Ministry of Social Development

Annual Report

2014/2015

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

We help New Zealanders to help themselves to be safe, strong and independent.

Our Principles

Ministry of Social Development people:

- All own what we all do
- Take responsibility for what we do
- Understand our role in the big picture, who can help us and who we can help
- Navigate through ambiguity and the opportunity it brings to create better ways of doing things
- Act with integrity, courage and transparency
- Celebrate our achievements and those of our clients

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

Published October 2015
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ISSN: 1175-9895 (print)
ISSN: 1178-3389 (online)

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Chief Executive's foreword

Each year, the Ministry of Social Development sets out our Strategic Intentions - what we will do to improve the outcomes for the more than one million New Zealanders whom we serve.

We work in a dynamic and challenging environment, where we're required to do more as we deal with some of the most complex social issues our society faces.

This Annual Report is a snapshot of what we've achieved in the past 12 months, as we help New Zealanders help themselves to be safe, strong and independent.

In taking the opportunity to look back on our achievements, we're able to assess if we're on the right track to be fit for our purpose. We are.

We introduced a new strategic direction at the start of the financial year, to become a single, cohesive organisation, with intelligent service delivery, centred on the public we serve and support.

Of critical importance to how we deliver better results is intelligent service delivery. This means that we've started to make better use of client data and analytics to inform our decision-making.

We've also re-focused our systems and processes on what works best for our clients. Data and reports are great but the real value is in the way this information will continue to influence how decisions are made and shape better outcomes for people. This is what has the power to transform lives.

This approach has underpinned much of what we've done this year and the way we will continue to work.

We've begun to harness technology to get ahead of the curve, to deliver services to our clients where and when they want them. We've started doing this by streamlining processes, improving our systems, and developing better digital channels so our clients can do more for themselves.

The past year has seen our work expand, as we took over management of the social housing register, following the transfer of a number of social housing activities to us from Housing New Zealand.

While placing greater demands on us, moving into this area means we can integrate housing within the broader assistance we offer to low-income and vulnerable New Zealanders. In this way we can make a bigger difference.

Our people are one of our greatest assets. I'm really proud of our staff and the work they have done, and continue to do, sometimes in very difficult circumstances.

The tragic events in Ashburton last September, which resulted in the deaths of two staff members, continue to impact on our staff in many different ways.

The Security Review, which followed the Ashburton tragedy, established the Security Response Programme. Through this we are developing enhanced security solutions and delivering a comprehensive approach to health, safety and security.

We also continue to deal with the challenges of being a large organisation, located in multiple sites across the country. We have committed to strengthening our organisational culture and, although it's a long game, we are making progress and heading in the right direction.

We have been helped this year in our work by our partners across government and the social sector. Part of this challenge has been to look at how we work differently with the sector, as we contribute to targets to boost skills and employment, reduce crime and improve digital interaction. This work continues.

While we may not always get everything right, or have yet to achieve everything we set out to do, there is a lot to be proud of. This is reflected in our Annual Report.

We have a clear plan and a clear purpose to guide our work over the coming year.

In 12 months' time we will once again take stock and share our progress with you.

Brendan Boyle
Chief Executive

Nature and scope of functions

We help New Zealanders to help themselves to be safe, strong and independent. Ko ta mātou he whakamana tangata kia tū haumaru, kia tū kaha, kia tū motuhake.

Our purpose

The Ministry of Social Development helps New Zealanders to help themselves to be safe, strong and independent.

We have a presence in almost every region in New Zealand and our people have connections to every community. Our work touches the lives of nearly every New Zealander, across all stages of life.

Our role and functions

We achieve our purpose through providing:

- statutory care and protection of children and young people, youth justice services and adoption services
- funding for service providers in the community
- campaigns that respond to concerns about the level of family violence in New Zealand
- information, knowledge and support for families and communities
- income support services, including assessments and payments of benefits, New Zealand Superannuation and other pensions and allowances
- employment support services
- student allowances and student loans
- access to concessions and discounts for senior citizens, families and low-income New Zealanders
- social housing assessments and services
- services to uphold the integrity of the welfare system and minimise the debt levels of people we work with
- leadership across the social sector.

Better Public Services

The Ministry is responsible for leading cross-agency effort to achieve the following Better Public Services (BPS) results:

- Reduce the number of people who have been on a Jobseeker Support benefit for more than 12 months (Result 1)[1]
- Reduce the number of assaults on children (Result 4).

In addition, our Chief Executive, as Chair of the Social Sector Board, has responsibility for leading cross-agency effort to achieve the following BPS results:

- Increase participation in early childhood education (Result 2)
- Increase infant immunisation rates and reduce the incidence of rheumatic fever (Result 3).

We also contribute to the following four BPS results:

- Increase the proportion of 18-year-olds with NCEA Level 2 or an equivalent qualification (Result 5)
- Reduce the rates of total crime, violent crime and youth crime (Result 7)
- Reduce reoffending (Result 8)
- New Zealanders can complete their transactions with the Government easily in a digital environment (Result 10).

Our scope

In 2014/2015 we administered over $23 billion in government expenditure and provided services and assistance to more than 1.1 million New Zealanders and 140,000 families.

The Ministry provides services to the:

- Minister for Social Development
- Associate Minister for Social Development
- Minister for Disability Issues
- Minister of Revenue
- Minister for Senior Citizens
- Minister for Social Housing
- Minister of State Services
- Minister of Veterans' Affairs
- Minister for Youth.

We administered two Votes in 2014/2015

- Vote Social Development
- Vote Senior Citizens[2].

1 From 1 July 2015 the Government has revised the target for this Result to focus on total numbers on main benefits and the long-term liability of the benefit system.
2 Vote Senior Citizens was disestablished from 1 July 2015.

We monitor four Crown entities

- Children's Commissioner
- Superu (formerly the Families Commission)
- New Zealand Artificial Limb Service
- Social Workers Registration Board.

We support statutory tribunals and advisory committees

- Expert Advisory Group on Information Security
- Social Security Appeal Authority
- Student Allowance Appeal Authority
- Social Workers Complaints and Disciplinary Tribunal
- Taskforce for Action on Violence within Families[3]
- Work and Income Board
- Nine Child, Youth and Family Grievance Panels
- Modernising Child, Youth and Family Expert Panel.

Our structure

Service Delivery

We provide services directly to the public through the following service lines: Work and Income (including social housing), StudyLink, Senior Services, Child, Youth and Family, and Community Investment.

Policy

We provide social sector-wide policy advice on issues relating to children, families, youth, income support, employment, social housing, older people, disability and social sector strategy.

Policy advice is provided by the Office of the Chief Policy Advisor and the Social Policy business group, which includes the Ministry of Youth Development, the Office for Disability Issues and the Office for Senior Citizens.

Corporate

We support the policy and service delivery lines through our Organisational Solutions, Organisational Integrity and Organisational Strategy business groups.

The Property Management Centre of Expertise, which is housed within the Ministry, provides all-of-government property management services.

Legislation we manage

We operate in a complex environment governed by many key pieces of legislation that provide the framework for the decisions we make and ensure a fair system for all who use it.

A full list of legislation administered by the Ministry can be found on www.msd.govt.nz

3 The Taskforce for Action on Violence within Families was active from June 2005 to July 2015. It led and co-ordinated interagency action to address family violence, including abuse and neglect of children and older persons.

Linking it together: Government priorities, MSD outcomes and four-year strategic priorities

GOVERNMENT BPS PRIORITIES

- Reducing Long-term Welfare Dependence
- Boosting Skills and Employment
- Improving Interaction with Government
- Supporting Vulnerable Children
- Reducing Crime

We help New Zealanders to help themselves to be safe, strong and independent

MINISTRY OUTCOMES	MINISTRY INTERMEDIATE OUTCOMES	PEOPLE-CENTRED MSD: FOUR-YEAR STRATEGIC PRIORITIES
More people into sustainable work and out of welfare dependency	– Fewer people are dependent on welfare – More young people are in education, training or work-based learning – Eligible students are supported to overcome financial barriers to access higher education	– **Getting more people out of welfare dependency and into sustainable work** by taking an investment approach to better target support for people – **Enhancing our social sector leadership role and contribution** including leading the Social Sector Board
More people are able to participate in and contribute positively to their communities and society	– Children and young people are involved in decision-making on issues that affect them – Young people are engaged in and contribute positively to their communities – Disabled people are able to participate in society – Seniors and veterans are able to maintain their independence and participate in society	– **Building partnerships with communities** and creating community-based solutions – **Enhancing our social sector leadership role and contribution** including leading the Social Sector Board
	– Eligible people receive the right payments, entitlements and support – Seniors, families and low-income New Zealanders have access to goods and services through discounts and concessions – More people interact with the Ministry digitally	– **Improving access to social housing for those most in need** by delivering and integrating new social housing services and becoming an active purchaser – **Enhancing our social sector leadership role and contribution** including leading the Social Sector Board
Fewer children and people are vulnerable	– Vulnerable children are protected from abuse and neglect – Children and young people are in safe and permanent care – Children and young people we work with have access to adequate health services, housing and education – Children and young people experience good parenting	– **Protecting vulnerable children and young people** by modernising Child, Youth and Family and working with the social sector to implement the Children's Action Plan – **Working alongside the social sector to better integrate government services** by trialling, learning from and embedding innovative approaches – **Enhancing our social sector leadership role and contribution** including leading the Social Sector Board
More communities are strong and thriving	– Families receive the right information, knowledge and support – Communities have the resources and capability to better support themselves – Families and communities have increased levels of awareness of how to respond to family violence – More effective and efficient allocation of government resources to meet community needs	– **Strengthening communities through Investing in Services for Outcomes** and working with providers to improve their capability – **Building partnerships with communities** and creating community-based solutions – **Working alongside the social sector to better integrate government services** by trialling, learning from and embedding innovative approaches
Fewer children and young people commit crime	– More young offenders are in education, training or employment – Fewer child offenders go on to become youth offenders – Fewer young people have a repeat youth justice referral – Families and victims are involved in addressing offending behaviour	– **Working alongside the social sector to better integrate government services** by trialling, learning from and embedding innovative approaches – **Enhancing our social sector leadership role and contribution** including leading the Social Sector Board
Fewer people commit fraud and the system operates with fairness and integrity	– Fraud is detected sooner – More fraud overpayments are recovered and fewer overpayments are made – People's claims and complaints are dealt with appropriately – People's personal data and information are managed and used appropriately	– **Strengthening fraud prevention and debt recovery** by implementing reforms so that people avoid debt and improve future outcomes

Modernising the Ministry's ICT platform I Establishing a Data Hub I Simplifying transactional business processes
Strengthening governance and corporate capability I Building our culture and leadership

Delivering on our strategic intentions

Our work touches the lives of more than a million New Zealanders. We are dealing with complex issues that require a more innovative cross-agency approach. We are looking at the way we work to meet these expectations and over the past year have begun to introduce a number of enhancements to deliver sustainable solutions.

Our strategic direction

Our strategic direction is to become a single, cohesive organisation, with intelligent service delivery, centred on the public we serve and support.

Over the year, we introduced changes to achieve our outcomes and deliver on our priorities. We looked at our operations to find newer and better ways to deliver our services to clients in a changing environment.

In 2014/2015, we worked towards our strategic priorities of:

- **enhancing our social sector leadership role and contribution** including leading the Social Sector Board
- **working alongside the social sector to better integrate government services** by trialling, learning from and embedding innovative approaches
- **getting more people out of welfare dependency and into sustainable work** by taking an investment approach to target support more effectively
- **improving access to social housing for those most in need** by delivering and integrating new social housing services and becoming an active purchaser of social housing
- **protecting vulnerable children and young people** by modernising Child, Youth and Family and working with the social sector to implement the Children's Action Plan
- **strengthening communities through investing in services for outcomes** and working with providers to improve their capability
- **building partnerships with communities** and creating community-based solutions
- **strengthening fraud protection and debt recovery** by implementing reforms so that people avoid debt and improve future outcomes.

The sections on pages 9 to 33 provide further detail on what we have done to achieve our priorities.

Security response

On 1 September 2014, we were rocked by a tragic incident that took the lives of two of our staff and injured another at the Work and Income Office in Ashburton. The families, friends and colleagues of Peggy Noble and Leigh Cleveland remain in our thoughts.

Following the tragedy we took immediate steps to enhance the safety of our staff. We put in place additional security guards, implemented a zero-tolerance policy towards threatening behaviour, and initiated an independent security review. Nothing is more important than the safety of our staff and clients.

We set up a Security Response Programme to implement the recommendations of the Independent Security Review that followed the tragedy. We continued to engage with agencies locally, nationally and internationally to understand and apply best safety and security practices. We also rolled out the ACT Safe training modules for staff to ensure everyone has a common understanding of basic safety and security.

Our Strategic Change Programme

During the year, we established a Strategic Change Programme to help us co-ordinate and manage the sequencing of our strategic projects. The aim of the Strategic Change Programme is to put us in a better position to meet the needs of our clients.

The Investment Approach[4] gives us a more holistic picture of the needs of our clients across the range of services we deliver. Throughout the year, we have continued to build this client-centric view of service delivery to achieve better outcomes for our clients.

4 The Investment Approach helps to ensure support is invested where it will make the biggest difference. It uses available evidence to inform decision-making and supports learning from observed outcomes. This drives ongoing improvement in the performance of employment and work-readiness investment, to better support people to become less dependent on the welfare system.

Realigning our services

To become a client-centric organisation, we needed to structure ourselves and our processes so that we can put the client at the centre of what we do. We have taken tangible steps towards this.

In the last year we merged four business units (Work and Income, Senior Services, StudyLink, and Integrity Services) into a new Service Delivery group with over 5,500 staff. We also established the Community Investment group, which brought together Family and Community Services and the funding and contracting part of Child, Youth and Family.

Through these realignments we have got the right parts of the business working together to deliver our services to our clients in a more integrated way.

Modernising Child, Youth and Family

The Modernising Child, Youth and Family (CYF) programme is vital to enabling CYF to become more responsive to the needs of vulnerable children, young people and their families to improve their outcomes.

In April 2015 the Minister for Social Development appointed an independent Expert Panel to oversee the development and implementation of a new operating model to modernise CYF. We have seconded a number of staff to provide secretariat support to the Panel.

To support the Panel, the Minister also appointed a Youth Advisory Panel with members aged between 15 and 23, all of whom have had experience with state care.

The Panel provided a high-level business case to the Minister in August 2015, and will provide a detailed business case by December.

Simplification

Simplification is a programme of work to simplify our services relating to the provision of financial assistance and support (that is, transactional services).

