers did not remain on an Unemployment Benefit longer than 13 weeks.

There were 49,622 Unemployment Benefit jobseekers as at 30 June 2012, compared to 56,264 at the same time last year. This is a reduction of 6,642 (12 per cent) and is the lowest Unemployment Benefit numbers have been at year-end since 2008.

There were 13,114 Unemployment Benefit youth jobseekers as at 30 June 2012, compared to 16,363 at the same time last year. This is a reduction of 3,249 (20 per cent) and represents a significant reduction in youth Unemployment Benefit numbers from the peak of 23,545 in January 2010.

In 2011/2012, Work and Income also reduced the number of people in receipt of other benefit types. There were 98,148 Domestic Purposes Benefit – Sole Parent recipients as at 30 June 2012, a reduction from the peak of 100,538 in October 2011. The number of Sickness Benefit and Invalid's Benefit clients has remained below the numbers forecast during this time of recession.

It is intended welfare reform changes and the development of the strategic plan in 2012/2013 will transform service delivery and help to further drive down benefit numbers.

Activity costing for Tailored Sets of Services to Help People into Work or Achieve Independence

We made a commitment in the 2011/2012 Output Plan to report on activity costs for our work-ready[53] and non-work-ready[54] clients in the 2011/2012 Annual Report. The information reported below sets out the cost per client seen and the cost per client exiting a main benefit.

Cost per client seen

The cost of seeing a work-ready client and a non-work-ready client are collected from our regional time allocation survey. In 2011/2012, the cost of seeing a work-ready client was $789 and the cost for seeing a non-work-ready client was $367.

53 Work-ready clients are those who are receiving a main benefit, but have an obligation to find part-time or full-time employment. These include clients receiving:
- Unemployment Benefit
- Sickness Benefit, with medical certificates indicating an ability to work part-time
- Domestic Purposes Benefit, with youngest child six years of age or over
- Independent Youth Benefit.

54 Non-work-ready clients are those who are receiving a main benefit, but have no obligation to find part-time or full-time employment. These include clients receiving:
- Domestic Purposes Benefit, with youngest child under six years of age
- Invalid's Benefit
- Sickness Benefit, with medical certificates indicating that they are unable to work part-time.

Cost per client exiting a main benefit

The cost of a client exiting a main benefit is determined from staff and internal resource costs. The cost does not include any employment-related programme expenses. In 2011/2012, the cost of a client exiting a main benefit was $1,084.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
430,767	Crown	410,696	388,246	410,696
8,349	Department	8,445	10,109	10,949
3,069	Other	2,602	4,349	4,349
442,185	**Total Revenue**	**421,743**	**402,704**	**425,994**
444,677	**Total Expense**	**423,791**	**402,704**	**425,994**
(2,492)	**Net Surplus/(Deficit)**	**(2,048)**	**–**	**–**

Service Performance Information

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

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Jobseekers not coming onto a benefit		
45.8%	The proportion of Work for You seminar[55] attendees who do not require a benefit within 28 days of attending the seminar will be no less than	42.4%[56]	35%
51.3%	The proportion of Work for You seminar youth attendees (aged 18–24) who do not require a benefit within 28 days of attending the seminar will be no less than	46.6%[57]	35%

55 Jobseekers applying for a benefit are generally required to attend a Work for You seminar where they are helped with their job search skills and advised of their responsibilities and obligations. The work-focused Job Search Service is aimed at helping people get a job rather than go onto a benefit.

56 The high result can be attributed to ongoing pre-benefit triage activity, such as referring clients to training programmes or employment first.

57 The high result can be attributed to the high volume of participants going through the Youth Opportunities package and the enhanced Limited Service Volunteers programme.

Service Performance Information

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

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
39.3 weeks	*Sustainable employment* The average cumulative time that Unemployment Benefit jobseekers who exit a main benefit into work, spend in employment over the course of a year[58] will be	39.6 weeks	36–38 weeks
36.2 weeks	The average cumulative time that work-ready Domestic Purposes Benefit[59] and Sickness Benefit clients who exit a main benefit into work, spend in employment over the course of a year will be	39.1 weeks	36–39 weeks
New measure in 2011/2012	The proportion of Unemployment Benefit jobseekers who do not remain on an Unemployment Benefit longer than 13 weeks[60] will be no less than	50.7%[61]	45%
91.8%	*Benefit entitlement* The proportion of entitlement assessments completed accurately[62] will be no less than	91.6%	90%
88.7%	The proportion of entitlement assessments completed within five working days will be no less than	91.5%[63]	85%
New measure in 2011/2012	*Partnerships with business* The number of Unemployment Benefit jobseekers who cancel their benefit to exit into work through industry partnership programmes and services will be between	1,761	1,500–2,000

58 This measures the total number of weeks a client is in employment over a 12-month period following their exit from a core benefit up to 24 months prior.

59 Domestic Purposes Benefit clients include those on a Domestic Purposes Benefit – Sole Parent, a Domestic Purposes Benefit – Woman Alone, a Widow's Benefit or an Emergency Maintenance Allowance.

60 The proportion of jobseekers that do not remain on an Unemployment Benefit includes those who transfer to other benefits within the 13-week period.

61 The high result can be attributed to the impact of the Job Search Service enhanced further by Work and Income in 2011/2012.

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

63 The high result can be attributed to our improved capacity to digitally record essential documents to verify and validate benefit entitlements.

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

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

The standard for the proportion of participants who completed a minimum of 14 weeks training in Foundation Focused Training Opportunity study programmes was not achieved this year. The results for a number of participants were not included as their programmes had started, but were not completed, before the end of the reporting period.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
69,040	Crown	54,515	53,445	54,515
–	Department	–	–	–
–	Other	–	–	–
69,040	**Total Revenue**	**54,515**	**53,445**	**54,515**
69,040	**Total Expense**	**54,515**	**53,445**	**54,515**
–	**Net Surplus/(Deficit)**	–	–	–

Service Performance Information

Output: Vocational Skills Training

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
New measure in 2011/2012	**Quantity** The proportion of participants who complete a minimum of 14 weeks training in Foundation Focused Training Opportunity study programmes[64] will be no less than	58.1%[65]	80%
New measure in 2011/2012	**Quality** The proportion of participants in Foundation Focused Training Opportunity study programmes who gain employment will be no less than	40.5%	38%

64 Foundation Focused Training Opportunity study programmes include courses in literacy, language and numeracy tuition, employment skills to develop a client's readiness for work, and delivering New Zealand Qualifications Authority units and credits.

65 The standard for this measure was not met due to some courses not being competed within the financial year. A further 12.2 per cent of learners left their Foundation Focused Training Opportunity study programmes before the completion of the 14-week programme because they secured employment or were transitioning into further education. The timing of provider data has also contributed to the low result.

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 2011/2012, Youth Justice Family Group Conference plans were prepared for 3,955 children and young people. Of these, 3,550 children and young people met the objectives set out in their plans.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
132,752	Crown	133,249	136,694	133,249
397	Department	627	397	627
–	Other	–	–	–
133,149	**Total Revenue**	**133,876**	**137,091**	**133,876**
132,096	**Total Expense**	**130,434**	**137,091**	**133,876**
1,053	**Net Surplus/(Deficit)**	**3,442**	**–**	**–**

Service Performance Information

Output: Youth Justice Safety and Belonging

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Timeliness		
98.2%	The percentage of Youth Justice Family Group Conferences held within statutory timeframes (unless there are special reasons for delay) will be between	97.8%	95–100%

Output: Youth Justice Changing Behaviour and Enhancing Wellbeing

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
87.4%	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 no less than	89.8%[66]	80%
New measure in 2011/2012	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	97%	90–100%
	Timeliness		
99.3%	The percentage of Youth Justice Family Group Conference plans reviewed on time will be between	99.8%	95–100%
New measure in 2011/2012	The percentage of remission reports completed on time will be between	90%	90–100%

66 The result significantly exceeded the standard due to system improvements at the site level, and a greater focus on the quality of Family Group Conference plans.

Vote Senior Citizens

Output Expense: Senior Citizens Services

Scope

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

Summary of Performance

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

A sample of eight papers from the Office for Senior Citizens was audited, and in all cases the correct quality assurance process was followed, giving a standard achieved of 100 per cent.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
1,017	Crown	1,017	1,017	1,017
18	Department	18	18	18
–	Other	–	–	–
1,035	**Total Revenue**	**1,035**	**1,035**	**1,035**
820	**Total Expense**	**775**	**1,035**	**1,035**
215	**Net Surplus/(Deficit)**	**260**	**–**	**–**

Service Performance Information

Output: Senior Citizens Services

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality and Timeliness		
Standard met	Policy advice will be delivered in accordance with work priorities identified and advised by the Minister for Senior Citizens	Standard met	Standard met[67]
	Quality		
	Process		
100% of cases	An audit[68] shows the Ministry of Social Development's quality assurance processes have been followed in at least	100% of cases	90–95% of cases
	Technical robustness		
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	Standard met	Standard met[69]
	Timeliness		
New measure in 2011/2012	A report on the work programme will be provided within 20 working days from the end of the reporting year	Standard met	Standard met

67 Standard met means the Ministry received confirmation from the Minister for Senior Citizens that advice was delivered in accordance with the Minister's work priorities.