Transactional services should provide clients with the financial assistance they are entitled to through a process that is simple, transparent, and of high integrity.

Current transactional processes hinder our ability to help New Zealanders to help themselves to be safe, strong, and independent. They are often manual and cumbersome, frustrating clients, limiting our ability to focus on outcomes, and increasing costs.

In late 2014 Cabinet approved our proposal to deliver a redesigned experience for clients through a simpler, more client-centric transactional service using digital channels. The investment will make services more effective for clients, reduce operational costs, and create opportunities for reinvestment in outcome-focused services.

Our culture

Culture underpins everything we do. In 2012, we asked our staff what their preferred culture would look like to support innovation and collaboration that will enable us to make a difference in the lives of our clients.

In 2013, we engaged with staff and branded and launched our Building Blue programme. Building Blue promotes the culture we need to support our purpose and principles, and the values we need to encourage better collaboration across the Ministry. We have set ourselves a target to reach our preferred culture by 2021. This is optimistic, but is necessary if we are to become the organisation we need to be.

The Leadership in Action programme, implemented during the year, has supported the development of frontline leaders and reinforced the culture-building messages in the leadership programmes.

We continued to engage with our culture facilitators and developed and distributed material to staff to encourage the types of behaviours we need to embed. In August 2015 we conducted a culture survey to measure progress towards our preferred culture. Survey results will be made available in November.

Enhancing our social sector leadership role and contribution, and working alongside the social sector

New Zealanders are increasingly expecting social sector agencies to work together in different ways to make a bigger difference. Teaming up with our social sector partners is one of the ways we deliver services at both national and local levels.

About the social sector

The social sector is complex. Agencies within the sector deliver a wide range of services to New Zealanders throughout their lives. Many people's needs are met through the universal services provided by social sector agencies at key points in their lives. However, some people and communities require services where social sector agencies and communities need to work together in different ways to achieve results.

To deliver on these, we need a clear focus on priorities across the sector. This work is primarily done through the Social Sector Chief Executives and Vulnerable Children's Boards, both of which our Chief Executive chairs. We support our Chief Executive in his leadership of the sector.

Our role in the social sector

As one of the largest providers of social services, we play a critical role in the social sector. We have worked alongside our social sector partners to achieve the following priorities for 2014/2015:

- leading and contributing to the Government's Better Public Services targets
- implementing the Children's Action Plan
- reducing the impact of family violence
- focusing on youth mental health
- contributing to the Enabling Good Lives initiative.

Over the last year, the Social Sector Chief Executives revised their priorities so they are able to prioritise collective work on a small number of activities. These areas are:

- assessing progress against the Government's Better Public Services targets and taking joint action where necessary
- focusing on the small proportion of New Zealanders for whom joint action is required to deliver sustainable results (eg protecting our most vulnerable children by implementing the Children's Action Plan)
- developing and implementing the Social Sector Investment Framework (including data analytics)
- advising on structural arrangements to support collective social sector action (eg social sector integration and contracting).

Leading and contributing to Better Public Services[5]

Our work across the sector is vital to making a difference for New Zealanders. As part of this we have an ongoing focus on delivering the Government's priorities for better public services.

We lead cross-government effort to achieve targets for Results 1 and 4 and support other agencies that lead cross-government effort to achieve targets for Results 2, 3, 5, 7, 8 and 10.

Result 1: Reduce long-term welfare dependency by reducing the number of people continuously receiving Jobseeker Support for more than 12 months by 30 percent, from 78,000 in April 2012 to 55,000 by June 2017

Reducing welfare dependency is about supporting people into employment, managing the Government's future liability, and supporting the New Zealand economy by ensuring we have a skilled and productive workforce.

We contributed to this by continuing to implement the investment approach to welfare and work-focused case management to ensure that we invest support where it will make the biggest difference.

In the 12 months to 30 June 2015, the number of people receiving Jobseeker Support for more than 12 months fell by 1,976, or almost 3 percent, to 65,555.

Revised targets for Result 1

In February 2015 the Government introduced two new targets for this Result, to be achieved by June 2018:

- a reduction of 25 percent in the total number of people receiving a main benefit (from 295,000 in June 2014 to 220,000)
- a reduction of $13 billion in the long-term cost of benefit dependence as measured by an accumulated actuarial release.

To achieve the new target, we are increasing the number of clients in intensive case management services, with priority given to Sole Parent Support and Jobseeker Support clients with a health condition.

5 Other than for Results 1 and 4, all Better Public Services results in this section are the most recent published results at the time of preparing this Annual Report.

In the 12 months to June 2015, the number of working-age main benefit recipients decreased by 8,237, or 2.8 percent, largely driven by decreases in Sole Parent Support and Jobseeker Support numbers. The latest (June 2014) valuation of the benefit system put the liability at $69.0 billion. This forms the base liability and the forward liability projections from which an actuarial release will be measured.

Number of working age (18-64 years old) people on a main benefit (excl Student Hardship)

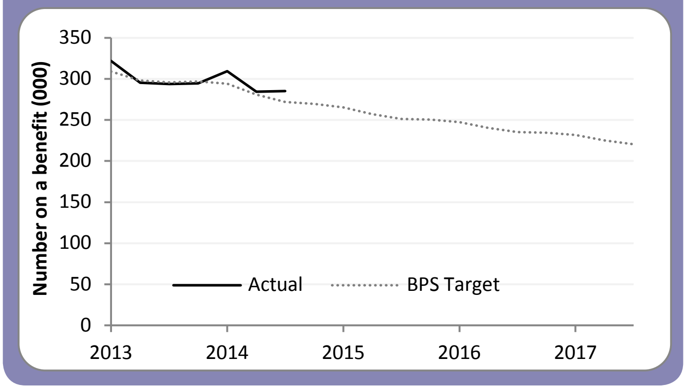


Figure 1: Number of working age (18-64 years old) people on a main benefit, New Zealand, June 2014 to June 2018.

Result 4: Halt the rise in children experiencing physical abuse and reduce current[6] numbers by 5 percent

We continued to work with other agencies to halt and decrease the number of children experiencing physical abuse.

We contributed to this by responding to notifications, providing care and protection services, and supporting the implementation of the Children's Teams.

In the 12 months to June 2015, physical abuse was substantiated for 3,118 children, compared with 3,178 in the previous 12 months to June 2014. This decrease (of 1.9 percent) appears to follow the trend over recent years of substantiated findings of physical abuse of children stabilising and even slightly declining.

Children with substantiated findings of physical abuse (12-month periods)

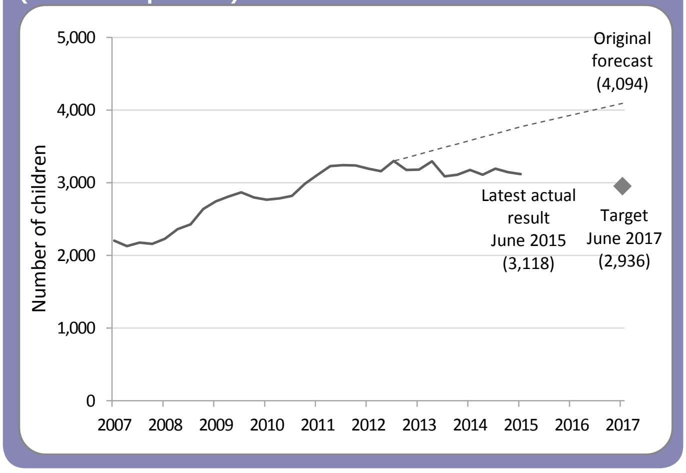


Figure 2: Children experiencing substantiated abuse (12 months to June 2015)

The Social Sector Board (SSB), which is chaired by our Chief Executive, has sector responsibility for leading Results 2 and 3.

Result 2: Increase participation in early childhood education

We contributed to work led by the Ministry of Education to increase the rate of participation in early childhood education (ECE) to 98 percent by 2016. At 30 June 2015 the prior ECE participation rate for children starting school was 96.2 percent, an increase of 0.3 percentage points from 12 months earlier.

Prior ECE Participation Rate

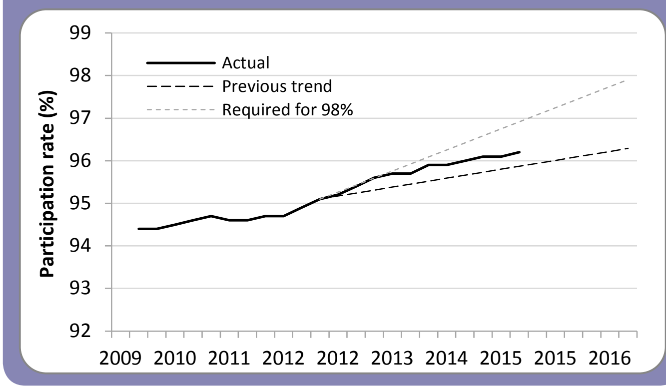


Figure 3: Prior ECE Participation Rate

6 June 2011.

We subsidise the cost of ECE for children in our care aged between 18 months and three years and for those that are enrolled in the Family Start programme. At 30 June 2015, 87.1 percent of children in care aged 18 to 36 months participated in ECE; and in March 2015, 70 percent of children participating in Family Start were enrolled in ECE.

Our social workers actively work with the parents and caregivers of children in our care who are not engaged in ECE to ensure participation wherever appropriate.

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

We contributed to work led by the Ministry of Health to have 95 percent of eight-month-olds fully immunised, and to reduce the incidence of rheumatic fever to 1.4 cases per 100,000 people, by June 2017.

At 30 June 2015, the immunisation rate for eight-month-old infants was 92.9 percent, an increase of 1.3 percentage points from 30 June 2014.

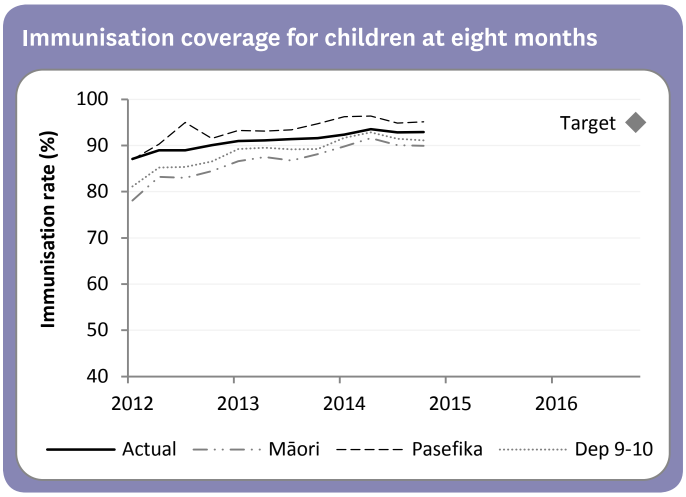


Figure 4: Immunisation coverage for children at eight months

The incidence rate for first episode rheumatic fever hospitalisations for the 2014/2015 year was 3.0 per 100,000 (135 hospitalisations). This is a significant decrease from the 2013/2014 rate of 3.9 (175 hospitalisations).

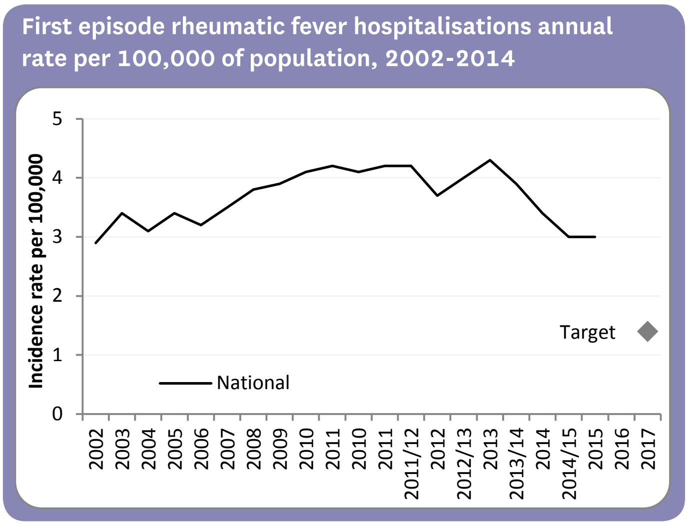


Figure 5: First episode rheumatic fever hospitalisations, annual rate per 100,000, 2002-2014

We contribute towards the two target indicators for Result 3 through Gateway Assessments[7] for children in care and through the Family Start programme. At 30 June 2015, 80 percent of children participating in Family Start had up-to-date immunisations.

We also implemented the Dramatic Fever and Youth Ambassadors programmes in the Auckland and Northland regions to raise awareness about rheumatic fever through youth-focused and school events.

We also contribute to Results 5, 7, 8 and 10 which are led by other agencies.

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

We contributed to work led by the Ministry of Education to increase the proportion of 18-year-olds with NCEA Level 2 or equivalent qualifications to 85 percent by 2017.

At the end of the 2014 calendar year this result had increased by 2.6 percentage points from the previous year to 81.2 percent.

7 The Gateway Assessments aim to ensure every child or young person entering care receives an assessment that helps build a complete picture of the child or young person's needs, and sees that they get access to the right health and education services to address their needs.

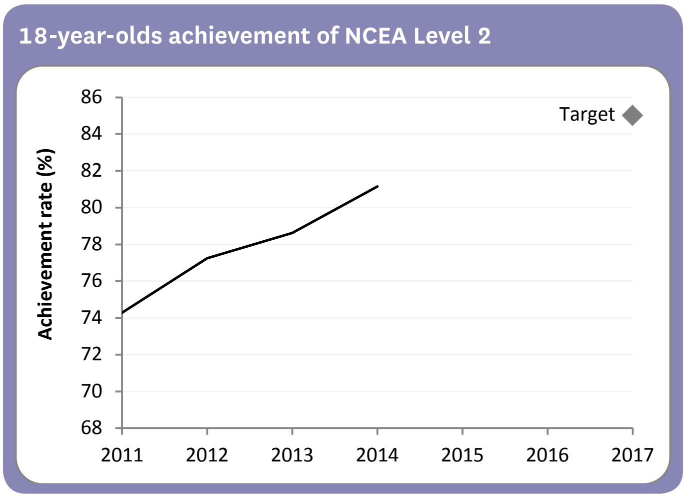


Figure 6: 18-year-olds achievement of NCEA Level 2

We contribute to this target through the Youth Service, which aims to assist disengaged young people back into training or education.

An evaluation of the Youth Service in June 2014 showed that 14 percent of Youth Payment participants and 7 percent of Young Parent Payment participants met the requirements of NCEA Level 2 within their first 12 months in the Youth Service.