68 The work for the internal audit, review or survey for these measures will be 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.

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

Vote Veterans' Affairs – Social Development

Output Expense: Processing and Payment of Veterans' Pensions

Scope

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

Summary of Performance

Both performance standards in this output expense have been met.

The standards for completing Veterans' Pension entitlement assessments accurately and within five working days remain high at 95 per cent and 96 per cent respectively. The continued achievement of our target standards this year is a result of our ongoing focus on Veterans' Pension payment processes.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
427	Crown	427	427	427
23	Department	23	23	23
–	Other	–	–	–
450	**Total Revenue**	**450**	**450**	**450**
328	**Total Expense**	**375**	**450**	**450**
122	**Net Surplus/(Deficit)**	**75**	**–**	**–**

Service Performance Information

Output: Processing and Payment of Veterans' Pensions

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
98.3%	The percentage of Veterans' Pension entitlement assessments completed accurately will be no less than	95.3%	95%
	Timeliness		
99.3%[70]	The percentage of Veterans' Pension entitlement assessments completed within five working days of receipt will be no less than[71]	95.8%	95%

70 This result is based on Veterans' Pension entitlement assessments completed within seven working days in 2010/2011.

71 Receipt is when all the relevant information required from the client is supplied.

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 young people in specified locations.

Summary of Performance

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

The three Social Sector Trials led by committed individuals continued to test new ways to deliver cross-sector initiatives for 12 to 18 year olds. The trials are in Kawerau, Te Kuiti and Taumarunui.

Initiatives such as a wellness centre at Kawerau College, intensive youth mentoring in Te Kuiti and inter-agency truancy responses in Taumarunui aim to improve outcomes for young people. These initiatives were implemented in 2011/2012.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
156	Crown	427	427	427
–	Department	–	–	–
–	Other	–	–	–
156	**Total Revenue**	**427**	**427**	**427**
128	**Total Expense**	**425**	**427**	**427**
28	**Net Surplus/(Deficit)**	**2**	**–**	**–**

Service Performance Information

Output: Administration of Trialling New Approaches to Social Sector Change

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	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 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%

Output Expense: Youth Development

Scope

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

Summary of Performance

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

A sample of nine reports from the Ministry of Youth Development was audited, and in all cases the correct quality assurance process was followed, giving a standard achieved of 100 per cent. The sample size was 90 per cent of the total number of reports prepared.

Financial Performance Information

ACTUAL 2011 $000	FINANCIAL PERFORMANCE (FIGURES ARE GST EXCLUSIVE)	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED 2012 $000
	Revenue			
5,311	Crown	4,101	5,311	4,101
37	Department	37	37	37
–	Other	–	–	–
5,348	**Total Revenue**	**4,138**	**5,348**	**4,138**
4,740	**Total Expense**	**3,862**	**5,348**	**4,138**
608	**Net Surplus/(Deficit)**	**276**	**–**	**–**

Service Performance Information

ACTUAL 30 JUNE 2011	PERFORMANCE MEASURE	ACTUAL 30 JUNE 2012	STANDARD 30 JUNE 2012
	Quality		
Standard met	Policy advice will be delivered in accordance with work priorities identified and advised by the Minister of Youth Affairs	Standard met	Standard met[72]
87.5% of cases	An audit[73] shows the Ministry of Social Development's quality assurance processes have been followed in at least	100% of cases	95% of cases
Standard met	An independent review of the Ministry of Youth Development's policy advice confirms that it meets acceptable standards based on pre-determined criteria	Standard met	Standard met[74]
	Quantity		
New measure in 2011/2012	Membership on Ministry of Youth Development youth participation networks will be no fewer than	6,654[75]	6,000
New measure in 2011/2012	Number of youth participation workshops delivered will be between	102	80–100
New measure in 2011/2012	The percentage of young people who report being satisfied or very satisfied with their involvement in youth participation activities will be no less than	99%	90%
New measure in 2011/2012	The percentage of funding and contracting agreements that are consistent with the Code of Funding Practice will be no less than	100%	100%

72 Standard met means all agreed Deputy Chief Executive Performance Expectations (which are based on the Minister's work priorities) for the year were achieved.

73 The work for the internal audit, review or survey for these 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.

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

75 The high result can be attributed to additional promotional efforts to recruit members.

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 2012. The financial statements were authorised for issue by the Chief Executive of the Ministry on 26 September 2012.

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 have been adopted

The Ministry has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to New Zealand's equivalents to the International Accounting Standard (NZ IAS) – NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or in the notes, for each component of equity, an analysis of other comprehensive income by item. The Ministry has decided to present this analysis in Note 13.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments). The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with the source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments for the Ministry is that certain information about property valuations is no longer required to be disclosed. Note 7 has been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments reduce the disclosure requirements relating to credit risk. Note 6 has been updated for the amendments.

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 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 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 transition to the new standards when it prepares its 30 June 2015 financial statements. As the PAS are still under development, the Ministry is unable to assess the implications of the new Accounting Standards Framework at this time.

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 2012, 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. 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 2012, direct costs accounted for 83.5 per cent of the Ministry's costs (2011: 82.5 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 disposals are determined by comparing the proceeds of disposal with the carrying amount of the asset. Gains and losses on disposals 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:

TYPE OF ASSETS	ESTIMATED LIFE (YEARS)	ESTIMATED LIFE (%)
Buildings (including components)	10–80 years	1.25%–10%
Leasehold improvements	up to 10 years	up to 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.

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:

TYPE OF ASSETS	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 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 2012.

Statement of Comprehensive Income

For the year ended 30 June 2012

ACTUAL 2011 $000		NOTES	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
	Income				
1,186,687	Revenue Crown		1,153,775	1,135,930	1,153,775
17,174	Revenue other	1	17,147	21,060	22,933
475	Gain on disposal of fixed assets	2	106	-	-
1,204,336	**Total income**		**1,171,028**	**1,156,990**	**1,176,708**
	Expenditure				
639,543	Personnel costs	3	636,092	606,691	604,604
65,594	Depreciation and amortisation expenses	7, 8	47,948	53,503	83,150
23,438	Capital charge	4	24,062	23,575	23,575
469,818	Other operating expenses	5	447,944	473,221	465,379
1,198,393	**Total expenditure**		**1,156,046**	**1,156,990**	**1,176,708**
5,943	**Net surplus/(deficit)**		**14,982**	**-**	**-**
	Other comprehensive income				
4,448	Gain on property, plant and equipment revaluations		-	-	-
10,391	**Total comprehensive income**		**14,982**	**-**	**-**

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

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Financial Position

As at 30 June 2012

ACTUAL 2011 $000		NOTES	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
	Taxpayers' funds				
264,896	General funds		264,896	264,896	264,896
35,875	Revaluation reserve		35,875	31,427	35,875
300,771	**Total taxpayers' funds**	**13**	**300,771**	**296,323**	**300,771**
	Assets				
	Current assets				
43,432	Cash and cash equivalents		30,414	108,753	75,801
5,681	Accounts receivable	6	7,797	7,479	5,682
8,409	Prepayments		10,205	6,310	8,409
69,000	Crown receivable		107,436	-	45,000
126,522	**Total current assets**		**155,852**	**122,542**	**134,892**
	Non-current assets				
303,502	Property, plant and equipment	7	303,048	316,178	292,464
46,635	Intangible assets	8	48,688	45,131	43,360
350,137	**Total non-current assets**		**351,736**	**361,309**	**335,824**
476,659	**Total assets**		**507,588**	**483,851**	**470,716**
	Liabilities				
	Current liabilities				
75,672	Accounts payable and accruals	9	94,331	97,804	75,672
-	Capital charge payable	4	-	-	-
5,943	Return of operating surplus to the Crown	10	14,982	-	-
52,010	Provision for employee entitlements	12	53,622	48,856	52,010
8,306	Other provisions	11	6,916	9,901	8,306
141,931	**Total current liabilities**		**169,851**	**156,561**	**135,988**
	Non-current liabilities				
33,957	Provision for employee entitlements	12	36,966	30,967	33,957
33,957	**Total non-current liabilities**		**36,966**	**30,967**	**33,957**
175,888	**Total liabilities**		**206,817**	**187,528**	**169,945**
300,771	**Net assets**		**300,771**	**296,323**	**300,771**

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

Brendan Boyle
Chief Executive

26 September 2012

Nick Gale
Chief Financial Officer

26 September 2012

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Changes In Taxpayers' Funds

For the year ended 30 June 2012

ACTUAL 2011 $000		NOTE	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
314,328	**Balance at 1 July**		**300,771**	**296,323**	**300,771**
10,391	Total comprehensive income		14,982	-	-
(5,943)	Return of operating surplus to the Crown	10	(14,982)	-	-
1,820	Capital injections - non cash		-	-	-
(19,825)	Capital withdrawal		-	-	-
300,771	**Balance at 30 June**		**300,771**	**296,323**	**300,771**

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2012

ACTUAL 2011 $000		NOTE	ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
	Cash flows from operating activities				
1,117,687	Receipts from Crown revenue		1,115,338	1,135,930	1,177,775
15,718	Receipts from other revenue		18,063	21,060	22,933
(496,237)	Payments to suppliers		(435,247)	(474,664)	(464,735)
(633,278)	Payments to employees		(631,751)	(605,248)	(605,248)
(23,438)	Payments for capital charge		(24,062)	(23,575)	(23,575)
3,724	Goods and services tax (net)		26	-	-
(15,824)	**Net cash flow from operating activities**	**14**	**42,367**	**53,503**	**107,150**
	Cash flows from investing activities				
3,085	Receipts from sale of property, plant and equipment		1,172	1,800	1,800
(27,148)	Purchase of property, plant and equipment		(30,373)	(43,198)	(44,398)
(18,119)	Purchase of intangible assets		(20,242)	(21,241)	(26,241)
(42,182)	**Net cash flow from investing activities**		**(49,443)**	**(62,639)**	**(68,839)**
	Cash flows from financing activities				
(19,825)	Capital withdrawal from the Crown		-	-	-
(5,765)	Return of operating surplus to Crown		(5,942)	-	(5,942)
(25,590)	**Net cash flow from financing activities**		**(5,942)**	**-**	**(5,942)**
(83,596)	Net increase/(decrease) in cash held		(13,018)	(9,136)	32,369
127,028	Cash and cash equivalents at the beginning of the year		43,432	117,889	43,432
43,432	**Cash and cash equivalents at the end of the year**		**30,414**	**108,753**	**75,801**

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 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Trust Monies

For the year ended 30 June 2012

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 2012 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2012 were as follows:

ACTUAL 2011 $000		ACTUAL 2012 $000
	William Wallace Trust	
405	**Balance at 1 July**	**404**
(20)	Distributions	(36)
19	Revenue	36
404	**Balance at 30 June**	**404**

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 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Commitments

As at 30 June 2012

ACTUAL[76] 2011 $000		ACTUAL 2012 $000
	Capital commitments	
1,188	Land and buildings	1,901
1,188	**Total capital commitments**	**1,901**
	Operating commitments	
	Non-cancellable accommodation leases	
39,400	Not later than one year	41,413
105,805	Later than one year and not later than five years	92,228
20,992	Later than five years	17,088
166,197	**Total non-cancellable accommodation leases**	**150,729**
166,197	**Total operating commitments**	**150,729**
167,385	**Total commitments**	**152,630**

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 $0.234 million expected to be received in the following year, 2012/2013. Actual rental recoveries are contained in the notes (refer Note 1).

76 Comparatives for 2010/2011 are restated due to the disclosure requirements for other non-cancellable contracts being no longer required in generally accepted accounting practice (GAAP) or by the Public Finance Amendment Act 2004 (PFA).

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2012

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 2011 $000		ACTUAL 2012 $000
235	Personal grievances claims	212
150	Other claims	416
385	**Total contingent liabilities**	**628**

Personal grievances

Personal grievances claims, represents amounts claimed by employees for personal grievances cases. There are 13 personal grievances claims (2011: 21 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 five other claims (2011: three other claims).

Quantifiable contingent assets

ACTUAL 2011 $000		ACTUAL 2012 $000
5,000	Canterbury earthquake claim	2,500
5,000	**Total contingent assets**	**2,500**

The Ministry has an unsettled business interruption insurance claim resulting from the recent Christchurch earthquakes (2011: $5 million).

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Statement of Departmental Expenses and Capital Expenditure against Appropriations

For the year ended 30 June 2012

EXPENDITURE EXCLUDING REMEASUREMENTS 2011 $000	SUMMARY BY OUTPUT EXPENSES	EXPENDITURE INCLUDING REMEASUREMENTS 2012 $000	REMEASUREMENTS[77] 2012 $000	EXPENDITURE EXCLUDING REMEASUREMENTS 2012 $000	APPROPRIATION VOTED[78] 2012 $000
	Appropriations for output expenses				
	VOTE SOCIAL DEVELOPMENT				
7,087	Adoption Services	5,989	-	5,989	7,222
327,629	Care and Protection Services	330,615	22	330,637	334,247
14,113	Collection of Balances Owed by Former Clients and Non-beneficiaries	13,833	2	13,835	16,235
8,038	Development and Funding of Community Services	8,071	-	8,071	8,127
31,110	Family and Community Services	32,282	2	32,284	33,475
37,518	Income Support and Assistance to Seniors	35,892	4	35,896	37,104
	Management of Service Cards MCOA				
5,343	*Administration of Community Services Card*	5,463	-	5,463	5,655
1,156	*Management of SuperGold Card*	1,257	-	1,257	1,421
-	Management of Student Loans	16,368	1	16,369	16,667
32,304	Management of Student Support	-	-	-	-
-	Management of Student Support, excluding Student Loans	15,259	1	15,260	16,094
	Policy Advice and Support to Ministers MCOA				
239	*Crown Entity Monitoring*	294	-	294	303
40,783	*Social Policy Advice*	35,724	2	35,726	37,342
3,367	Prevention Services	3,402	-	3,402	4,400
1,250	Promoting Positive Outcomes for Disabled People	1,231	-	1,231	1,250
183	Property Management Centre of Expertise	371	-	371	400
36,024	Services to Protect the Integrity of the Benefit System	35,870	3	35,873	36,331
444,677	Tailored Sets of Services to Help People into Work or Achieve Independence	423,750	41	423,791	425,994
69,040	Vocational Skills Training	54,515	-	54,515	54,515
132,096	Youth Justice Services	130,423	11	130,434	133,876
1,191,957	**Total Vote Social Development**	**1,150,609**	**89**	**1,150,698**	**1,170,658**
	VOTE SENIOR CITIZENS				
820	Senior Citizens Services	775	-	775	1,035
820	**Total Vote Senior Citizens**	**775**	**-**	**775**	**1,035**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT				
328	Processing and Payment of Veterans' Pensions	375	-	375	450
328	**Total Vote Veterans' Affairs - Social Development**	**375**	**-**	**375**	**450**
	VOTE YOUTH DEVELOPMENT				
128	Administration of Trialling New Approaches to Social Sector Change	425	-	425	427
4,740	Youth Development	3,862	-	3,862	4,138
4,868	**Total Vote Youth Development**	**4,287**	**-**	**4,287**	**4,565**
1,197,973	**Total departmental output expenses**	**1,156,046**	**89**	**1,156,135**	**1,176,708**
	Appropriations for capital expenditure				
	VOTE SOCIAL DEVELOPMENT				
45,267	Ministry of Social Development - Capital Expenditure PLA	50,615	-	50,615	70,639
45,267	**Total departmental capital expenditure**	**50,615**	**-**	**50,615**	**70,639**
1,243,240	**Total departmental expenditure and capital expenditure**	**1,206,661**	**89**	**1,206,750**	**1,247,347**

77 The above remeasurement adjustment relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

78 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 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except for –
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 for Senior Citizens is responsible for Senior Citizens Services
Minister of Veterans' Affairs is responsible for Processing and Payment of Veterans' Pensions
Minister of Health is responsible for Administration of Trialling New Approaches to Social Sector Change
Minister of Youth Affairs is responsible for Youth Development.

The Statement of Accounting Policies: Departmental on pages 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

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

For the year ended 30 June 2012

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 2012 $000	SECTION 26A TRANSFERS 2012 $000	APPROPRIATION VOTED[79] 2012 $000
VOTE SOCIAL DEVELOPMENT			
Management of Student Loans	16,367	300	16,667
Management of Student Support, excluding Student Loans	16,394	(300)	16,094
Total appropriations for output expenses	**32,761**	-	**32,761**

Statement of Unappropriated Departmental Expenses and Capital Expenditure against Appropriations

For the year ended 30 June 2012

The Ministry had no unappropriated departmental operating or capital expenditure in 2011/2012 (2011: nil).

There were no breaches of projected departmental net asset schedules in 2011/2012 (2011: nil).

79 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 74 to 81 and Notes 1 to 19 on pages 92 to 107 form part of these financial statements.

Notes to the Financial Statements

Note 1: Revenue other

ACTUAL 2011 $000		ACTUAL 2012 $000
427	Sub-lease rental recoveries	320
16,747	Other recoveries	16,827
17,174	**Total revenue other**	**17,147**

The Ministry received revenue from the State Services Commission (SSC) for the State Sector Retirement Savings Scheme (SSRSS) and KiwiSaver ($10.961 million), child support receipts on behalf of children in foster care ($1.672 million), Strengthening Families inter-agency support ($0.576 million), the Family and Community Services helpline services ($0.422 million), the Growing up in New Zealand longitudinal study ($0.822 million), IRD tax refund ($0.387 million), Christchurch earthquake insurance claim ($0.174 million) and a KiwiSaver refund ($0.108 million). The Ministry received other revenues of $1.705 million.