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

We contributed to work led by the Ministry of Justice to reduce the rate of total recorded crime by 15 percent, the rate of violent crime by 20 percent, and the rate of youth crime by 25 percent between June 2011 and June 2017.

At 31 March 2015, the total crime and youth crime rates had reduced by 18 percent and 37 percent respectively.

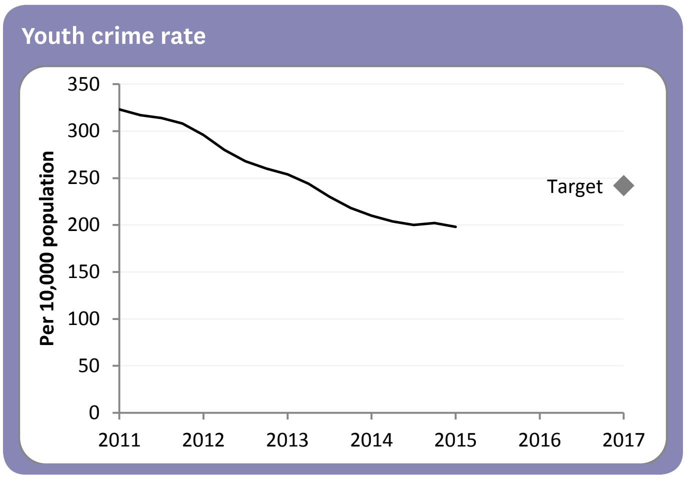


Figure 7: Youth crime rate

The cross-agency Youth Crime Action Plan (YCAP) entered its third year of supporting the achievement of Results 7 and 8. A review of YCAP is currently under way to identify new actions to incorporate into its work programme.

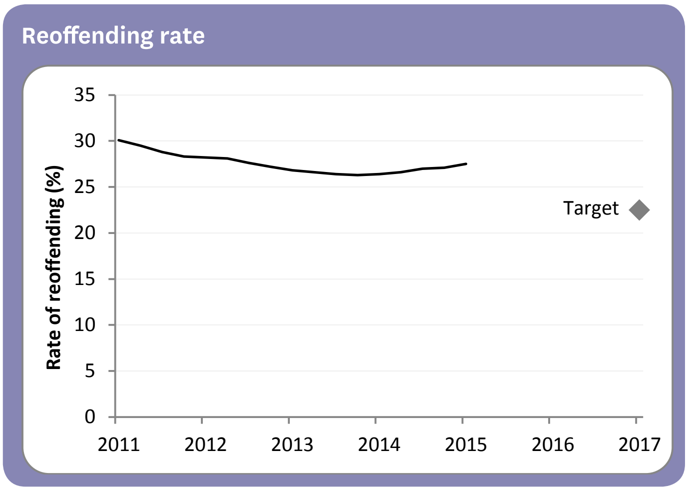


Figure 8: Reoffending rate

By the end of 2014 the total crime rate was at its lowest in 35 years. In early 2015 the Government introduced a new target of reducing the total crime rate by 20 percent between June 2011 and June 2018, because the original targets for this measure had already been met.

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

In the June 2015 quarter, 57.4 percent of applications for financial assistance were completed digitally.

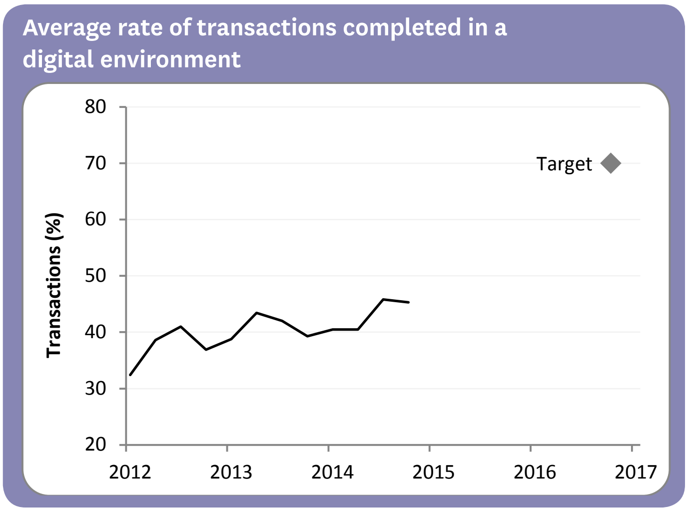


Figure 9: Average rate of transactions completed in a digital environment

Our future contribution to Result 10 will be supported by the Simplification work programme over the next two to three years, which will make it easier for clients to manage transactional services.

To further support Result 10, we encouraged clients to get a RealMe logon to make it easier for working-age people and seniors to apply for financial support.

Social Sector Investment Framework

The social sector needs to change the way it works together to focus jointly on the most vulnerable populations. Following a directive from Social Sector Chief Executives, a Social Sector Investment Framework has been developed.

The Framework supports the Government's focus on social investment and putting clients at the centre of what we do. It is intended to provide a common basis for social sector agencies to identify shared populations of interest, assess options for new services or programmes, and support effective implementation.

We contributed to the initial development of the Framework, and are now providing significant input into the work of the Social Sector Investment Change Programme team to develop it.

Implementing the Children's Action Plan

We continued to support the Children's Action Plan Directorate to change how government agencies, non-government organisations and iwi work together to identify, support and protect our most vulnerable children.

Two new Children's Teams were established in Horowhenua/Ōtaki and Marlborough[8] during the year, and we began planning for another six[9] teams in 2015/2016.

We helped to set up the first urban Children's Team in Hamilton. This site went live on 1 September 2015 and is expected to reach an estimated 1,370 vulnerable children in its first year.

To support the Children's Team in Hamilton to work with more children, we are trialling the Vulnerable Kids Information System (ViKI) and The Hub, which is based on a new Approved Information Sharing Agreement (AISA).

ViKI is an information management system used to record, access and manage data to improve services to vulnerable children.

We have set up The Hub to serve as a central contact and triage point for all notifications from professionals and practitioners about children for whom they have concerns. For the initial six-month trial the service is being implemented within Child, Youth and Family's (CYF) national contact centre to maximise the use of existing information, infrastructure and resources. The Hub will collate information from a range of sources to allow a high-level assessment of need to be made and the most appropriate response pathway for referred children to be determined. Service response options include escalation to CYF, or referral to a Children's Team, universal service or community provider.

The AISA will support information sharing between professionals and practitioners in Hamilton and will guide information sharing to and from The Hub.

These tools give the Children's Teams a more comprehensive picture of each child that will allow services to be tailored to their individual needs.

Children's workforce

The Children's Action Plan Directorate continued implementing the Vulnerable Children Act 2014 and components of the workforce programme. Work has included:

- introducing new safety checking regulations that will be phased in over four years from July 2015
- releasing two sets of guidelines: on how employers of the children's workforce can consistently recruit safe people to work with children, and on how to develop good child protection policies that help their workers identify and respond to the needs of vulnerable children more effectively
- consulting on the development of a Core Competency Framework, which will offer consistency in standards and practice to the different roles in the children's workforce to ensure child safety and good outcomes.

Social Sector Trials

The Social Sector Trials are a social change model focused on improving outcomes by testing an alternative approach to delivering social services in communities. The Trials are community-based and focus on increasing participation in education, training and employment for youth. They also help reduce truancy, offending, and alcohol and substance abuse. The Porirua Trial is focused on improving health outcomes.

Throughout the year, we continued to work with the social sector to deliver the Trials in 16 communities[10] across the country.

Some of the notable successes for the year included:

- 165 young people going off benefit in South Dunedin between March and June 2015
- a decrease in truancy levels in Taumarunui (the lowest in four years based on local data) and a steady decline in youth offending in Waitomo.

8 The first two Children's Teams went live in Rotorua and Whangarei in 2013.
9 Hamilton, Tairawhiti, Eastern Bay of Plenty, Christchurch, Whanganui, and Clendon/Manurewa/Papakura.
10 Taumarunui, South Waikato District, Waitomo District, Kawerau, Horowhenua District and Gore (since 2011); Kaikohe township, Rānui (Auckland), Waikato District, Rotorua District, Whakatane township, Gisborne City, South Taranaki District, Wairarapa (Masterton, South Wairarapa and Carterton Districts), Porirua City, and South Dunedin (since 2013).

Family and sexual violence

Family and sexual violence is a serious and complex issue that can span multiple generations. It affects families from all cultures, classes, backgrounds and socio-economic groups. No single agency can address this issue alone.

The Ministerial Group on Family Violence and Sexual Violence has oversight of a whole-of-government work programme to respond to family violence and sexual violence. The Ministerial Group has commissioned a cross-agency work programme to explore options for improving responses at the levels of whole-of-system and service delivery, with advice to Ministers to be provided by the end of 2015.

We are leading three of the five workstreams:

- the system framework
- primary prevention
- identification and initial response, with advice on service development.

In 2014/2015, we continued to work on the primary prevention and the identification and initial response workstreams. This work will continue in 2015/2016 as part of the wider work programme, which will focus on reducing the long-term harm caused by family violence, by:

- gaining a better understanding of current gaps and duplication in services, and looking at what initiatives are delivering results, so that better investment decisions can be made
- determining how services are linked together across government, with a view to appointing lead agencies to focus on particular areas of work
- ensuring services are focused on clients' needs
- ensuring the workstreams led by the Ministries of Justice and Social Development are linked to each other.

As well as supporting the ministerial work programme, we continued to deliver our existing approaches to addressing family violence through the It's not OK campaign, the E Tu Whānau Programme of Action and the Pasefika Proud Programme of Action.

E Tu Whānau has been endorsed by the Iwi Chairs Forum following the launch of a Charter of Commitment in 2014/2015. The Charter is a first for an indigenous people.

Evaluations of the It's not OK and Pasefika Proud campaigns have shown an increased awareness about family violence in communities and what actions they can adopt to address this.

Enabling Good Lives

Enabling Good Lives is a partnership between government agencies and the disability sector. It transforms the way in which disabled people and their families are supported to have greater choice and control over their lives in the long term.

Enabling Good Lives demonstrations in Christchurch and Waikato are exploring ways to connect up services across multiple government agencies. This gives participants the opportunity to access a wider range of support to ensure their independence.

The focus of the Christchurch demonstration has been on supporting school leavers who have been classified as having High or Very High Needs.

At 30 June 2015, the Christchurch demonstration was working with 147 participants and their families/whānau.

Youth mental health

Launched in 2012, the Prime Minister's Youth Mental Health Project aims to prevent young people from developing mental health issues and seeks to improve access to youth mental health services. By July 2016 the project will have delivered 26 initiatives. Key highlights for the 2014/2015 year include:

- launching the *Supporting young people with stress, anxiety and/or depression* guidelines on our website
- ensuring 19 youth workers are in place in secondary schools in Northland, Auckland, Wellington and Hawke's Bay regions and actively working with 335 young people
- achieving the national waiting times target where 80 percent of 12 to 19-year-olds who contact a youth alcohol and drug service are seen within three weeks, with 85 percent of district health boards meeting this target.

All-of-Government

Property Management Centre of Expertise

The Ministry hosts and supports the Property Management Centre of Expertise. The Centre of Expertise has led and assisted government agencies to meet the goals set by the Government for efficient and effective management of Crown properties. This improves the delivery of better public services to all New Zealanders. Highlights from the year include:

- agencies producing biennial strategic property plans
- delivering accommodation projects in Wellington and Christchurch
- starting accommodation projects in Gisborne, Whanganui and New Plymouth
- implementing and trialling new ways of collaborating and sharing infrastructure in Christchurch
- publishing of standards for Workplace Design, Lease and Facilities Management, and Asset Management
- reducing estate costs by $2 million per year and footprint by over 55,500 square metres.

Supporting Canterbury

We are committed to supporting the recovery of Canterbury. In 2014/2015, we introduced the $3k to Christchurch initiative to address shortages in the labour market by providing financial assistance to those who are able to relocate to Christchurch for work. Over the year we helped 1,520 applicants move to Christchurch to take up full-time employment. Just over half of these people were employed in the construction industry.

We also provided short-term emergency housing services and assistance for vulnerable families and individuals. This included providing temporary accommodation assistance to more than 580 homeowners.

Throughout the year, we continued to support the psychosocial recovery in Canterbury as part of the multi-agency *Community in Mind* strategy and its shared Programme of Action.

In 2014/2015, we funded over 6,600 trauma counselling sessions and Earthquake Support Co-ordination Services for those affected by the earthquakes. Our support of the 0800 Canterbury Support Line continued to help people connect with free counselling services or organisations. Nearly 2,000 calls were made to the 0800 number.

Cross-Government Accreditation and the Social Sector Accreditation Standards

The Ministry, as Chair of the Social Services Procurement Committee, continued to work with other government agencies to reduce duplication and compliance for social service providers working with government. This helps ensure providers have the time, capacity and capability to deliver to communities the services required of them rather than being burdened by compliance.

As part of this process, social sector agencies developed a number of shared standards known as the Social Sector Accreditation Standards. A trial of the accreditation standards showed a significant reduction in the time spent on accreditation activities. Findings from the trial included a 40 percent decrease in the cost of accreditation activity and an estimated reduction of 10 days' face-to-face contact between the provider and government agencies over a three-year period.

Agencies will continue to work together to streamline the accreditation process.

Getting more people out of welfare dependency and into sustainable work

Work is at the heart of a better quality of life for New Zealanders and their families. We have taken an investment approach by targeting services and support to those most at risk of long-term welfare dependency.

Supporting those on welfare

People want to better their lives and those of their families.

By implementing the Government's comprehensive welfare reform programme, we have continued to support New Zealanders to become independent.

Reducing welfare dependency

Through work-focused case management (WFCM) we are able to work more closely with clients, tailoring and investing our services where they will have the biggest long-term impact.

The service delivery model that was introduced in July 2013, combined with the policy changes introduced with Welfare Reform, is delivering results. In the year ending 30 June 2015, 30,500 people who received WFCM left the benefit system and went into work. They also spent an average of 17 days less on benefit before obtaining work than if they had not been receiving an intensive case management service.

During 2014/2015, we strengthened our focus on reducing the number of Jobseeker Support clients on benefit for longer than 12 months.

At 30 June 2015, there were 65,555 Jobseeker Support clients who had been on benefit for more than 12 months. This is 1,976 fewer than the previous year.

In February 2015 the Government announced two new targets in relation to reducing welfare dependency – to reduce working-age client numbers by 25 percent, and the long-term cost of benefit dependency by $13 billion, between June 2015 and June 2018.

To achieve this we are increasing the number of clients in intensive case management services (including additional employment services) from 80,000 to 120,000 by September 2015. We are also broadening our focus to include Sole Parent Support and Jobseeker Support clients with a health condition.

To give us a better understanding of the needs of our clients, we are running five trials on how to work with these clients effectively to help them move into work. The trials will be evaluated yearly.

Benefit numbers

In the year to 30 June 2015 we saw:

- a reduction of 8,237 in the total number of people on working-age benefits
- a reduction of 3,059 in the number of people receiving Jobseeker Support
- a reduction of 4,787 in the number of people receiving Sole Parent Support
- an increase of 702 in the number of people receiving the Supported Living Payment.

How we used the Investment Approach

We introduced the Investment Approach in 2013 to ensure we invest our support where we can make the biggest difference.

This year we continued to implement the WFCM approach in order to give case managers the capacity to work more intensively with their clients.

This approach allows us to target the right support at the right time, to have the greatest long-term impact.

The latest valuation of the welfare system, at 30 June 2014, puts the lifetime liability of the benefit system at $69.0 billion – a decrease of $7.5 billion from the 2013 figure. Of this decrease, $2.2 billion can be attributed to management interventions.

Supporting the Investment Approach is the funding flexibility that makes it possible for us to reprioritise funding to areas that will have the greatest impact. This increased flexibility gives us the means to trial new ways of providing wrap-around support to our clients.

This flexibility also allows us to be more responsive to client needs, to test in other areas what works in one place, and to be more innovative with interventions.

Working with youth

The actuarial valuations of benefit liability have identified that the earlier in life a person comes onto benefit, the higher their estimated lifetime liability. For example, a client who enters the benefit system before reaching 18 is significantly more likely to be on a benefit when they are in their thirties.

This is why we must target our interventions to where we know we will have the biggest impact.

Youth Service

Through our Youth Service we have been able to support at-risk youth aged between 16 and 19 to complete education, training or work-based learning.

The proportion of Youth Service participants engaged in education, training or work-based learning continued to increase to 87.4 percent. This is 9.4 percentage points better than at the same time last year.

The proportion of participants who do not require a benefit after leaving the Youth Service was 49.5 percent. This is 3.3 percentage points better than at the same time last year.

Support for teen parents

Teen parents have the highest lifetime liability costs of all groups in the benefit system, and their children are more likely to experience poor outcomes. We continued to provide support for teen parents through initiatives such as intensive case workers, volunteer neighbourhood supporters, and support for teen fathers. We also supported vulnerable teen parents to access adequate housing.

Through the Guaranteed Childcare Assistance Payment, we helped young parents on benefit to meet their obligations, and supported those who are not on a benefit to return to or remain in secondary education.

We have been working alongside other government agencies to review the services provided to teen parents and their children to ensure the right services are being delivered and are easily accessible.

Spotlight on

Getting New Zealanders working

Through our Employer Services, we help unemployed New Zealanders to move into sustainable jobs by identifying upcoming skill and labour shortages that might otherwise lead employers to seek labour overseas.

In collaboration with Downer New Zealand and Master Painters New Zealand, we trialled solutions for:

- immediate and urgent labour market needs (Downer)
- future and long-term labour force skills gaps (Master Painters Kiwi Can Do Programme).

The focus was making the Ministry the preferred recruitment provider for these two employers and attracting young people to the trades as a long-term sustainable career.

Responding to immediate needs

We initially partnered with Downer in response to the immediate need for construction workers following the 2011 Canterbury earthquake. Since then, we have helped over 200 beneficiaries from across the country into employment. Of those who started the course, 90 percent stayed with the company for at least a year.

Planning for future skill gaps

We partnered with Master Painters New Zealand to assist with a forecast unprecedented labour shortage in the painting industry as the result of a national construction industry boom, coupled with an ageing workforce. Of the 91 people who were trained under the Kiwi Can Do Programme, 65 percent have gained employment and 72 percent of these remained in employment for longer than 91 days.

Working with the disabled community

Disabled people and people with health conditions tell us how important getting a job is for them. Having a job helps them to build a better future for themselves and their families. It is also a positive way for them to connect with their community.

Health and Disability Long-term Work Programme 2014–2018

In 2014/2015, we began implementing the Health and Disability Long-term Work Programme. By 2018 we will:

- embed an individualised approach to supporting people to find and stay in work
- build our capability to support disabled people to find and stay in work
- provide accessible information, forms and tools
- improve employment supports and services for disabled people
- work with employers so they can be more confident employing disabled people
- change the way we work with health professionals
- remove financial disincentives to working.

Highlights from 2014/2015 include:

- availability of intensive case management to 8,000 health and disability clients
- increased engagement with stakeholders to inform training for our staff, including a training needs analysis
- implementation of the Young Supported Living Payment and Post Placement Support trials
- implementation of the electronic lodgement of the Work Capacity Medical Certificate
- an internal online resource about Reasonable Accommodations and improved accessibility of some Ministry information and forms.

Project 300

Launched in April 2015, Project 300 is a trial in Christchurch to assist an extra 300 disabled people and people with health conditions into work over the next year.

Disability Action Plan 2014–2018

The Disability Action Plan sets out a vision that all New Zealanders have equal rights of citizenship. It outlines strategies for implementing the United Nations Convention on the Rights of Persons with Disabilities and the New Zealand Disability Strategy.

In 2014/2015, we co-ordinated the first year of implementing the Action Plan and successfully established working groups and governance mechanisms.

Over the next year we will continue to support the Action Plan working groups and carry out the four action areas we share responsibility for. These are to:

- increase employment and economic opportunities
- ensure personal safety
- transform the disability support system
- promote access in the community.

Working with older New Zealanders

It is estimated that by 2051 one in three people over 65 will still be working and will make up an estimated 13 percent of the workforce.

Carers' Strategy Action Plan

Over 400,000, or almost one in ten, New Zealanders are carers. The Carers' Strategy vision for New Zealand is a society that values people who support others in their everyday living.

To improve carers' access to information, we supported the redevelopment of the carers' website www.carers.net.nz, run by Carers New Zealand.

In 2014/2015, we involved carers and carers' organisations in the implementation of the Action Plan by facilitating focus groups and working alongside the Carers Alliance and Carers New Zealand. We will continue to do this.

Elder abuse and neglect prevention

In 2014/2015, we provided $1.9 million to community organisations to deliver 27 elder abuse and neglect services around New Zealand. We also established new services in Wairoa, Rotorua and Kawerau.

We helped to raise awareness of elder abuse and neglect prevention through the promotion of World Elder Abuse Awareness Week in June 2015.

Positive Ageing Strategy

The New Zealand Positive Ageing Strategy was first released in 2001 and included 10 aspirational goals towards a healthy, happy and engaged older population.

In April 2015, the Minister for Senior Citizens released the *2014 Report on the Positive Ageing Strategy*. The report indicated that New Zealand is progressing well against the Strategy and also outlined the steps that need to be taken to make this country the best it can be for older people.

We continue to promote the vision and goals of the Strategy through different channels. These range from our Facebook page, with over 4,300 followers, to presentations such as our talk at the Population Association of New Zealand biennial conference at the University of Waikato in June 2015. The Strategy continues to inform our work, including our latest report on the Business of Ageing, which highlights the significant economic contribution of older people in the paid and unpaid workforce.

SuperGold Card

An additional 865 business partners joined the SuperGold Card programme in the year to 30 June 2015, bringing the total number of participating businesses to more than 8,000 around the country.

During the year we issued over 290,000 SuperGold Cards. More than 666,000 New Zealanders can now use their SuperGold Card to access concessions and discounts for everyday goods and services.

Improving access to social housing for those most in need

Suitable housing plays an important role in people's ability to do well in life, raise healthy families, and succeed in education and work. We delivered new housing functions to help people with the greatest need access social housing and to help others move towards housing independence if they are able to.

The social housing market

Securing social housing has never been easy, as demand has nearly always outstripped supply.

Over the next 20 years, the demand for social housing is expected to increase. We know that the demand for social housing is increasing rapidly in areas such as Auckland. In some locations we expect demand to be stable, and in others to decrease over time.

Overall, we will purchase 65,000 tenancies through the Income-Related Rent Subsidy by 2017/2018, which is 3,000 more than we purchased in 2014/2015.

The transfer of social housing

The transfer of social housing assessment functions, together with the extension of the Income-Related Rent Subsidy to community housing providers, forms part of a suite of changes to improve the diversity and effectiveness of social housing. The reforms will help ensure there is healthy, suitable and affordable housing for those most in need.

Since April 2014, we have been responsible for:

- screening and assessing people's eligibility for social housing
- managing the social housing waitlist (the register)
- referring potential tenants to approved social housing providers, including Housing New Zealand
- calculating and reviewing income-related rents and Income-Related Rent Subsidies
- providing options and advice on alternative housing
- managing social housing debt and fraud investigations.

We carried out 29,273 assessments during 2014/2015 and reduced the number of people on the social housing register by an average of 70 a month.

Social housing register

Since April 2014, the size of the register has decreased by 1,022 (18 percent).

At 30 June 2015, there were 4,541 applications on the social housing register.

Tenancy reviews

We started carrying out tenancy reviews from 1 July 2014 to help support those who are able to move towards housing independence, and to make social housing available to those who need it.

Over the course of the year we started reviewing over 1,800 tenants' eligibility for social housing. At 30 June 2015:

- 150 tenants have moved into a private rental
- 11 tenants have purchased their own homes.

Housing support products

On 1 July 2014, we introduced a package of six housing support products[11] to help address barriers to accessing alternative housing. These products meet needs not covered by other forms of assistance.

At 30 June 2015, 173 people received a housing support product, utilising a total of 348 housing products.

Housing New Zealand data migration programme

Client social housing information in the Northgate database is now viewable in our new Curam client management system. The system has information about all social housing tenants including those on benefits as well as non-beneficiaries.

This transfer involved more than 63,000 current tenancies, another 5,000 applicants from the social housing register, and many more historical records. This gives us a more complete picture of tenants' situations and the help tenants and their families may be entitled to.

Purchasing Intentions

In April 2015, we released our Purchasing Intentions to provide clear signals to the market about the nature of the demand for social housing. This will help providers to make more informed decisions about where to invest when sourcing social or affordable housing.

This is the first time we have pulled together this information, and over time we expect to build on it as we learn more from the social housing sector. We will be seeking feedback from the sector on what other information is needed to support providers' investment decisions and to increase the number of tenancies they provide.

11 This includes: assistance with bonds, letting fees, moving assistance, references for prospective landlords, tenancy costs cover, and an incentive payment for some clients to exit social housing in areas with high demand.

Protecting vulnerable children and young people

We want all children and young people to have the best possible start in life. Over the last year, we led and contributed to action across the social sector to better identify, support and protect these vulnerable children and young people.

Children's Action Plan

The Vulnerable Children Act 2014 put in place a framework for our work across the sector to make a difference for children. A joint approach is needed as no single agency can address all of a child's or family's issues from one aspect of their welfare.

Established in 2014, the Children's Action Plan Directorate works across the sector to implement the Children's Action Plan. The Plan is a new way of working that puts children in the centre by wrapping support services around them. Community-based Children's Teams bring together professionals from iwi/Māori, health, education, welfare and social services agencies to work with children and their families.

Two new Children's Teams (in Horowhenua/Ōtaki and Marlborough) were rolled out in 2014/2015 in addition to the two original pilots that started in 2013 in Whangarei and Rotorua. A further six teams are expected to be rolled out in the next year, including the first major urban team in Hamilton, which went live on 1 September 2015. The Hamilton site will pilot The Hub, a central point for referrals, and the Vulnerable Kids Information System, an online system in which frontline professionals can register their concerns about a child. This gives a comprehensive picture of each child, which allows services to be tailored to the level of support the child needs.

Supporting social workers

In 2014/2015, we completed the immediate response project following the Workload and Casework Review that was released in May 2014. This project consisted of 10 actions we could take immediately to make a difference. The actions included:

- actively managing high caseloads and increasing practice support
- clarifying roles and reviewing support staff resourcing to free up time for frontline social workers
- centralising some tasks at the National Contact Centre
- rolling out iPads and iPhones for frontline social workers to support them in the field and to provide tools for better engagement with children, young people and their families.

Notifications

In 2014/2015:

- we received 150,905 notifications of child abuse or neglect, including Police family violence referrals – this is a 3 percent increase from last year
- 36 calls related to an incident of smacking[12] with no other concerns
- 45,463 notifications (30 percent) needed further action to determine the response and social work services needed. In the previous year, 54,065 notifications (37 percent) required further action.

In 2014/2015, we led the Modernising Child, Youth and Family project. The project developed the strategic case for changing the structure, systems and resources to ensure we are working with the right children, in the right way, with the right supports. On 1 April 2015 the Minister for Social Development announced the appointment of an independent Expert Panel to design a new operating model for Child, Youth and Family. We continue to support and contribute to the work of the Panel.

Vulnerable Children Act 2014

The Vulnerable Children Act introduced significant changes to the Children, Young Persons, and Their Families Act 1989 (the CYPF Act). It includes a series of measures to improve the safety and wellbeing of our most vulnerable children and support for our caregivers. In 2014/2015 we began preparatory work so that from July 2016 we can provide:

- financial and other assistance to permanent caregivers
- a new special guardianship order to ensure greater security and stability for children entering a 'home for life'.

12 Previous Annual Reports provided data on reports of concern where "concerns include smacking".

Children in the custody of the Chief Executive

We provide care and protection to children who require statutory intervention and who cannot live safely at home.

In 2014/2015, we strengthened practice by providing better screening at intake (so fewer cases unnecessarily proceed to an investigation or assessment), conducting more thorough assessments, and improving understanding of abuse findings.

As a result, in 2014/2015 there has been a 16 percent decrease in reports of concern requiring further action, and reductions in emotional abuse (20 percent) and neglect (20 percent) findings.

Total substantiated abuse findings by type of abuse

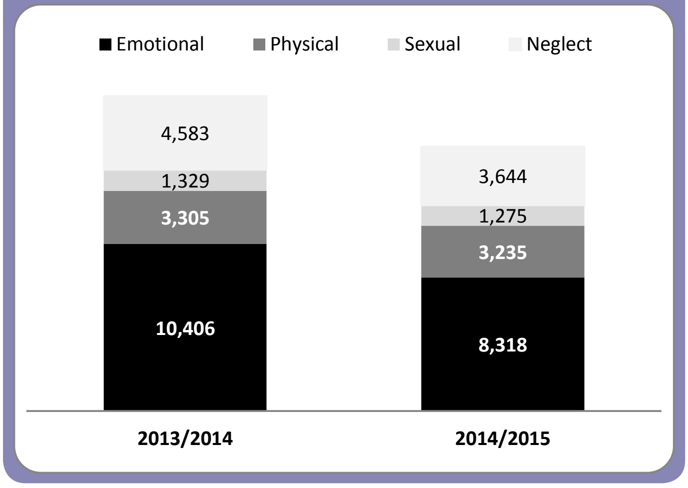


Figure 10: Total substantiated abuse findings by type of abuse

We also continued implementation of Tuituia (our comprehensive assessment tool), which requires us to work more closely with partner organisations to assist families with chronic needs.