Note 2: Gains

ACTUAL 2011 $000		ACTUAL 2012 $000
475	Gain on disposal of fixed assets	106
475	**Total gains**	**106**

Note 3: Personnel costs

ACTUAL 2011 $000		ACTUAL 2012 $000
608,756	Salaries and wages	606,204
6,144	Increase/(decrease) in employee entitlements	4,621
504	Increase/(decrease) in restructuring costs	344
13,033	Defined superannuation contribution scheme	14,289
11,106	Other personnel expenses	10,634
639,543	**Total personnel costs**	**636,092**

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 2012 was 8 per cent (2011: 7.5 per cent).

Note 5: Other operating expenses

ACTUAL 2011 $000		ACTUAL 2012 $000
1,078	Audit fees	1,050
71,564	Rental, leasing and occupancy costs	74,337
367	Bad debts written off	39
101	Impairment of receivables	376
118,392	Client financial plan costs[80]	113,611
16,893	Non-specific client costs[81]	20,990
69,040	Vocational Skills Training	54,515
37,093	Office operating expenses	33,881
69,094	IT related operating expenses	85,037
9,562	Staff travel	6,678
5,740	Consultancy and contractors' fees	5,114
15,335	Professional fees	11,325
55,559	Other operating expenses	40,991
469,818	**Total operating costs**	**447,944**

Major other operating expenses variations

Vocational Skills Training expenditure decreased in 2011/2012 because funding was removed from this appropriation when it was decided to reconfigure Training Opportunities. This is reflected in the actual spend.

IT related operating expenses increased in 2011/2012 mainly due to the additional funding and actual expenditure needed for system changes to support the implementation of Welfare Reform.

Other operating expenses decreased in 2011/2012 mainly due to the Youth Transition Services funding transfer from departmental to the non-departmental appropriation Youth Transition Services from 2011/2012 onwards.

80 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.

81 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 2011 $000		ACTUAL 2012 $000
	By type	
5,681	Trade and other receivables	7,797
5,681	**Total receivables**	**7,797**
	By maturity	
5,681	Expected to be realised within one year	7,797
-	Expected to be held for more than one year	-
5,681	**Total receivables**	**7,797**
	Trade and other receivables	
7,005	Gross trade and other receivables	9,497
(1,324)	Impairment of trade and other receivables	(1,700)
5,681	**Total trade and other receivables**	**7,797**
	Impairment of trade and other receivables	
1,223	Balance at beginning of the year	1,324
688	Impairment losses recognised on receivables	579
(587)	Reversal of impairment losses	(203)
1,324	**Balance at end of the year**	**1,700**
1,324	Collective impairment allowance	1,700
-	Individual impairment allowance	-
1,324	**Balance at end of the year**	**1,700**

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

Debtors impairment

As at 30 June 2012 (and 30 June 2011), all overdue receivables were assessed for impairment and the appropriate provisions applied as detailed above.

As at 30 June 2012, the Ministry had no debtors deemed insolvent (2011: nil).

Ageing profile of receivables

AS AT 30 JUNE 2011				AS AT 30 JUNE 2012		
GROSS $000	IMPAIRMENT $000	NET $000		GROSS $000	IMPAIRMENT $000	NET $000
5,238	-	5,238	Not past due	6,698	-	6,698
159	-	159	Past due 1–30 days	607	-	607
115	-	115	Past due 31–60 days	146	-	146
54	(38)	16	Past due 61–90 days	13	(11)	2
1,439	(1,286)	153	Past due >91 days	2,033	(1,689)	344
7,005	**(1,324)**	**5,681**		**9,497**	**(1,700)**	**7,797**

Note 7: Property, plant and equipment

	LAND $000	BUILDINGS $000	FURNITURE & FITTINGS $000	COMPUTER EQUIPMENT $000	MOTOR VEHICLES $000	PLANT & EQUIPMENT $000	TOTAL $000
Cost or revaluation							
Balance as at 1 July 2010	**54,908**	**189,510**	**53,794**	**110,232**	**27,281**	**13,371**	**449,096**
Additions by purchase	-	42,251	14,595	9,102	5,923	5,306	77,177
Revaluation increase/(decrease)	(4,925)	92	-	-	-	-	(4,833)
Work in progress movement	-	(47,746)	6,993	(5,239)	-	(2,218)	(48,210)
Asset transfers	-	-	-	(28)	-	28	-
Other asset movement	-	-	-	-	-	-	-
Disposals	-	(1)	(910)	(10)	(6,343)	(2,414)	(9,678)
Balance as at 30 June 2011	**49,983**	**184,106**	**74,472**	**114,057**	**26,861**	**14,073**	**463,552**
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**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2010	**-**	**-**	**37,692**	**87,170**	**9,213**	**9,068**	**143,143**
Depreciation expense	-	9,281	10,205	8,375	4,264	1,131	33,256
Eliminate on disposal	-	-	(910)	(10)	(3,772)	(2,376)	(7,068)
Eliminate on revaluation	-	(9,281)	-	-	-	-	(9,281)
Asset transfers	-	-	-	(4)	-	4	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2011	**-**	**-**	**46,987**	**95,531**	**9,705**	**7,827**	**160,050**
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**
Carrying amounts							
At 1 July 2010	**54,908**	**189,510**	**16,102**	**23,062**	**18,068**	**4,303**	**305,953**
At 30 June and 1 July 2011	**49,983**	**184,106**	**27,485**	**18,526**	**17,156**	**6,246**	**303,502**
At 30 June 2012	**49,983**	**192,413**	**18,879**	**16,501**	**16,982**	**8,290**	**303,048**

Valuation

A desktop review of Land and Buildings owned by the Ministry was done by Darroch Corporate Advisory (Darroch) as at 30 June 2012. Darroch is a division of Quotable Value Limited (QV). Registered valuer Kerry Stewart Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ from Darroch was the project director.

The result of the desktop review was there was no significant change between the fair value and the carrying value of the Ministry's Land and Buildings. A full valuation involving the physical inspection of all the Ministry's Land and Buildings assets was conducted by Darroch as at 30 June 2011.

Four properties were inspected as part of the current year's review, due to the major capital expenditure on those properties over the last 12 months and for insurance purposes. The revised values were not significantly different from their carrying values.

The valuations that involved a full physical examination were completed in compliance with:

- The New Zealand Institute of Chartered Accountants' NZ IFRS and NZ IAS 16 Accounting for Property, Plant and Equipment; and
- The Property Institute of New Zealand's Professional Practice Standard 2009 and, in particular, International Valuation Applications 1 and 3 and New Zealand Valuation Guidance Note 1 (effective from 1 October 2009).

Building works under construction and work in progress as at 30 June 2012 is $13.752 million (2011: $6.717 million).

The total amount of property, plant and equipment under construction and work in progress is $17.807 million (2011: $21.152 million).

Note 8: Intangible assets

	INTERNALLY GENERATED SOFTWARE $000	TOTAL $000
Cost or revaluation		
Balance as at 1 July 2010	**184,188**	**184,188**
Additions by purchase and internally generated	10,358	10,358
Work in progress movement	7,763	7,763
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2011	**202,309**	**202,309**
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**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2010	**123,337**	**123,337**
Amortisation expense	32,338	32,338
Disposals	(1)	(1)
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2011	**155,674**	**155,674**
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**
Carrying amounts		
At 1 July 2010	**60,851**	**60,851**
At 30 June and 1 July 2011	**46,635**	**46,635**
At 30 June 2012	**48,688**	**48,688**

The total amount of intangibles in the course of construction is $13.599 million (2011: $15.833 million).

Note 9: Creditors and other payables

ACTUAL 2011 $000		ACTUAL 2012 $000
	By type	
10,019	Trade creditors	13,303
10,271	GST payable	10,297
55,382	Accrued expenses	70,731
75,672	**Total payables**	**94,331**

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 2011 $000		ACTUAL 2012 $000
5,943	Net surplus/(deficit)	14,982
5,943	**Total repayment of surplus**	**14,982**

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

Note 11: Provisions

ACTUAL 2011 $000		ACTUAL 2012 $000
5,796	ACC Partnership programme	4,894
2,038	Restructuring provision	1,569
421	Lease make-good	381
51	Other provisions	72
8,306	**Total provisions**	**6,916**

Provisions by category

	ACC PARTNERSHIP PROGRAMME $000	LEASE MAKE-GOOD $000	RESTRUCTURE $000	OTHERS $000	TOTAL $000
2011					
Balance as at 1 July 2010	**6,401**	**713**	**2,700**	**87**	**9,901**
Additional provisions made	2,465	134	421	34	3,054
Amounts used	(3,070)	-	(683)	(6)	(3,759)
Unused amounts reversed	-	(476)	(400)	(64)	(940)
Discount unwind	-	50	-	-	50
Balance as at 30 June 2011	**5,796**	**421**	**2,038**	**51**	**8,306**
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**

ACC Partnership programme

The Ministry belongs to the ACC Partnership programme whereby the Ministry accepts the management and financial responsibility of the work-related illnesses and accidents of its employees.