At 30 June 2015, 5,026 children were in the custody of the Chief Executive, and 4,163 of these were in care and protection placements outside of their home.

Any abuse of a child is unacceptable. We will always act immediately to ensure the safety of the child or young person whenever there is an allegation of abuse by a Ministry caregiver.

In 2014/2015, 40[13] children and young people in the custody of the Chief Executive and placed with Ministry-approved caregivers were found to have been abused by their caregiver. This number represents 0.8 percent of all children and young people in custody[14]. Thirty-four Ministry-approved caregivers were involved in these cases.

This number of 40 children compares with 39 children and young people and 29 approved caregivers in 2013/2014.

Gateway Assessments

In addition to Tuituia assessments, all children in our care are referred for a comprehensive health and education assessment (Gateway Assessment) to identify and address unmet physical health, mental health and education needs.

Of the children and young people in care[15] at 30 June 2015, 65.1 percent of those referred had a thorough health and education assessment completed – a significant achievement.

Youth justice

Our approach to youth justice is that young people who offend must take responsibility for their behaviour and will be provided with opportunities to develop in responsible and socially acceptable ways. Our commitment to that vision is to:

- create an environment where young people can take responsibility for their behaviour and make amends
- promote the wellbeing of the young people who offend
- encourage the process of restorative justice.

Youth justice statistics

In 2014/2015:

- we received 5,993 referrals for youth justice family group conferences (FGCs), involving 2,644 distinct children and young people. Of these referrals, 2,523 were from Police for Intention to Charge FGCs, 3,227 were referrals from court following prosecution, and 243 were referrals for child offenders
- 5,318 young people were involved in youth justice FGCs (compared with 5,633 in 2013/2014)
- there was a reduction in the number of young people sentenced to custody, from 127 to 102, and a slight increase in the number of distinct young people on custodial remand, from 545 to 561.

13 This number of 40 is made up of 38 investigation findings and two Child and Family Assessment findings.
14 This includes custody through care and protection, youth justice and other enactments.
15 This includes orders made under s.139 of the CYPF Act.

Youth Crime Action Plan

The Ministry continued to work with the Ministry of Justice, Police and other agencies to implement the Youth Crime Action Plan (YCAP).

In 2014/2015, 25 of the 30 actions under YCAP were completed, with the remaining actions to be completed by December 2015. During the year we:

- worked towards reinvigorating family group conferences
- established early case consultation with Police regarding youth apprehensions
- introduced joint training with Police for youth justice staff
- established an assessment centre for remand cases at Korowai Manaaki Youth Justice Residence
- developed and published a toolkit to support local communities wanting to develop local youth crime action plans.

Reinvigorating family group conferences (FGCs)

In 2014/2015, we introduced eight Family Group Conferencing Practice Standards for staff, and these are already enhancing FGC practice. Co-ordinators are accredited against these standards and we anticipate that 70 percent of co-ordinators will be accredited by September 2015. Further standards will be developed in the next year.

Working with Māori

Over the last year, we completed an Indigenous and Bicultural Principles Framework. This gives us the foundation and guidance to deliver statutory social work while maintaining the integrity and distinctiveness of Māori values and practices.

We also continued to work with our iwi partners, Ngāti Porou, Waikato-Tainui, Ngāpuhi and Ngāti Kahungunu, with whom we have signed Memoranda of Understanding (MoUs). These MoUs allow us to work together to explore and co-design services that support the cultural needs of Māori children and young people consistent with the aspirations of their iwi for their safety and wellbeing.

Facilitating family group conferences (FGCs) with iwi

As part of the work to improve FGC practice and to increase whānau and key agencies' involvement, we implemented a 12-month pilot on co-facilitating youth justice FGCs with Te Rūnanganui o Ngāti Porou. The pilot was completed on 30 June 2015 and we are now evaluating it.

Working with disabled children

Disabled Children: Voluntary Out-of-home Placement Review

As a result of public consultation on the Vulnerable Children Bill[16], together with the Ministry of Health we led the review to scope the implications of repealing the extended care provisions for disabled children in the CYPF Act.

The review identifies changes to the CYPF Act that will ensure that disabled children have the same rights as other children to live in a family environment. If they are unable to live with their own family, the review identifies what changes are needed to provide an effective system that works in their best interests.

We also commissioned independent research and worked with disability sector organisations and with disabled children and their families to address the key concerns in the Vulnerable Children Bill in regard to better outcomes for disabled children and their families. This is consistent with our commitment to the United Nations Convention on the Rights of Persons with Disabilities.

16 The Bill was passed into law in June 2014 as the Vulnerable Children Act 2014.

Strengthening communities through investing in services for outcomes, and building partnerships with communities

The social service providers that we partner with have extensive knowledge of and connections with their communities, which we rely on to reach the vulnerable people and families who need the most support. This year we launched the Community Investment Strategy to strengthen our partnership with the community sector as we work to make purchased social services more cohesive and with a stronger focus on results.

Strengthening our community providers

We work with some of the most vulnerable people and families in New Zealand. In addition to the services we provide directly, we purchased over $330 million in social services from non-government organisations (NGOs) over the last year to support these vulnerable children, young people and their families.

Community Investment Strategy

The Community Investment Strategy, published in June 2015, sets out a clear direction for our future investment in social services and how we will work with communities and the NGO sector to achieve better results for the people with the highest needs.

The Strategy signals a renewed focus on service effectiveness to help us understand what works and makes a real difference in people's lives. As our evidence in this area grows, we will make investment decisions to shift funding to where it is needed most and has a demonstrable impact.

To support our work, Superu (formerly the Families Commission) administers the Community Investment NGO Evaluation Fund. The Fund helps social service providers to demonstrate the impact of their programmes on communities and to share what works with the sector.

The Fund's two areas of focus are:

- *advice and expertise* that will target providers who want to build sustainable capability in evaluation design and in monitoring systems and improvement in data collection and quality
- *programme evaluation* to understand how innovative programmes achieve important outcomes for groups in high-priority locations.

Results-based contracting

Through the trials we conducted to test new ways of measuring client results, we gained valuable insights into the best way to design results-based contracts and support providers to move to results-based reporting.

We have included these insights in the plan for implementation of the Strategy over the next three years.

We will move all Community Investment-funded services and programmes to results-based contracts by 2017/2018, with clear performance measures aligned with the Results Measurement Framework[17]. This approach means that the rationale and evidence behind purchasing decisions will be transparent to providers, communities and the Government.

Community Investment

In 2014, we brought together Family and Community Services and the funding and contracting functions of Child, Youth and Family into a new Community Investment group. This is part of our commitment to working differently with our partners in communities and the social sector to support vulnerable children, young people and adults.

17 The Framework provides a direct link between Better Public Services targets and major Government policies such as the Children's Action Plan, the results sought for vulnerable New Zealanders, the performance of providers and purchased services, and the actual results for clients. It reflects a results-based accountability methodology to ensure that we focus on the right results, measure the right things, and are certain that our work is making a measurable difference in people's lives.

Building partnerships with our communities

We have continued to build partnerships to help communities identify issues and find local solutions. This means being flexible so we can work together more effectively.

An example is our continued support for the development of the Make It Happen Te Hiku initiative in the Far North. This work helps align the social development initiatives of the Te Hiku Social Development Accord with the work of other iwi, government agencies, philanthropic organisations, local businesses and local government.

We have also continued to work with the private sector, our social sector partners and communities to find solutions that work. These include:

- partnering with Fonterra, Sanitarium and local school communities to expand the KickStart Breakfast programme into over 830 schools. More than five million breakfasts have been provided since the expansion of the programme and 78 percent of surveyed schools report that students' concentration levels have improved as a result
- our four-way Community Finance partnership with the Bank of New Zealand, Good Shepherd New Zealand and The Salvation Army. The partnership provides affordable no-interest and low-interest loans to people on lower incomes, mostly for cars and car repairs. The first year of the pilot has been evaluated and the lessons learned will be applied to the ongoing design of the initiative.

Spotlight on

Testing new ways to measure client results

To prepare for implementing the Community Investment Strategy, we conducted trials to test new ways of measuring client results. The trials covered six service types and involved 11 providers. Key themes emerging from the trials have informed the development of our implementation plan.

We worked with two Family Start providers who successfully used a client results framework to expand their existing performance measures into new client-focused result measures.

With a number of families/whānau disengaging from mainstream services and support, the providers were keen to test ways of measuring positive client engagement as an important result in its own right. They also tested more objective ways to measure long-term results for children and their families, and explored client data-matching between agencies.

The trials included informative discussions to help providers work through the purpose and intent of their measures and how their data could be collected, recorded and reported on.

Strengthening fraud prevention and debt recovery

We have strengthened our approach to fraud prevention and debt recovery in order to ensure that social assistance goes only to those who are eligible and that people understand their obligations.

The Social Security (Fraud Measures and Debt Recovery) Amendment Act 2014 came into force in July 2014. The Act strengthens our ability to prevent and detect welfare fraud.

Information sharing with Inland Revenue

We have been working with the Inland Revenue Department to share income and employer information in real time for working-age people receiving benefits. This allows us to be more responsive to changes in client circumstances and to detect overpayments and fraud sooner.

Since the programme began in 2013, it has led to:

- 970 successful prosecutions
- 10,213 benefit cancellations
- the recovery of $9.1 million of overpaid benefits and allowances.

Debt Collection Strategy

Operational enhancements have contributed to significant increases in the value of debt collected in the last few years, from $80.7 million in 2012/2013 to $93.5 million in 2014/2015.

An important enhancement this year has been the extension of operating hours in the Auckland collection site so clients can contact us at a more convenient time.

Welfare Fraud Collaborative Action Plan

We continue to work with ACC, Housing New Zealand Corporation, Inland Revenue and the New Zealand Police to investigate suspected fraud.

Through this programme, agencies can jointly prosecute serious offenders. This reduces court time and administration and other costs, and ensures the system is fair.

Since the programme started in 2013, 38 joint investigations have identified $4.5 million of overpayments across the participating organisations, resulting in the direct cancellation of 24 benefits. The programme has led to seven successful prosecutions to date.

Debt and fraud statistics

Our Fraud Services Unit investigated 10,491 cases of suspected benefit fraud, 2,841 more than last year. We completed 1,619 overpayment cases and prosecuted 958 cases.

We have recovered $0.58 million through asset seizures and reparation orders.

Over 80 percent of people who owe us money as a result of an overpaid benefit are repaying it.

Demonstrating our progress

Below are the indicators that the Ministry uses to demonstrate progress towards achieving its outcomes.

Ministry outcome: More people into sustainable employment and out of welfare dependency				
Intermediate outcome	**Indicator/s**	**Intended trend**	**Result**	**Trend in last 12 months**
Fewer people are dependent on welfare	The number of people continuously receiving Jobseeker Support for more than 12 months	↓	2014/15: 65,555[18] 2013/14: 67,531 2012/13: 74,599	↓
	Reduction in the future liability of the benefit system due to management actions (as assessed by an independent valuation)	↓	2014/15: $2.2bn[19] 2013/14: $4.4bn[20]	↓
More young people are in education, training or work-based learning	The proportion of people (aged 16-18) who do not require a main benefit within three months of leaving the service	↑	2014/15: 49.5%	This is a new indicator and a baseline is being established to determine future trend.
Eligible students are supported to overcome financial barriers to access higher education	The proportion of applications for 2014 student loans and student allowances received and finalised by the applicant's start date	↑	2014/15: 86%	This is a new indicator and a baseline is being established to determine future trend.

18 The results for this indicator include both part-time and full-time work obligated clients.
19 Source: Taylor Fry Actuarial valuation of the Benefit System for Working-age Adults as at 30 June 2014.
20 Source: Taylor Fry Actuarial valuation of the Benefit System for Working-age Adults as at 30 June 2013.

Ministry outcome: More people are able to participate in and contribute positively to their communities and society

Intermediate outcome	Indicator/s	Intended trend	Result	Trend in last 12 months
Children and young people are involved in decision-making on issues that affect them	More young people involved in decision-making activities	↑	2014/15: 9,478 2013/14: 13,726 2012/13: 4,910	↓
	Although the 2014/15 result is down on 2013/14, there were one-off events in 2013/14 (notably the Greater Christchurch Youth Resilience and Wellbeing Survey) that artificially inflated the result for that year. The trend over two years from 2012/13 is in line with the desired direction of travel.			
Young people are engaged in and contribute positively to their communities	More young people are involved in community-based projects and activities	↑	2014/15: 41,640 2013/14: 41,457 2012/13: 39,127	↑
Disabled people are able to participate in society	The proportion of Think Differently partners who report that attitudes and behaviours are shifting in their communities	↑	2014/15: 77%	This is a new indicator and a baseline is being established to determine future trend.

Ministry outcome: More people are able to participate in and contribute positively to their communities and society

Intermediate outcome	Indicator/s	Intended trend	Result	Trend in last 12 months
Seniors and veterans are able to maintain their independence and participate in society	The number of SuperGold Card participating businesses	↑	2014/15: 8,053 2013/14: 7,218 2012/13: 5,636	↑

Ministry outcomes: More people are able to participate in and contribute positively to their communities and society
Fewer children and people are vulnerable

Intermediate outcome	Indicator/s	Intended trend	Result	Trend in last 12 months
Seniors, families and low-income New Zealanders have access to goods and services through discounts and concessions	The accurate assessment of Community Services Card applications	↔	2014/15: 99% 2013/14: 99% 2012/13: 98.6%	↔
More people interact with the Ministry digitally	The proportion of people applying for a benefit online	↑	2014/15: 15.7% 2013/14: 15.95% 2012/13: 18.95%	↓
	The decrease in online application rates continued but stabilised in 2014/15. We continued to work on ways to encourage client update and improve the ease of applying online.			
	The proportion of people aged 65 and over taking up online services	↑	2014/15: 26.4% 2013/14: 30% 2012/13: 32% 2011/12: 28.9%	↓
	The decrease in online application rates continued, but stabilised towards the end of 2014/15. Recent results have shown a slow improvement and we continue to work on ways to encourage online uptake.			
	The proportion of students applying for student support online	↔	2014/15: 98.6% 2013/14: 98% 2012/13: 96.6%	↑
	The number of students who access their MyStudyLink e-accounts using a mobile device	↑	2014/15: 1,160,687 2013/14: No result	No trend available.
	The 2014/15 result represents a count of all logins to MyStudyLink from a mobile device. We are refining our current reporting tools to enable us to identify the number of 'students'.			
	The percentage of eligible students who review and approve their student loan contract through their MyStudyLink e-accounts	↑	2014/15: 73.1%	This is a new indicator and a baseline is being established to determine future trend.

Ministry outcome: Fewer children and people are vulnerable				
Intermediate outcome	**Indicator/s**	**Intended trend**	**Result**	**Trend in last 12 months**
Vulnerable children are protected from abuse and neglect	The proportion of children and young people who have been abused/neglected within six months of a previous finding of abuse/neglect	↓	2014/15: 12% 2013/14: 13% 2012/13: 13.4%	↓
Children and young people are in safe and permanent care	The proportion of children aged under five years old (who are unable to return home) who are placed with their Home for Life caregiver within 12 months of coming into care	↑	2014/15: 80%	No trend available.
	A change in business rules for reporting on this indicator for 2014/15 means that a comparison with previous years' results is not meaningful.			
Children and young people we work with have access to adequate health services, housing and education	The proportion of children in care who have improved access to a comprehensive assessment, to enable referral to appropriate services in order to achieve improved health and education outcomes	↑	2014/15: 65% 2013/14: 31% 2012/13: 27%	↑
	The proportion of families who receive in-home parenting support, that have up-to-date Well Child/Tamariki Ora check-ups	↑	2014/15: 81% 2013/14: 80% 2012/13: 79%	↑
	The proportion of families who receive in-home parenting support, that have children enrolled in early childhood education	↑	2014/15: 71% 2013/14: 71% 2012/13: 59%	↔
Children and young people experience good parenting	The proportion of all parents/primary caregivers who have received support, that have improved their parenting practices	↑	2014/15: 93% 2013/14: 93% 2012/13: 80%	↔

Ministry outcomes: Fewer children and people are vulnerable More communities are strong and thriving				
Intermediate outcome	**Indicator/s**	**Intended trend**	**Result**	**Trend in last 12 months**
Families receive the right information, knowledge and support	The proportion of people who are satisfied with the information and advice provided through family and community services programmes	↑	2014/15: 91%	This is a new indicator and a baseline is being established to determine future trend.
Communities have the resources and capability to better support themselves	The number of communities funded by need and population[21]	↑	2014/15: 12 2013/14: 12 2012/13: 12	↔
Families and communities have increased levels of awareness of how to respond to family violence	The high proportion of surveyed community groups that say the It's not OK campaign has increased their ability to address or prevent family violence	↔	2014/15: 96%	This is a new indicator and a baseline is being established to determine future trend.
More effective and efficient allocation of government resources to meet community need	The proportion of providers on outcomes-based contracts	↑	2014/15: No result 2013/14: No result	No trend available.
	Contracting for outcomes trials are now complete. The trials have provided valuable insights into the design of outcomes-based contracts. Under the Community Investment Strategy there is an implementation plan to move all Ministry-funded services and programmes to outcome-based contracts by 2017/18. A small number of providers will be transitioned in 2015/16, with the majority transferred in 2016/17.			
	The proportion of providers who deliver on all contracted results	↑	2014/15: 56% 2013/14: 50% 2012/13: 49.2%	↑

21 This refers to the number of communities that have developed community-based solutions through Community Response Forums.

Ministry outcome: Fewer children and young people commit crime				
Intermediate outcome	**Indicator/s**	**Intended trend**	**Result**	**Trend in last 12 months**
More young offenders are in education, training or employment	The proportion of young offenders who are in education, training or employment following our intervention	↑	2014/15: 66% 2013/14: 59% 2012/13: 56.3% 2011/12: 52.3%	↑
Fewer child offenders go on to become youth offenders	The proportion of child offenders who have a youth justice referral	↓	2014/15: 49% 2013/14: 59%	↓
Fewer young people have a repeat youth justice referral	The proportion of young offenders who reoffended[22] within one year of a previous offence	↓	2014/15: 39% 2013/14: 39% 2012/13: 38% 2011/12: 37.2%	↔
	The proportion of young offenders whose reoffending[23] within one year has reduced in severity	↑	2014/15: 17% 2013/14: 17% 2012/13: 16% 2011/12: 19.6%	↔
Families and victims are involved in addressing offending behaviour	The proportion of victims engaging and participating in family group conferences	↑	2014/15: 57% 2013/14: 59% 2012/13: 59%	↑
	Police are increasingly likely to undertake alternative action prior to referring a young offender to us for a family group conference (FGC). These alternative actions may involve victim engagement, and victims may be less committed to engaging in any subsequent FGC.			

22 This refers to offending that resulted in a youth justice family group conference.
23 This refers to offending that resulted in a youth justice family group conference.

Ministry outcome: Fewer children and people are vulnerable

Intermediate outcome	Indicator/s	Intended trend	Result	Trend in last 12 months
Fraud is detected sooner	The number of people who offend	↓	2014/15: 927 2013/14: 868	↑
	The commencement of the Inland Revenue Information Sharing (IRIS) cases going through the prosecution process has resulted in an increase in prosecutions this year.			
	The age of offending[24]	↓	2014/15: 4.1 years 2013/14: 3.5 years	↑
	IRIS cases that were finalised through the court system in the 2014/15 year included an initial group of clients whose offending period was four to five years.			
More fraud overpayments are recovered and fewer overpayments are made	The amount of money recovered from fraud overpayments	↑	2014/15: $4.85m 2013/14: $3.94m	↑
	The average value of fraud overpayments	↓	2014/15: $33,519 2013/14: $35,200 2012/13: $35,200	↓
People's claims and complaints are dealt with appropriately	The proportion of complaints about the Ministry that are upheld by the Ombudsman	↓	2014/15:1.6%[25]	This is a new indicator and a baseline is being established to determine future trend.
People's personal data and information are managed and used appropriately	The proportion of complaints about the Ministry that are upheld[26] by the Privacy Commissioner[27]	↓	2014/15: 32%[28] 2013/14: 44%	↓

24 The age of offending refers to the period between the first and last overpayments of a successful fraud prosecution, and is measured by the number of prosecutions.

25 In 2014/15 the Ombudsman received 174 complaints under the Ombudsman Act and 65 complaints under the Official Information Act about the Ministry of Social Development. Of the investigations finalised, no Ombudsman Act complaints and four Official Information Act complaints were upheld. 'Upheld' refers to a complaint investigation that was finalised and where administrative deficiency was identified.

26 Since our 2013/2014 Annual Report was published, we have expanded the definition of this measure to align with the definition of 'found to have some substance' used by the Privacy Commissioner. The Privacy Commissioner defines 'found to have some substance' as complaints upheld including cases where the Ministry released further information or added a statement of correction as a result of the Commissioner's involvement.

27 Source: Office of the Privacy Commissioner Annual Report.

28 The Privacy Commissioner received 49 complaints about the Ministry of Social Development, and closed 47 cases, 15 of which were found to have some substance. Since the Ministry's 2013/2014 Annual Report was published, we have expanded the definition of this measure to align with the definition used by the Privacy Commissioner. The Privacy Commissioner defines 'found to have some substance' as complaints upheld including cases where the Ministry released further information or added a statement of correction as a result of Privacy Commissioner involvement.

Organisational health and capability

In the last year, we began building the capability of our people, processes and systems required to deliver our strategic direction. Steady progress through the year means we are better positioned to become the integrated and client-centred organisation that we aim to be.

Our strategic direction and medium-term priorities are centred on becoming an integrated, intelligent, client-centred organisation. This requires strong and effective functions and leadership.

Simplifying business processes

Simplification project

The Simplification programme of work is about making business processes for transactional services more efficient and client-centric, releasing resources from transactional service provision to outcome-focused activities, and capturing the right data to support other processes.

We are introducing changes in stages over three years. Over the last year we have focused on simplifying processes for current clients. We are progressively rolling out an improved digital experience for current clients who are applying for financial assistance and support. The first set of initiatives to help our clients transact online included:

- allowing doctors to lodge medical certificates with the Ministry electronically, which will remove more than 400,000 transactions per year from our service centres
- using voice-enabled technology changes in contact centres to increase capacity
- developing the MyMSD online tool to make it easier for our clients to interact with us online using a smartphone, tablet or desktop computer
- promoting the benefits of online services to staff, so they are confident about promoting our digital services to clients and can help clients learn how to do things for themselves online.

Service Delivery Learning Initiative

In May 2014, we launched the Service Delivery Learning Initiative at our site in Durham Street, Christchurch. We explored and tested what works in terms of making things simple and straightforward for clients and for ourselves by streamlining transactions and integrating the delivery of services at the frontline.

We will continue to draw lessons from the Initiative to improve future service delivery.

National Office relocation

We are moving our National Office to a new campus at 56 The Terrace, Wellington in late 2016. The move gives us the opportunity to design a new, flexible work environment that encourages collaboration, innovation and better ways of doing things. It will be a physical representation of the integrated organisation we aim to be.

Our move is part of the wider Wellington accommodation programme being run by the Property Management Centre of Expertise. Cabinet approved the joint agency procurement plan and business case, along with the choice of 56 The Terrace, in November 2012.

In preparation for the move we have been prototyping new office layouts, building digital ways of working to help us manage our records, and reducing office clutter to ensure we only take what is needed to the new campus.

Information Communication Technology (ICT) platform

Technology advances have given us new ways to engage with our clients and stakeholders.

Over the last year, we successfully completed the Data Centre Migration programme and moved our entire technology infrastructure into two of the best data centres in New Zealand.

We also supported the Centralised Housing Unit by setting up the associated IT infrastructure and services needed to support a contact centre. The project, which is a New Zealand first, allows calls to be transferred from one government department to another while preserving the caller's identity and call routing information.

This means that clients do not need to re-identify themselves when being transferred, or repeat the purpose of their call, which will save time and money in the long term.

Over the next year we will be revising our ICT Strategy and Action Plan. We will develop a strategic technology framework that will help us to:

- use digital technologies to support new service delivery models that will result in an intuitive experience for staff and clients
- provide stable core systems, investing in modern, flexible and 'digital ready' core IT applications

- maintain high-performing workplace capabilities, ensuring staff have the right tools to achieve greater efficiency, productivity and safety
- develop and maintain high-quality IT services and solutions, improving the quality of IT service delivery through robust controls and processes, assurance and risk management, and innovative sourcing
- foster a highly capable IT workforce to ensure our staff have the skills to deliver technologies in new ways to achieve our business priorities.

Improving the use of data

We are strengthening the way we use data and analytics so we can make informed decisions that target our services more effectively.

In the medium term, we are aligning our transaction systems with those of other agencies to foster efficiencies. Work with Statistics New Zealand's Integrated Data Infrastructure and the Vulnerable Kids Information System has already begun.

Information Management Strategy

People must be able to trust us to keep their personal information safe and secure. They must also have confidence in our stewardship of information because it is a public asset. People must be able to trust us to use our information assets for the good of New Zealand and to do so wisely.

This year, we developed and adopted an Information Management Strategy to guide and direct staff behaviour and practice in respect of how they manage information. The goals of the Strategy are to ensure that:

- information is collected for a defined purpose
- personal information is secure and is shared safely
- non-personal information is open and accessible
- the value of information is maximised
- information is used to inform high-quality decisions.

Strengthening governance arrangements

To support our strategic direction of becoming a single, cohesive agency with intelligent service delivery, we strengthened our governance arrangements to support whole-of-Ministry decision-making.

The Leadership Team

Our Leadership Team is made up of our Chief Executive, Deputy Chief Executives (DCEs) and Chief Policy Advisor, and has collective responsibility for ensuring the Ministry's organisational health, capability, and capacity to deliver services and achieve outcomes.

Enhancing our governance arrangements

In 2014/2015, we implemented a new structure of governance committees to support strategic decision-making across the Ministry.

The **Information Management Governance Committee** provides oversight and governance of Ministry-wide information management and ICT matters.

The **Finance and Portfolio Governance Committee** provides oversight and governance of Ministry-wide finance and portfolio matters.

The **Corporate Capability Governance Committee** provides oversight and governance of Ministry-wide workforce, workplace and corporate capability matters.

The **Policy and Cross-Social Sector Committee** provides oversight and governance of social services strategy and key policy projects, including those with cross-Ministry and interagency implications. This Committee also makes sure we keep a strong, strategic link between operation, policy and governance.

Enterprise Portfolio Management Office

In July 2014, we established an Enterprise Portfolio Management Office (EPMO). The EPMO provides an enterprise-wide view of the Ministry's entire portfolio of projects and programmes. The portfolio visibility helps ensure we are investing in the right areas, by prioritising, sequencing and making informed decisions about which projects and programmes we invest in. The EPMO will help us achieve expected business benefits and work towards strengthening core project and programme capability across the Ministry.

Over the last year, we introduced the Treasury Better Business Case model as standard across all projects. We also launched the Ministry's Project Management Framework, which sets out how projects are initiated and successfully implemented. We delivered a series of planning and business benefit workshops to help build project management capability across the Ministry.

The EPMO and a Ministry-wide view of projects are relatively new. Over the next three years we hope this will help us strengthen investment decision-making, manage project and programme delivery more consistently and to a higher standard, and realise intended business benefits.

Independent advisory committees

Two independent advisory committees provide expert advice to the Ministry.

The **Work and Income Board** is responsible for providing independent advice about how the Government's welfare reforms are being implemented.

The **Risk and Audit Committee** supports the Chief Executive by providing independent advice and challenge on risk, internal control and assurance matters. The Committee has up to four independent members, one of whom is Chair.

We also support the **Expert Panel for Child, Youth and Family (CYF)**, which is responsible for overseeing the development and implementation of a new operating model to modernise CYF.

Complaints, reviews and resolutions of grievances

Historic claims

The Government is committed to settling by 31 December 2020 all historic claims of abuse or maltreatment that relate to the state's care of children or young people prior to 1993.

In 2014/2015, we received 272 claims. As at 30 June 2015, 1,015 claims were current.

In May 2015, the Government announced a new 'fast-track' option to address the backlog of historic claims received. Many people with unresolved historic claims of abuse in state care are being given the option of a fast-track settlement, or to continue with the normal process.