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 has chosen a stop loss limit of 160 per cent of the industry premium. The stop loss limit means the Ministry will only carry the total cost of claims up to $250,000.

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

An external independent actuarial valuer, Melville Jessup Weaver, has calculated the Ministry's liability. The valuation is effective as at 30 June 2012. 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 the 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 $0.381 million. The timing of any future make-good work is currently up to five 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 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 2012 is $1.569 million.

Others

The Ministry has a provision of $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 2011 $000		ACTUAL 2012 $000
	Current liabilities	
9,995	Retirement and long service leave	10,225
40,735	Provision for annual leave	42,035
1,280	Provision for sickness leave	1,362
52,010	**Total current portion**	**53,622**
	Non-current liabilities	
33,957	Retirement and long service leave	36,966
33,957	**Total non-current portion**	**36,966**
85,967	**Total employment entitlements**	**90,588**

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.

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

Discount rates and salary inflation applied:

AS AT 30 JUNE 2011				AS AT 30 JUNE 2012		
2012 %	2013 %	2014 %	EMPLOYEE ENTITLEMENT VARIABLES	2013 %	2014 %	2015 %
2.84	3.81	6.00	Discount rates	2.43	2.47	6.00
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 2012 $000	SALARY + 1% 2012 $000	SALARY - 1% 2012 $000	DISCOUNT + 1% 2012 $000	DISCOUNT - 1% 2012 $000
Current	10,225	36	(35)	(27)	28
Non-current	36,966	3,631	(3,195)	(2,944)	3,394
Total	**47,191**	**3,667**	**(3,230)**	**(2,971)**	**3,422**

Note 13: Taxpayers' funds

ACTUAL 2011 $000		ACTUAL 2012 $000
	General funds	
282,901	Balance at 1 July	264,896
5,943	Surplus/(deficit)	14,982
1,820	Capital contribution	-
(19,825)	Capital withdrawal	-
(5,943)	Repayment of surplus	(14,982)
264,896	**General funds at 30 June**	**264,896**
	Revaluation reserves	
31,427	Balance at 1 July	35,875
4,448	Revaluations	-
35,875	**Revaluation reserves at 30 June**	**35,875**
300,771	**Total taxpayers' funds**	**300,771**

Note 14: Reconciliation of net surplus/(deficit) to net cash from operating activities

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
5,943	**Net surplus/(deficit) after tax**	**14,982**	**-**	**-**
	Add/(less) non-cash items			
33,256	Depreciation	29,760	35,390	53,636
32,338	Amortisation	18,188	18,113	29,514
65,594	**Total non-cash items**	**47,948**	**53,503**	**83,150**
	Add/(less) items classified as investing or financing activities			
(475)	(Gains)/losses on disposal property, plant and equipment	(106)	-	-
(475)	**Total items classified as investing or financing activities**	**(106)**	**-**	**-**
	Add/(less) working capital movements			
(67,202)	(Increase)/decrease in accounts receivable	(40,552)	-	24,000
(2,099)	(Increase)/decrease in prepayments	(1,796)	-	-
(22,134)	Increase/(decrease) in accounts payable	18,660	-	-
-	Increase/(decrease) in capital charge	-	-	-
3,154	Increase/(decrease) in provision for employee entitlements	1,612	-	-
(1,595)	Increase/(decrease) other provisions	(1,390)	-	-
(89,876)	**Net movements in working capital items**	**(23,466)**	**-**	**24,000**
	Add/(less) movements in non-current liabilities			
2,990	Increase/(decrease) in provision for employee entitlements	3,009	-	-
2,990	**Net movements in non-current liabilities**	**3,009**	**-**	**-**
(15,824)	**Net cash inflow from operating activities**	**42,367**	**53,503**	**107,150**

Note 15: Related party transactions

All related party transactions are entered into on an arm's-length basis.

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.

Significant transactions with government-related entities

The Ministry received funding from the Crown of $1,154 million (2011: $1,187 million) to provide services to the public for the year ended 30 June 2012.

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 2012 totalled $81.629 million (2011: $108.030 million). These purchases included the purchase of electricity from Genesis Energy and Meridian 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:

ACTUAL 2011 $000		ACTUAL 2012 $000
3,143	Salaries and other short-term employee benefits	3,437
78	Post-employment benefits	77
-	Other long-term benefits	-
-	Termination benefits	97
3,221	**Total key management personnel compensation**	**3,611**

Key management personnel compensation includes the remuneration for the Chief Executive and nine members of the Senior Management Team. A new Chief Executive began in October 2011 and several members of this leadership team changed during the year. The figures provided relate to 19 individual staff, some of who acted in senior management roles during the year.

Key management personnel compensation excludes the remuneration and other benefits received by the Minister for Social Development. The Minister's remuneration and other benefits are not received 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 Ministry purchased advisory services from the partner of a member of the Senior Management Team. These services cost $29,000.

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 US and Australian dollars. Currency risk arises from future capital purchases and recognised liabilities, which are denominated in a foreign currency.

As at 30 June 2012 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared.

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 2011 DESIGNATION						AS AT 30 JUNE 2012 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
-	43,432	-	-	**43,432**	Cash and cash equivalents	-	30,414	-	-	**30,414**
-	74,681	-	-	**74,681**	Trade and other receivables	-	115,233	-	-	**115,233**
-	**118,113**	**-**	**-**	**118,113**	**Total financial assets by designation**	**-**	**145,647**	**-**	**-**	**145,647**

Classes and categories of financial liabilities:

AS AT 30 JUNE 2011 DESIGNATION					AS AT 30 JUNE 2012 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
75,672	-	-	**75,672**	Accounts payable	94,331	-	-	**94,331**
75,672	**-**	**-**	**75,672**	**Total financial liabilities by designation**	**94,331**	**-**	**-**	**94,331**

Foreign currency risk management:

AS AT 30 JUNE 2011					AS AT 30 JUNE 2012			
NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000		NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000
43,000	432	-	**43,432**	Cash and cash equivalents	30,187	227	-	**30,414**
74,681	-	-	**74,681**	Trade and other receivables	115,233	-	-	**115,233**
117,681	**432**	**-**	**118,113**	**Total financial assets**	**145,420**	**227**	**-**	**145,647**
75,672	-	-	**75,672**	Accounts payable	94,331	-	-	**94,331**
75,672	**-**	**-**	**75,672**	**Total financial liabilities**	**94,331**	**-**	**-**	**94,331**

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

Credit risk management:

AS AT 30 JUNE 2011						AS AT 30 JUNE 2012				
AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000		AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000
-	43,377	-	55	**43,432**	Cash and cash equivalents	-	30,364	-	50	**30,414**
-	-	-	74,681	**74,681**	Trade and other receivables	-	-	-	115,233	**115,233**
-	**43,377**	**-**	**74,736**	**118,113**	**Total financial assets**	**-**	**30,364**	**-**	**115,283**	**145,647**

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 2011						AS AT 30 JUNE 2012				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
43,000	432	-	-	**43,432**	Cash and cash equivalents	30,187	227	-	-	**30,414**
74,681	-	-	-	**74,681**	Trade and other receivables	115,233	-	-	-	**115,233**
117,681	**432**	**-**	**-**	**118,113**	**Total financial assets**	**145,420**	**227**	**-**	**-**	**145,647**

Liquidity risk management

AS AT 30 JUNE 2011						AS AT 30 JUNE 2012				
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
75,672	75,672	75,672	-	-	Accounts payable	94,331	94,331	94,331	-	-
75,672	**75,672**	**75,672**	**-**	**-**	**Total financial liabilities**	**94,331**	**94,331**	**94,331**	**-**	**-**

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 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000	MAIN ESTIMATES VS ACTUAL VARIANCE 2012 $000
Statement of Comprehensive Income					
Income					
Revenue Crown	(a)	1,153,775	1,135,930	1,153,775	(17,845)
Expenditure					
Personnel costs	(b)	636,092	606,691	604,604	(29,401)
Depreciation and amortisation expenses	(c)	47,948	53,503	83,150	5,555
Other operating expenses	(d)	447,944	473,221	465,379	25,277
Statement of Financial Position					
Assets					
Current assets					
Cash and cash equivalents	(e)	30,414	108,753	75,801	78,339
Crown receivable	(f)	107,436	-	45,000	(107,436)
Non-Current assets					
Property, plant and equipment	(g)	303,048	316,178	292,464	13,130
Statement of Cash Flows					
Purchase of property, plant and equipment	(h)	(30,373)	(43,198)	(44,398)	(12,825)

Statement of Comprehensive Income

a) Revenue Crown increased mainly due to the additional funding for Welfare Reform of $19.720 million.

b) Personnel costs actual expenditure has remained stable compared to the prior year, refer Note 3. The budget variance above is caused by under allocating budget to this expenditure category area while at the same time over allocating to the Other operating expenses category.

c) Depreciation and amortisation expenses were lower due to delays in IT capital projects, residential property building and leasehold improvements. The assumption in the Main and Supplementary Estimates was these projects would be further along in terms of completion and cost by year-end.

d) Other operating expenses budget variance is explained above. Refer Personnel costs.