As at 30 June 2015, settlement offers had been made to 398 claimants in the first phase of the fast-track settlement process, and 73 percent of these claimants had accepted their offer.

Benefit Review Committees

Benefit Review Committees provide independent reviews of clients' applications, income support or pensions.

In 2014/2015, 4,782 benefit decisions were reviewed. Of these, 1,321 were resolved by a Benefit Review Committee. The Committee's review confirmed 81 percent of the original decisions, varied 7 percent and overturned 12 percent.

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

This panel responds to complaints related to CYF that are escalated to the Chief Executive. It is made up of independent members who are appointed on the basis of their credibility, community standing and professional respect.

In 2014/2015, we received 50 requests for a review by the Advisory Panel. Eighteen of these requests were outside of the Panel's jurisdiction and two requests were withdrawn.

The Panel heard 20 complaints during the year.

Working with the Ombudsman

In 2014/2015, the Ombudsman received 174 complaints under the Ombudsman Act 1975 and 65 complaints under the Official Information Act 1982 about the Ministry. Of the investigations finalised:

- no Ombudsman Act complaints were upheld
- four Official Information Act complaints were upheld.

Our people

Our workforce needs to be flexible and agile, with both general and specialist skills and capabilities that can be easily deployed to respond to changing demands and priorities.

Leadership

Leadership has been identified as the single most critical driver of successful change in the state sector.

In conjunction with the State Services Commission, we established a Leadership and Capability Development and Deployment Strategy to provide a state sector-wide approach to talent management and leadership development. The programme aims to help individual leaders know more about themselves, to assist Chief Executives to build capability in their own organisations, and to provide the Commission with a view of talent across the sector.

To support this, we began identifying critical roles for the Ministry and developing an internal strategy that will allow us to recruit, manage and develop staff in these roles. We also put in place an internal talent management approach for second and third tier roles, which will be extended throughout the Ministry by 30 June 2017.

Developing leadership

We provided a range of development opportunities to build our leadership capability and succession planning which included:

- **Emerging Leaders**, a programme designed for high-performing individuals who have the potential and aspiration to move into their first management or leadership role. Since its launch in 2013/2014, 200 employees have participated.
- **Te Aratiatia**, which supports Māori and Pacific high-performing individuals to move into their first management or leadership role. Over 150 Māori and Pacific staff have graduated from Te Aratiatia since its launch in 2002.
- **Te Aka Matua**, which supports five Māori and Pacific managers every three years who will complete their masters degrees in Public Management from Victoria University of Wellington. The latest intake was in late 2013 and the next is scheduled for 2016.
- **MSD Study Awards**, an opportunity for our employees to pursue a significant learning and development programme of their choice that will benefit both themselves and the Ministry. Up to 10 of these awards are available each year.
- **The Team Leader Programme**, a suite of five workshops providing first-time team leaders with core management and leadership skills. Since its introduction in 2011, 108 participants have completed the programme.
- **The Leadership in Action programme**, for experienced frontline managers from across the Ministry. Much of the learning in this programme comes from watching simulated situations that a manager typically faces. Over 320 managers have completed the programme.

Diversity

Equal Employment Opportunity

Our Equal Employment Opportunities (EEO) policy demonstrates our commitment to supporting and promoting equality and diversity within a positive work culture based on respect, fairness and valuing individual difference. The graphs below show our demographic background.

Diversity statistics by gender

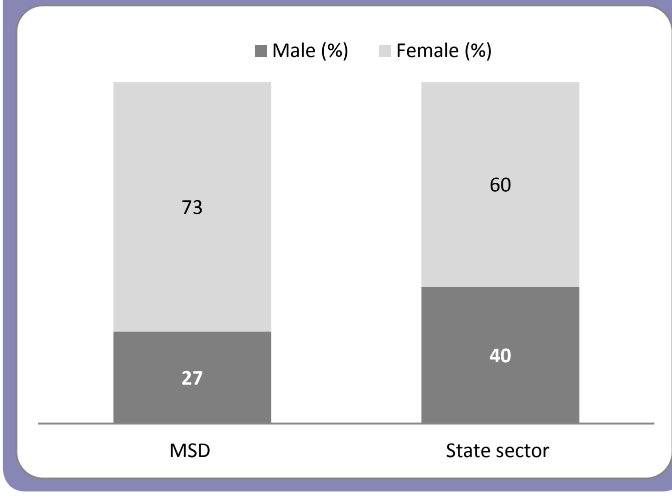
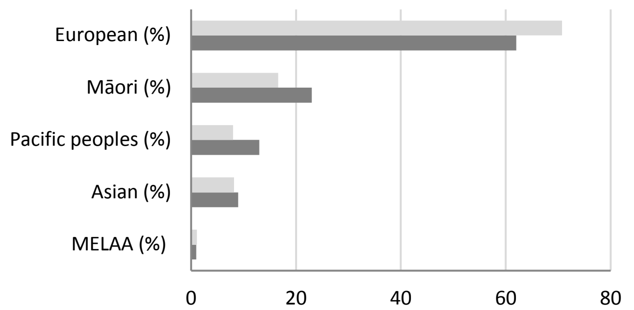


Figure 11: Diversity statistics by gender

Source: State Services Commission Public Services Report 2014 and Ministry of Social Development statistics

Diversity statistics by ethnicity



	MELAA (%)	Asian (%)	Pacific peoples (%)	Māori (%)	European (%)
State sector	1.1	8.2	8	16.6	70.7
MSD	1	9	13	23	62

Figure 12: Diversity statistics by ethnicity

Note: MELAA refers to Middle Eastern, Latin American and African ethnicities

Source: State Services Commission Public Services Report 2014 and Ministry of Social Development statistics

The 2013 Human Rights Commission EEO Survey identified that our policies and practices have led to positive outcomes for Māori employees.

In 2014/2015, we continued to remove barriers for disabled employees by developing an online resource of accessibility information for disabled employees, their managers and colleagues. We have also been working on improving the accuracy of impairments data by making it possible to update data online.

Diversity statistics

In 2014/2015:

- in our senior management team
  - 58 percent were female
  - 13 percent were Māori
  - 3 percent were Pacific peoples
  - 1 percent was Asian
- the average age of Ministry staff was 44.6
- the average length of service was 9.8 years.

Positive and stable industrial relationships

We have a strong relationship with the Public Service Association (PSA) through the Modern, Innovative and Productive Public Services Agreement (MIPPS), which continues to provide a productive and stable industrial relations platform. Over 6,000 of our 10,000 staff are members of the PSA.

In 2014/2015, we worked alongside the PSA on change initiatives that impact our work environment and workforce. This included the review of Family and Community Services (now known as Community Investment), the realignment of Work and Income, StudyLink, Seniors and Integrity Services, and the response to the Ashburton tragedy.

Statement of Responsibility

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

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

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2015 and its operations for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2016 and its operations for the year ending on that date.

Brendan Boyle

Chief Executive
25 September 2015

Independent Auditor's Report

To the readers of the Ministry of Social Development's Annual Report for the year ended 30 June 2015

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

- the financial statements of the Ministry on pages 84 to 114, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows and statement of trust monies for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2015 on pages 27 to 33 and 45 to 81;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2015 on pages 132 to 138; and
- the schedules and statements of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 115 to 131 that comprise:
  - the schedules of: revenue, capital receipts, and expenses for the year ended 30 June 2015;
  - the schedules of: assets, liabilities, commitments, contingent liabilities and contingent assets as at 30 June 2015;
  - the statement of trust monies for the year ended 30 June 2015; and
  - the notes to the schedules and statements that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2015; and
    - its financial performance and cash flows for the year ended on that date;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity (PBE) Standards.
- the performance information of the Ministry:
  - presents fairly, in all material respects, for the year ended 30 June 2015:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 132 to 138 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules and statements of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 115 to 131 present fairly, in all material respects, in accordance with the 2014 Treasury Instructions:
  - the schedules of: revenue, capital receipts, and expenses for the year ended 30 June 2015;
  - the schedules of: assets, liabilities, commitments, contingent liabilities and contingent assets as at 30 June 2015; and
  - the statement of trust monies for the year ended 30 June 2015.

Our audit was completed on 30 September 2015. 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the information we audited 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 performance information within the Ministry's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

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 that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand and PBE Standards;
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand;
- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989; and
- schedules and statements of non-departmental activities, in accordance with the 2014 Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

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

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

Clare Helm

Clare Helm

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

Assessing our performance

Linking it together: Links between the Ministry's outputs and outcomes

We help New Zealanders to help themselves to be safe, strong and independent

More people into sustainable work and out of welfare dependency

Ministry intermediate outcomes
- Fewer people are dependent on welfare
- More young people are in education, training or work-based learning
- Eligible students are supported to overcome financial barriers to access higher education

Departmental output expenses
- Administration of Trialling New Approaches to Social Sector Change (page 45)
- Management of Student Loans (page 56)
- Management of Student Support, excluding Student Loans (page 57)
- Improved Employment and Social Outcomes Support MCA (page 71)
- Planning, Correspondence and Monitoring (page 58)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

More people are able to participate in and contribute positively to their communities and society

Ministry intermediate outcomes
- Children and young people are involved in decision-making on issues that affect them
- Young people are engaged in and contribute positively to their communities
- Disabled people are able to participate in society
- Seniors and veterans are able to maintain their independence and participate in society

Departmental output expenses
- Family and Community Services (page 53)
- Income Support and Assistance to Seniors (page 55)
- Planning, Correspondence and Monitoring (page 58)
- Processing and Payment of Veterans' Pensions (page 62)
- Promoting Positive Outcomes for Disabled People (page 63)
- Youth Development (page 68)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

Ministry intermediate outcomes
- Eligible people receive the right payments, entitlements and support
- Seniors, families and low-income New Zealanders have access to goods and services through discounts and concessions
- More people interact with the Ministry digitally

Departmental output expenses
- Family and Community Services (page 53)
- Senior Citizens Services (page 80)
- Income Support and Assistance to Seniors (page 55)
- Management of Student Loans (page 56)
- Management of Student Support, excluding Student Loans (page 57)
- Planning, Correspondence and Monitoring (page 58)
- Processing and Payment of Veterans' Pensions (page 62)
- Promoting Positive Outcomes for Disabled People (page 63)
- Management of Service Cards MCA (page 75)
- Services to Support People to Access Accommodation (page 67)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

Fewer children and people are vulnerable

Ministry intermediate outcomes
- Vulnerable children are protected from abuse and neglect
- Children and young people are in safe and permanent care
- Children and young people we work with have access to adequate health services, housing and education
- Children and young people experience good parenting

Departmental output expenses
- Administration of Trialling New Approaches to Social Sector Change (page 45)
- Adoption Services (page 46)
- Care and Protection Services (page 47)
- Children's Action Plan (page 49)
- Family and Community Services (page 53)
- Planning, Correspondence and Monitoring (page 58)
- Prevention Services (page 61)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

More communities are strong and thriving

Ministry intermediate outcomes
- Families receive the right information, knowledge and support
- Communities have the resources and capability to better support themselves
- Families and communities have increased levels of awareness of how to respond to family violence
- More effective and efficient allocation of government resources to meet community needs

Departmental output expenses
- Administration of Trialling New Approaches to Social Sector Change (page 45)
- Development and Funding of Community Services (page 52)
- Family and Community Services (page 53)
- Planning, Correspondence and Monitoring (page 58)
- Prevention Services (page 61)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

Fewer children and young people commit crime

Ministry intermediate outcomes
- More young offenders are in education, training or employment
- Fewer child offenders go on to become youth offenders
- Fewer young people have a repeat youth justice referral
- Families and victims are involved in addressing offending behaviour

Departmental output expenses
- Administration of Trialling New Approaches to Social Sector Change (page 45)
- Planning, Correspondence and Monitoring (page 58)
- Youth Justice Services (page 69)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

Fewer people commit fraud and the system operates with fairness and integrity

Ministry intermediate outcomes
- Fraud is detected sooner
- More fraud overpayments are recovered and fewer overpayments are made
- People's claims and complaints are dealt with appropriately
- People's personal data and information are managed and used appropriately

Departmental output expenses
- Collection of Balances Owed by Former Clients and Non-beneficiaries (page 51)
- Planning, Correspondence and Monitoring (page 58)
- Services to Protect the Integrity of the Benefit System and Eligibility for Income Related Rent (page 66)
- Social Policy Advice MCA (page 78)
- Property Management Centre of Expertise (page 65)

Vote Social Development

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

Scope

This appropriation is limited to the administration by committed individuals of the delivery of social sector services as part of the Social Sector Trials in specified locations.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve new and innovative ways of tackling social issues among targeted groups.

Summary of Performance

Non-financial Performance

The five Trials (located in Taumarunui, Waitomo, Waikato, Gisborne and South Dunedin) continue to deliver change within their communities. They are embedded models representing a cross-agency approach to joint planning, funding and service delivery. All Trials have action plans, interventions to improve outcomes, and advisory groups representing their communities.

Service delivery changes achieved during the year include:

- working through the South Dunedin Trial to address youth unemployment. Since March 2015, the Trial has helped 165 young people to leave a main benefit
- introducing a new early intervention approach to truancy in Taumarunui that has contributed to truancy levels dropping to their lowest in four years (based on local data)
- establishing an interagency position in Waitomo to support young offenders and their families referred through the Police, Child, Youth and Family or Probation Services. This contributes to a steady decline in youth offending in Waitomo.

Cabinet has extended the Trials to 30 June 2016.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
6 locations	Services will be administered in no fewer than	5 locations	5 locations
100%	The percentage of funding and contracting agreements that are consistent with the Code of Funding Practice will be no less than	100%	100%
100%	The percentage of payments made to providers in accordance with contract specifications will be no less than	100%	100%

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
1,382	Crown	2,867	2,592	2,592
-	Department	-	-	-
-	Other	-	-	-
1,382	**Total Revenue**	**2,867**	**2,592**	**2,592**
1,212	**Total Expense**	**2,867**	**2,592**	**2,280**
170	**Net Surplus/(Deficit)**	**-**	**-**	**312**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the legal adoption of children by approved parents and to provide access to information on adoptions.

Summary of Performance

Non-financial Performance

In 2014/2015, we undertook 265 applicant assessments for domestic and intercountry adoptions, provided 192 statutory reports to the Family Court on the progress of adoption placements, worked with 135 birth parents regarding adoption, and responded to 459 requests for information about past adoptions.