Statement of Financial Position

e) Cash and cash equivalents is lower as a result of maintaining a high Crown receivable position.

f) Crown receivable relates to funds the Ministry has not drawn down for 2012 and prior years, mainly due to delays with capital projects.

g) Property, plant and equipment actual balance has remained stable compared to prior years, refer Note 7. The budget variance explanation above is due to delays in IT capital projects, residential property building and leasehold improvements.

Statement of Cash Flows

h) Purchase of property, plant and equipment is lower due to timing delays on major capital projects.

Changes in appropriations

The table below summarises the material changes in appropriations between the Main Estimates and the final Supplementary Estimates for the 2011/2012 financial year.

	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED[82] 2012 $000	VARIANCE 2012 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Adoption Services	9,037	7,222	(1,815)	The decrease was due to: – a fiscally neutral adjustment to expand frontline social work capacity ($1.815 million).
Management of Student Support, excluding Student Loans	20,144	16,094	(4,050)	The decrease was due to: – a fiscally neutral adjustment to reflect increases in applications for Unemployment Benefit Student Hardship processed by StudyLink of ($2.850 million), and – a fiscally neutral adjustment to reflect changes in volumes between Student Services and Student Loans of ($900,000) and – a section 26A adjustment of ($300,000) from this appropriation to Management of Student Loans to reflect changes in cost drivers used to allocate costs.
Property Management Centre of Expertise	100	400	300	The increase relates to a fiscally neutral adjustment to fund an increase in costs in this area.
Tailored Sets of Services to Help People into Work or Achieve Independence	402,704	425,994	23,290	The increase was mainly due to: – a programme of Welfare Reform aimed at turning the benefit system into a modern, active work-focused system, ($19.720 million) – a fiscally neutral adjustment to reflect an increase in applications for Unemployment Benefit Student Hardship processed by StudyLink, ($2.850 million) and – adjustments to the baseline for the superannuation (KiwiSaver and SSRSS) contributions for the State Services Commission of ($840,000).
Ministry of Social Development - Capital Expenditure PLA	64,439	70,639	6,200	The increase was mainly related to the development of online software services.

82 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 2012

ACTUAL 2011 $000		ACTUAL 2012 $000
	Summary	
20,124,547	Expenditure against appropriations	20,488,216
77,665	Revenue	64,486
609,780	Capital receipts	593,104
1,339,447	Assets	580,464
456,770	Liabilities	553,106
588	Trust monies	402

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 $20.488 billion of non-departmental payments, $657.6 million of non-departmental revenues and receipts, $580.5 million of assets and $553.1 million of liabilities on behalf of the Crown for the year ended 30 June 2012.

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

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2011/2012.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 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.

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

Interest revenue is the interest on Major Repairs Advance (MRA) which were advances made for the repairs or maintenance of clients' homes. This programme is no longer current.

Maintenance capitalisation relates to the old child support scheme managed by the 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

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.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES[83] 2012 $000
	VOTE SOCIAL DEVELOPMENT			
339,234	Non-departmental output expenses	331,643	352,436	346,493
1,072,174	Non-departmental other expenses	785,112	769,705	791,833
1,726,389	Non-departmental capital expenditure	1,733,127	1,758,294	1,782,787
16,735,228	Benefits and other unrequited expenses	17,379,298	17,733,865	17,517,449
64,388	Other operating expenses	72,353	75,753	73,627
19,937,413	**Total Vote Social Development**	**20,301,533**	**20,690,053**	**20,512,189**
	VOTE VETERANS' AFFAIRS – SOCIAL DEVELOPMENT			
178,048	Benefits and other unrequited expenses	176,529	178,748	177,104
178,048	**Total Vote Veterans' Affairs – Social Development**	**176,529**	**178,748**	**177,104**
	VOTE YOUTH DEVELOPMENT			
9,086	Non-departmental output expenses	10,154	9,529	10,203
9,086	**Total Vote Youth Development**	**10,154**	**9,529**	**10,203**
20,124,547	**Total non-departmental expenses**	**20,488,216**	**20,878,330**	**20,699,496**

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 2011/2012.

83 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 109 to 111 and Notes 1 to 4 on pages 122 to 128 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 2012

ACTUAL 2011 $000	TYPE OF APPROPRIATION	ACTUAL 2012 $000	APPROPRIATION VOTED[84] 2012 $000
	VOTE SOCIAL DEVELOPMENT		
	Non-departmental output expenses		
1,447	Assistance to Disadvantaged Persons	1,415	1,450
2,157	Children's Commissioner	2,157	2,157
4,605	Connected Communities	16,544	16,829
17,793	Counselling and Rehabilitation Services	17,661	17,813
8,451	Education and Prevention Services	8,661	8,678
7,947	Families Commission	8,124	8,124
70,792	Family Wellbeing Services	71,552	71,909
541	Life Skills and Employment-Related Training Activities	-	-
	Independent Advice on Government Priority Areas MCOA		
-	*Other Advice*	187	260
-	*Policy Advice*	-	260
5,782	Retirement Commissioner	-	-
3,145	Strengthening Providers and Communities	2,265	2,382
126,451	Strong Families	98,964	112,177
3,611	Student Placement Services	3,511	3,512
86,512	Vocational Services for People with Disabilities	88,053	88,285
-	Youth Transition Services	12,549	12,657
339,234	**Total non-departmental output expenses**	**331,643**	**346,493**
	Non-departmental other expenses		
199,250	Canterbury Earthquake Support	-	-
739,338	Debt Write-downs[85]	655,909	657,680
112,624	Employment Assistance	106,692	111,094
3,198	Mainstream Supported Employment Programme	3,301	3,546
17,764	Out of School Care Programmes	19,125	19,153
-	Rena Grounding Employment Support	85	360
1,072,174	**Total non-departmental other expenses**	**785,112**	**791,833**
	Non-departmental capital expenditure		
162,185	Recoverable Assistance	147,299	150,344
1,564,204	Student Loans	1,585,828	1,632,443
1,726,389	**Total non-departmental capital expenditure**	**1,733,127**	**1,782,787**

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 2011/2012.

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except for –
Minister of Revenue is responsible for Student Loans.

84 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989. Debt Write-downs exceeded its Supplementary Estimates.

85 Debt Write-downs is lower than in 2010/2011 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 the current year and in prior years. The major impact of this change will be reflected in the appropriation in 2012/2013 and in future years.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 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 2012

ACTUAL 2011 $000	TYPE OF APPROPRIATION	ACTUAL 2012 $000	APPROPRIATION VOTED[86] 2012 $000
	Benefits and other unrequited expenses		
1,196,717	Accommodation Assistance	1,194,775	1,210,752
39,519	Benefits Paid in Australia	37,372	37,373
188,107	Childcare Assistance	187,755	197,680
409,262	Disability Assistance	401,185	403,727
1,757,286	Domestic Purposes Benefit	1,810,864	1,826,355
10,990	Employment Related Training Assistance	7,982	16,136
550	Family Start/NGO Awards	486	705
272,396	Hardship Assistance	263,913	274,623
15,975	Independent Youth Benefit	12,288	12,714
1,305,864	Invalid's Benefit	1,325,148	1,330,793
8,830,246	New Zealand Superannuation	9,583,511	9,614,854
107,618	Orphan's/Unsupported Child's Benefit	111,499	112,250
801	Redundancy Assistance	-	-
742,678	Sickness Benefit	774,681	778,214
32,320	Special Circumstance Assistance	13,141	14,127
131,376	Special Compensation Payment for GST increase	-	-
620,243	Student Allowances	644,123	659,216
33,614	Study Scholarships and Awards	28,394	30,762
22,566	Transition to Work	22,697	23,291
942,840	Unemployment Benefit and Emergency Benefit	883,404	897,544
74,260	Widow's Benefit	76,080	76,333
16,735,228	**Total Benefits and other unrequited expenses**	**17,379,298**	**17,517,449**
19,873,025	**Total Vote Social Development**	**20,229,180**	**20,438,562**
	VOTE VETERANS' AFFAIRS - SOCIAL DEVELOPMENT		
	Benefits and other unrequited expenses		
178,048	Veterans' Pension	176,529	177,104
178,048	**Total Vote Veterans' Affairs - Social Development**	**176,529**	**177,104**
	VOTE YOUTH DEVELOPMENT		
	Non-departmental output expenses		
7,884	Services for Young People	7,461	7,461
318	Trialling New Approaches to Social Sector Change	1,804	1,853
884	Youth Development Partnership Fund	889	889
9,086	**Total Vote Youth Development**	**10,154**	**10,203**
20,060,159	**Total non-departmental expenses**	**20,415,863**	**20,625,869**

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 2011/2012.

Responsible Ministers

Minister for Social Development is responsible for all appropriations above except for –
Minister of Veterans' Affairs is responsible for Veterans' Pension
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.

86 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 109 to 111 and Notes 1 to 4 on pages 122 to 128 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 2012

Expenses and capital expenditure incurred in excess of existing appropriations but approved by the Minister of Finance under section 26B of the Public Finance Act 1989 and with authority under imprest supply.

UNAPPROPRIATED EXPENDITURE 2011 $000	TYPE OF APPROPRIATION	ACTUAL 2012 $000	APPROPRIATION VOTED[87] 2012 $000	UNAPPROPRIATED EXPENDITURE 2012 $000
	VOTE SOCIAL DEVELOPMENT			
	Non-Departmental Other Expenses			
-	Debt Write-downs	655,909	653,180	(2,729)
-	**Total**	**655,909**	**653,180**	**(2,729)**

The demand-driven nature of 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 2011/2012 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 2011/2012 Supplementary Estimates.

Approval was received before 30 June 2012 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 2011/2012 in excess of section 26B approvals at year-end.

87 This includes adjustments made in the Supplementary Estimates.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Income

For the year ended 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
30	Interest revenue	3	-	-
142	Maintenance capitalisation	10	264	60
-	Miscellaneous revenue	1,021	-	-
1,535	Gain on foreign exchange	-	-	-
11,959	Student Loan - administration fee	12,046	12,495	12,126
63,999	Student Loan - interest unwind	51,406	53,591	57,429
77,665	**Total non-departmental income**	**64,486**	**66,350**	**69,615**

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 2011/2012.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
245,240	Benefit recoveries - current debt	231,513	255,996	234,786
1,629	Benefit recoveries - liable parent contributions	1,236	1,406	1,246
78,429	Benefit recoveries - non-current debt	77,700	84,126	76,818
173,546	Overseas pension recoveries	173,904	192,608	172,731
110,936	Student Loans - repayment of principal	108,751	106,529	111,660
609,780	**Total non-departmental capital receipts**	**593,104**	**640,665**	**597,241**

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 2011/2012.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Assets

As at 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
	Current assets			
102,017	Cash and cash equivalents	74,336	39,456	102,017
1,338,787	Student loans advanced[88]	-	-	-
(569,698)	Provision for doubtful debts - student loans[88]	-	-	-
188,632	Accounts receivable - benefits and allowances	187,773	293,699	242,645
834	Prepayments - benefits and allowances	7,894	1,169	834
1,060,572	**Total current assets**	**270,003**	**334,324**	**345,496**
	Non-current assets			
833,529	Accounts receivable - benefits and allowances	911,400	773,470	833,046
(556,039)	Provision for doubtful debts - benefits and allowances	(602,015)	(590,606)	(604,039)
125	Other advances	115	92	113
1,260	Foreign currency forward contract	961	-	1,260
278,875	**Total non-current assets**	**310,461**	**182,956**	**230,380**
1,339,447	**Total non-departmental assets**	**580,464**	**517,280**	**575,876**

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 2011/2012.

88 The Student Loan scheme is administered by the Ministry of Social Development in conjunction with the Ministry of Education and the Inland Revenue Department (IRD). The Ministry's role is to assess and make payments to students undertaking tertiary education. From 1 April 2012, the IRD assumed full responsibility for all Student Loans as soon as the initial loan is made. A daily transfer of Student Loan balances from the Ministry to the IRD is completed to enable students to see a single view of their debt position. There is now no longer any balance showing in the Ministry's Student Loans advanced account and in its Provision for doubtful debts – student loans account.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 form an integral part of these financial statements and schedules.

Schedule of Non-Departmental Liabilities

As at 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000	MAIN ESTIMATES 2012 $000	SUPPLEMENTARY ESTIMATES 2012 $000
	Current liabilities			
384,567	Accruals - other than government departments[89]	487,237	346,869	384,915
71,855	Tax payable	65,089	74,118	71,855
348	Other current liabilities	780	-	-
-	Foreign currency forward contracts	-	49	-
456,770	**Total non-departmental liabilities**	**553,106**	**421,036**	**456,770**

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 2011/2012.

Schedule of Non-Departmental Commitments

As at 30 June 2012

The Ministry has no non-departmental commitments.

Disclosure requirements for other non-cancellable contracts are no longer required in generally accepted accounting practice (GAAP) or by the Public Finance Amendment Act 2004 (PFA). In previous financial years the Ministry has disclosed this type of commitment in its non-departmental accounts.

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2012

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities (2011: nil).

Quantifiable contingent liabilities

There are no quantifiable cases (2011: nil) lodged against the Ministry that remain unresolved as at 30 June 2012.

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2011: 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 2011/2012.

89 Accruals – other than government departments is higher in 2011/2012 when compared to the prior year due to an extra two days accrual because of the timing of benefit payments. The extra two days for New Zealand Superannuation accounts for $75 million of this variance.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 form an integral part of these financial statements and schedules.

Statement of Trust Monies

For the year ended 30 June 2012

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 2012 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2012 were as follows:

ACTUAL 2011 $000		ACTUAL 2012 $000
	Australian Debt Recoveries	
4	**Balance at 1 July**	**3**
87	Contributions	29
(88)	Distributions	(30)
-	Revenue	-
-	Expenditure	-
3	**Balance at 30 June**	**2**
	Australian Embargoed Arrears	
491	**Balance at 1 July**	**508**
4,342	Contributions	4,537
(4,325)	Distributions	(4,689)
-	Revenue	-
-	Expenditure	-
508	**Balance at 30 June**	**356**
	Maintenance	
41	**Balance at 1 July**	**75**
644	Contributions	570
(614)	Distributions	(615)
4	Revenue	3
-	Expenditure	-
75	**Balance at 30 June**	**33**
	Netherlands Debt	
2	**Balance at 1 July**	**2**
27	Contributions	66
(27)	Distributions	(57)
-	Revenue	-
-	Expenditure	-
2	**Balance at 30 June**	**11**
588	**Total trust monies**	**402**

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 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 2011/2012.

The Statement of Accounting Policies: Non-Departmental on pages 109 to 111 and Notes 1 to 4 on pages 122 to 128 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

Changes in actual results and Supplementary Estimates

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

	ACTUAL 2012 $000	APPROPRIATION VOTED 2012 $000	VARIANCE 2012 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-departmental capital expenditure				
Student Loans	1,585,828	1,632,443	46,615	The decrease relates to: – the number of Student Loans recipients were fewer than anticipated. – the supplementary add-on[90] of ($25 million, 1.5% of appropriation voted), added to the mid-point forecast to reduce the risk of an overspend.
Benefits and other unrequited expenses				
Accommodation Assistance	1,194,775	1,210,752	15,977	The decrease relates to: – a lower-than-expected average rate and number of recipients. This was due to fewer parent beneficiaries than was forecast, particularly for Unemployment Benefit. – the supplementary add-on of ($8 million, 0.7% of appropriation voted), added to the mid-point forecast to reduce the risk of an overspend.
Domestic Purposes Benefit	1,810,864	1,826,355	15,491	The decrease relates to: – fewer recipients than forecast due to more people finding jobs and fewer relationship breakdowns. – the supplementary add-on of ($8 million, 0.4% of appropriation voted), added to the mid-point forecast to reduce the risk of an overspend.
New Zealand Superannuation	9,583,511	9,614,854	31,343	The decrease relates to: – the supplementary add-on of ($28 million, 0.3% of appropriation voted), added to the mid-point forecast to reduce the risk of an overspend.
Student Allowances	644,123	659,216	15,093	The decrease relates to: – a lower-than-expected average payment rate. – the supplementary add-on of ($10 million, 1.5% of appropriation voted), added to the mid-point forecast to reduce the risk of an overspend.

90 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.

Changes in appropriations

The table below summarises the material changes in appropriations between the Main Estimates and the final Supplementary Estimates for the 2011/2012 financial year.

	MAIN ESTIMATES 2012 $000	APPROPRIATION VOTED[91] 2012 $000	VARIANCE 2012 $000	EXPLANATION
VOTE SOCIAL DEVELOPMENT				
Non-departmental other expenses				
Debt Write-downs	626,652	657,680	31,028	This increase relates to: – an increase in student loans being issued. This has resulted in the initial fair value write down on student loans being higher than originally budgeted.
Benefits and other unrequited expenses				
Accommodation Assistance	1,264,227	1,210,752	(53,475)	This decrease relates to: – fewer than expected number of recipients.
Domestic Purposes Benefit	1,894,637	1,826,355	(68,282)	– This decrease relates to: – fewer than expected number of recipients and a lower than expected average payment rate (before adjusting for inflation).
Unemployment Benefit and Emergency Benefit	1,028,954	897,544	(131,410)	– This decrease is due to: – fewer than expected number of recipients.
Non-departmental capital expenditure				
Recoverable Assistance	168,612	150,344	(18,268)	This decrease relates mainly to: – lower than expected demand for Recoverable Assistance grants.
Student Loans	1,589,682	1,632,443	42,761	This increase relates to: – more student loan borrowers than expected as well as an increase to the appropriation to reduce the likelihood of an overspend.

91 This includes adjustments made in the Supplementary Estimates under section 26B of the Public Finance Act 1989.

Note 2: Student Loan advances

Carrying value of Student Loans

As at 30 June 2012

ACTUAL 2011 $000		ACTUAL[92] 2012 $000
	VOTE SOCIAL DEVELOPMENT	
	Student loans	
1,315,689	**Opening nominal balance**	**1,338,787**
1,564,204	New lending	1,585,828
(110,936)	Repayment	(108,751)
(1,442,129)	Loan balance transfer to IRD	(2,840,783)
11,959	Administration fee	12,046
-	Other movement in nominal value	12,873
1,338,787	**Closing nominal balance**	-
(675,485)	Cumulative fair value write-down	(661,604)
(22,504)	Cumulative impairment	30,000
67,600	Cumulative interest unwind	61,906
(713,233)	Fair value write-down of new lending	(598,470)
30,000	Impairment	-
63,999	Interest unwind	51,406
679,926	Loan fair value adjustment transferred to IRD	1,129,676
(1)	Other movement	(12,914)
769,089	**Net carrying value of student loans**	-
	Significant assumptions behind the carrying value are:	
7.11%	Weighted average interest rate for calculating impaired value	N/A
6.6%-6.7%	Interest rate applied to loans for overseas borrowers	N/A
2.5%-2.8%	CPI	N/A
3.5%-3.7%	Future salary inflation	N/A
	The estimated fair value of the Student Loan portfolio and key assumptions underpinning the fair valuation are:	
778,000	Fair value	N/A
7.10%	Discount rate	N/A
(43,000)	Impact on fair value of a 1% increase in discount rate	N/A
50,000	Impact on fair value of a 1% decrease in discount rate	N/A

From 1 April 2012, Student Loans are transferred completely 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.

92 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. There is now no longer any balance showing in the closing nominal balance and 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.

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 3.89–5.44 per cent (4.41–6.65 per cent at 30 June 2011).

The fair value of the portfolio as at 30 June 2012 is $497 million ($466 million at 30 June 2011).

Social benefit receivables

As at 30 June 2012

ACTUAL 2011 $000		ACTUAL 2012 $000
	By type	
466,122	Social benefit receivables	497,158
125	Other advances	115
466,247	**Total receivables**	**497,273**
	By maturity	
188,632	Expected to be realised within one year	187,773
277,615	Expected to be held for more than one year	309,500
466,247	**Total receivables**	**497,273**
	Social benefit receivables	
1,022,161	Gross social benefit receivables	1,099,173
(556,039)	Impairment of social benefit receivables	(602,015)
466,122	**Total social benefit receivables**	**497,158**
	Impairment of social benefit receivables	
(510,607)	Balance at beginning of the year	(556,039)
(45,432)	Impairment losses recognised on receivables	(45,976)
-	Reversal of impairment losses	-
(556,039)	**Balance at end of the year**	**(602,015)**
(556,039)	Collective impairment allowance	(602,015)
-	Individual impairment allowance	-
(556,039)	**Balance at end of the year**	**(602,015)**
	Significant assumption behind the carrying value is:	
4.41%-6.65%	Effective interest rate	3.89%-5.44%
	The estimated fair value of the Social Benefit Debt portfolio and key assumptions underpinning the fair valuation are:	
466,122	Fair value	497,158
(14,855)	Impact on fair value of a 1% increase in discount rate	(17,905)
16,520	Impact on fair value of a 1% decrease in discount rate	20,132

Impairment is calculated on a collective basis, not on an individual basis. There was a net movement in impairment losses of $46 million during the 2011/2012 year.

The fair value is sensitive to the discount rate and the expected future cash flows. A 1 per cent increase in the discount rate would decrease fair value by approximately $18 million. A 1 per cent decrease in the discount rate would increase fair value by approximately $20.1 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 0.52 per cent and 1.21 per cent from 1 July 2011 to 30 June 2012.

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.

Note 4: Financial instrument risks

Financial instrument risks

Classes and categories of financial assets:

AS AT 30 JUNE 2011 DESIGNATION						AS AT 30 JUNE 2012 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
-	102,017	-	-	**102,017**	Cash and cash equivalents	-	74,336	-	-	**74,336**
-	466,122	-	-	**466,122**	Trade and other receivables	-	497,158	-	-	**497,158**
769,089	-	-	-	**769,089**	Student Loans	-	-	-	-	**-**
-	-	1,260	-	**1,260**	Foreign exchange contract	-	-	961	-	**961**
769,089	**568,139**	**1,260**	**-**	**1,338,488**	**Total financial assets by designation**	**-**	**571,494**	**961**	**-**	**572,455**

Classes and categories of financial liabilities

AS AT 30 JUNE 2011 DESIGNATION					AS AT 30 JUNE 2012 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
384,915	-	-	**384,915**	Accounts payable	488,017	-	-	**488,017**
71,855	-	-	**71,855**	Tax payable	65,089	-	-	**65,089**
-	-	-	**-**	Foreign exchange contract	-	-	-	**-**
456,770	**-**	**-**	**456,770**	**Total financial liabilities by designation**	**553,106**	**-**	**-**	**553,106**

Foreign currency risk management

AS AT 30 JUNE 2011					AS AT 30 JUNE 2012			
NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000		NZD NZ$000	AUD NZ$000	OTHER NZ$000	TOTAL NZ$000
87,307	13,976	734	**102,017**	Cash and cash equivalents	72,316	2,020	-	**74,336**
466,122	-	-	**466,122**	Trade and other receivables	497,158	-	-	**497,158**
769,089	-	-	**769,089**	Student Loans	-	-	-	**-**
1,260	-	-	**1,260**	Foreign exchange contract	961	-	-	**961**
1,323,778	**13,976**	**734**	**1,338,488**	**Total financial assets**	**570,435**	**2,020**	**-**	**572,455**
384,915	-	-	**384,915**	Accounts payable	488,017	-	-	**488,017**
71,855	-	-	**71,855**	Tax payable	65,089	-	-	**65,089**
-	-	-	**-**	Foreign exchange contract	-	-	-	**-**
456,770	**-**	**-**	**456,770**	**Total financial liabilities**	**553,106**	**-**	**-**	**553,106**

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$65.529 million with the NZDMO for AUD$52.386 million. On 30 June 2012, the market value of these contracts was an asset of NZ$0.961 million (2011: asset of NZ$1.260 million).

Credit risk management

AS AT 30 JUNE 2011						AS AT 30 JUNE 2012				
AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000		AAA $000	AA $000	A $000	NON-RATED $000	TOTAL $000
-	102,017	-	-	**102,017**	Cash and cash equivalents	-	74,336	-	-	**74,336**
-	-	-	466,122	**466,122**	Trade and other receivables	-	-	-	497,158	**497,158**
-	-	-	769,089	**769,089**	Student Loans	-	-	-	-	**-**
-	-	-	1,260	**1,260**	Foreign exchange contract	-	-	-	961	**961**
-	**102,017**	**-**	**1,236,471**	**1,338,488**	**Total financial assets**	**-**	**74,336**	**-**	**498,119**	**572,455**

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 and Student Loans. The credit risk factor is built into the valuation models to calculate the fair value of these two assets.

Concentration of credit exposure by geographical area

AS AT 30 JUNE 2011						AS AT 30 JUNE 2012				
NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000		NEW ZEALAND $000	AUSTRALIA $000	EUROPE $000	OTHER $000	TOTAL $000
87,307	13,976	734	-	**102,017**	Cash and cash equivalents	72,316	2,020	-	-	**74,336**
466,122	-	-	-	**466,122**	Trade and other receivables	497,158	-	-	-	**497,158**
769,089	-	-	-	**769,089**	Student Loans	-	-	-	-	**-**
1,260	-	-	-	**1,260**	Foreign exchange contract	961	-	-	-	**961**
1,323,778	**13,976**	**734**	**-**	**1,338,488**	**Total financial assets**	**570,435**	**2,020**	**-**	**-**	**572,455**

Liquidity risk management

AS AT 30 JUNE 2011						AS AT 30 JUNE 2012				
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
384,915	384,915	384,915	-	-	Accounts payable	488,017	488,017	488,017	-	-
71,855	71,855	71,855	-	-	Tax payable	65,089	65,089	65,089	-	-
-	-	-	-	-	Foreign exchange contract	-	-	-	-	-
456,770	**456,770**	**456,770**	**-**	**-**	**Total financial liabilities**	**553,106**	**553,106**	**553,106**	**-**	**-**

Fair value hierarchy risk management

AS AT 30 JUNE 2011					AS AT 30 JUNE 2012			
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
-	1,260	-	**1,260**	Foreign exchange contract	-	961	-	**961**
-	**1,260**	**-**	**1,260**	**Total financial assets**	**-**	**961**	**-**	**961**
-	-	-	**-**	Foreign exchange contract	-	-	-	**-**
-	**-**	**-**	**-**	**Total financial liabilities**	**-**	**-**	**-**	**-**

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