Our work ensured that:

- adoptive applicants and birth parents are fully informed and prepared before making their decision about adoption
- quality adoption reports are provided to courts in New Zealand and overseas
- requests for information by adult adopted persons and birth parents relating to past adoptions are responded to.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
201	The number of requests from adults seeking identifying information on birth parents will be between	170-200	182

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
6,704	Crown	7,088	7,038	7,038
-	Department	-	-	-
-	Other	-	-	-
6,704	**Total Revenue**	**7,088**	**7,038**	**7,038**
6,521	**Total Expense**	**7,088**	**7,038**	**6,986**
183	**Net Surplus/(Deficit)**	**-**	**-**	**52**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve safety, security and wellbeing for children who have been or are at risk of harm.

Summary of Performance

Non-financial Performance

In 2014/2015, we received 150,905 notifications, including 67,034 family violence referrals from the Police that did not require Ministry action. The number of notifications requiring further action was 45,463. We determined and responded to the immediate safety and other risks to children and young people who came to our attention.

Children and young people we worked with during the year received robust and ongoing assessment through the Tuituia assessment framework and, where appropriate, individualised health and educational assessments through the Gateway programme. Through this work, we aimed to reduce the likelihood of children returning to our notice.

We continued to meet all safety, security and stability measures for care and protection services. Measures include responding within the timeframes appropriate to the safety and needs of children and young people who are reported, completing investigations, and planning for children's reintegration into society.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Engagement and Assessment		
	The percentage of notifications where there are immediate concerns about the safety of the child, that have an initial assessment commenced within the timeframe appropriate to the safety of the child or young person will be between		
98.5%	Critical (within 24 hours)	95-100%	98.4%
97.8%	Very Urgent (within 48 hours)	95-100%	98.7%
	The percentage of notifications requiring further action, but where there are no immediate concerns about the safety of the child, that have an initial assessment commenced within the timeframe appropriate to the needs of the child or young person will be between		
New measure for 2014/15	Urgent (within seven working days)	85-95%	95.3%
94.7%	Low Urgent (within 20 working days)	85-95%	96.1%
87.7%	The percentage of investigations/child and family assessments completed within 43 working days for those aged five and over will be between	80-90%	91.4%

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Seeking Safety and Security		
94.1%	The percentage of children and young people whose Care and Protection Family Group Conference plans were completed and the objectives were assessed as being met will be between	90-100%	93.5%
99.2%	The percentage of Care and Protection Family Group Conference plans reviewed by the agreed due date will be between	95-100%	98.6%
	Securing Stability and Wellbeing		
98.0%	The percentage of children and young people discharged from a care and protection residence with an individual transition plan to help them reintegrate into society will be between	95-100%	99.0%
94.7%	The percentage of Family Court plans reviewed on time will be between	95-100%	96.5%

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
348,502	Crown	360,516	377,049	377,049
-	Department	-	-	-
1,814	Other	1,799	1,799	2,105
350,316	**Total Revenue**	**362,315**	**378,848**	**379,154**
350,019	**Total Expense**	**362,315**	**378,848**	**376,852**
297	**Net Surplus/(Deficit)**	**-**	**-**	**2,302**

Output Expense: Children's Action Plan

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to achieve fewer vulnerable children by increasing the protection of children who are at risk of maltreatment.

Summary of Performance

Non-financial Performance

In 2014/2015 two new Children's Teams were fully established, in Horowhenua/Ōtaki and Marlborough, and three more (Hamilton, Tairawhiti and Christchurch) progressed to Stage 1 of the two-stage implementation process.

As at 30 June 2015, 459 children had been referred to the four referral-ready Children's Teams[29], and 378 of these were accepted. As more referrals are accepted, more vulnerable children and their families/whānau can access services and support available from across agencies, non-government organisations and iwi in their community.

The Children's Action Plan Directorate continued to implement the Vulnerable Children Act 2014, including safety checking requirements, child protection policies, and common core competencies. The new safety checking regulations came into force on 1 July 2015, and will be phased in over four years to non-core and existing children's workers.

In 2015, the Directorate published two sets of guidelines – *Safer Recruitment, Safer Children* and *Safer Organisations, Safer Children* – to support organisations and employers with safety checking and child protection policies.

The Vulnerable Children's Board and the Minister for Social Development have agreed a revised approach to developing a vulnerable children's plan. An updated Children's Action Plan will be developed by November 2015 and a new vulnerable children's plan will be developed for publication in mid-2016.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	The number of additional Children's Teams established by 30 June 2015 will be no less than	8	5*
New measure for 2014/15	An Approved Information Sharing Agreement is in place for Children's Teams and the Vulnerable Kids Information System (ViKI) by 30 June 2015	Achieved	Achieved
New measure for 2014/15	The Hub/Vulnerable Kids Information System (ViKI) is implemented by 30 June 2015	Achieved	Not achieved**
New measure for 2014/15	Vetting and screening, child protection policies and core competencies are in place for each Children's Team that is in operation, by 30 June 2015	Achieved	Achieved
New measure for 2014/15	Common assessment and outcomes frameworks for Children's Teams are in place by 30 June 2015	Achieved	Achieved
New measure for 2014/15	The Vulnerable Children's Board will develop a draft vulnerable children's plan for approval by the Responsible Minister, by 30 April 2015	Achieved	Not achieved†

* The Minister for Social Development has agreed to a two-stage implementation approach to the establishment of new Children's Teams. This involved delaying the rollout of some Teams beyond 30 June 2015. Five Children's Teams in Hamilton, Tairawhiti, Christchurch, Horowhenua/Ōtaki and Marlborough have proceeded to Stage 1 of the implementation approach. Horowhenua/Ōtaki and Marlborough have progressed to Stage 2 and are now receiving referrals; the next Children's Team scheduled to go live is in Hamilton on 1 September 2015. Three further Children's Teams in Eastern Bay of Plenty, Whanganui, and Clendon/Manurewa/Papakura are yet to proceed to Stage 1.

** Ministers have agreed that the ViKI implementation approach will be phased, commencing with support for the Hamilton Children's Team. Cabinet has approved a business case. National rollout will be subject to a second business case in early 2016. It is anticipated that there will be further iterations of The Hub during 2015/16 as the proof of concept is evaluated.

† Since the Minister for Social Development has instigated a significant review of all aspects of CYF operations, a revised approach has been agreed with the Vulnerable Children's Board and the Minister to update the current Children's Action Plan by November 2015 and to develop and publish a new vulnerable children's plan in mid-2016.

29 The first two Children's Teams were established in Whangarei and Rotorua in 2013.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
5,690	Crown	16,350	9,233	9,233
-	Department	-	-	-
-	Other	-	-	-
5,690	**Total Revenue**	**16,350**	**9,233**	**9,233**
5,554	**Total Expense**	**16,350**	**9,233**	**8,137**
136	**Net Surplus/(Deficit)**	**-**	**-**	**1,096**

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

Scope

This appropriation is limited to providing services to manage the collection of overpayments and recoverable assistance loans from former clients and other balances owed comprising of Student Allowance and Income-Related Rent Subsidy overpayments, Liable Parent Contributions, and court ordered maintenance.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the timely and efficient collection of balances owed by former clients and non-beneficiaries.

Summary of Performance

Non-financial Performance

In 2014/2015, we delivered timely and efficient collection of balances owed by former clients and non-beneficiaries. This is demonstrated by increases in both the actual amount collected and the relatively low cost per dollar of collection. During the year we made a number of operational changes to enhance the ease of making repayments.

The cost of collection of these overpayments in 2014/2015 was 15 cents per dollar. This is a reduction from 17 cents two years ago.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
$88.4m	The actual amount of money collected by the Collections Units will be between	$79-90m	$93.5m
$0.14	The cost per dollar of collecting balances owed will be between	$0.15-0.19	$0.15
New measure for 2014/15	The percentage of non-current debt paid in full, or under an arrangement to pay, within four months will be between	70-80%	72.3%
New measure for 2014/15	The percentage of non-current debt paid in full, or under an arrangement to pay, within 12 months will be between	75-85%	80.0%

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
13,711	Crown	13,943	13,543	13,543
-	Department	-	-	-
-	Other	-	-	-
13,711	**Total Revenue**	**13,943**	**13,543**	**13,543**
13,429	**Total Expense**	**13,943**	**13,543**	**13,510**
282	**Net Surplus/(Deficit)**	**-**	**-**	**33**

Output Expense: Development and Funding of Community Services

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to support non-government organisations to meet their contractual obligations.

Summary of Performance

Non-financial Performance

During 2014/2015, we completed all payment, assessment and review processes to ensure that non-government organisations meet their contractual obligations.

We made 3,833 out of a total of 4,216 scheduled assessments against the approvals framework, based on the type of services being provided to our clients. This included 734 Level 1 and 2 assessments (out of 743 scheduled) and 3,099 Level 3 and 4 assessments (out of 3,473 scheduled). All providers are required to have some level of approval before they can be contracted to provide services on our behalf.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
100%	The percentage of payments to providers made in accordance with their contracts will be no less than	100%	100%
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%
New measure for 2014/15	The percentage of Level 1 and Level 2 Ministry of Social Development-contracted providers who will be assessed at least once every two years against Ministry of Social Development approval standards will be no less than	100%	99%*
New measure for 2014/15	The percentage of Level 3 and Level 4 Ministry of Social Development-contracted providers who will be assessed within the review frequency against Ministry of Social Development approval standards will be no less than	100%	89%**

* Improvements to internal data collection and reporting have identified providers previously not scheduled for routine assessment. In total, one Level 1 provider and eight Level 2 providers were not assessed in 2014/2015. An assessment plan is in place for all nine providers and there is no risk to our clients as a result of the delay.

** Level 3 providers consist mostly of OSCAR programmes where there is a recognised shortage of resources. Level 4 of the approvals framework is a provider self-assessment tool. It is therefore a low priority for assessment as the service risk to clients is also lower. We will work with self-assessed service providers to manage assessment volumes in 2015/2016.

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
8,329	Crown	8,280	7,660	7,660
-	Department	-	-	-
-	Other	-	-	-
8,329	**Total Revenue**	**8,280**	**7,660**	**7,660**
8,229	**Total Expense**	**8,280**	**7,660**	**7,635**
100	**Net Surplus/(Deficit)**	**-**	**-**	**25**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve improved access to advice and early social support services available to communities, young people and families.

Summary of Performance

Non-financial Performance

In 2014/2015, an average of 7,929 clients a month accessed a wide range of advice and social support services through 35 Heartland Services Centres. Of those surveyed, 95 percent reported improved access to support services.

We managed 619 funding agreements for ongoing social service delivery to communities, young people and families. This included support services to 8,527 young people in Auckland who are at risk of becoming affiliated with gang culture, and 50 projects funded through the Strategies with Kids, Information for Parents (SKIP) programme to help build community capability, knowledge and focus to support parents and to prevent child maltreatment.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
95%	**Social Support Services Sector Leadership and Co-ordination** *Heartland Services Centres* The percentage of surveyed clients agreeing that Heartland Services Centres have improved access to government and community services in their community will be between	85-95%	95%
89%	The percentage of surveyed agencies agreeing that they were satisfied or very satisfied with Heartland Services Centres' accessibility, range of services and facilities will be between	80-90%	88%
100%	**Supporting Families and Communities** *SKIP (Strategies with Kids, Information for Parents)* The percentage of community projects funded through SKIP that meet their objectives will be between	90-95%	100%
8,343	*Break Thru* The number of young people supported through group activities and events by youth workers will be between	6,500-8,500	8,527
Revised measure for 2014/15	**Management of Social Services Funding Agreements** The number of funding agreements for ongoing service delivery will be between	550-750	619
86%	The percentage of provider reports due that are received for assessment annually will be no less than	85%	86%
100%	The percentage of provider reports received that have been reviewed and assessed will be no less than	100%	100%
100%	The percentage of payments to providers that are made in accordance with their contracts will be between	95-100%	100%

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
35,892	Crown	37,951	37,051	37,051
-	Department	-	-	-
-	Other	-	-	-
35,892	**Total Revenue**	**37,951**	**37,051**	**37,051**
35,720	**Total Expense**	**37,951**	**37,051**	**36,893**
172	**Net Surplus/(Deficit)**	**-**	**-**	**158**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the efficient and accurate assessment and payment of entitlements to older people so that the correct amount is paid to the correct person on time.

Summary of Performance

Non-financial Performance

In 2014/2015, we delivered entitlement assessments and payments to 59,556 new applicants for New Zealand Superannuation. The performance results listed below indicate that we achieved accurate and efficient assessments and payments of entitlements during the year.

The lower-than-expected timeliness of assessments was primarily driven by a temporary transitional period following the realignment of Senior Services into the new Service Delivery group. It is expected that this result will improve in 2015/2016.

In 2014/2015, the number of people on New Zealand Superannuation increased to 677,935, compared with 653,247 at the end of 2013/2014.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Services to Seniors		
94.0%	The percentage of clients satisfied with the level of service provided by staff will be between	90-95%	94%
89.0%	The percentage of entitlement assessments completed accurately will be between	90-95%	90%
84.0%	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 the required timeframes will be between	85-90%	83%*

* New monitors and systems were put in place to address the issue. These are now being maintained at normal levels.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
37,828	Crown	36,426	36,776	36,776
-	Department	-	-	-
-	Other	-	-	-
37,828	**Total Revenue**	**36,426**	**36,776**	**36,776**
37,757	**Total Expense**	**36,426**	**36,776**	**36,686**
71	**Net Surplus/(Deficit)**	**-**	**-**	**90**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to support eligible tertiary students to overcome financial barriers to undertake tertiary study.

Summary of Performance

Non-financial Performance

In 2014/2015, we processed 230,465 Student Loan applications, with 99 percent of students receiving their correct Student Loan entitlement (living cost component) on their first payment.

The performance results listed below indicated that we delivered accurate and timely assessment and payment of entitlements during the year. Nearly all Student Loan applications were completed online.

The introduction of an online pre-filled application in November 2014 made applying online faster and easier for returning students. Along with enhancements to our 'call to action' campaign, refreshed website, resourcing model and system efficiencies, this contributed to the higher satisfaction result for the year.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
37,972	The number of visits to the Sussed Online Reality Check will be between	38,000-45,000	42,164
97.1%	The percentage of Student Loan applications received online will be no less than	95%	98.0%
85.0%	The percentage of surveyed students satisfied with the quality of service received the last time they contacted StudyLink will be between	85-90%	88.0%
99.9%	The percentage of students who receive their correct entitlement (living cost component) on their first payment will be between	95-100%	99.4%
97.5%	The percentage of initial entitlement assessments for a Student Loan completed within three working days of receipt of application will be between	95-100%	100%

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
16,237	Crown	15,502	13,702	13,702
-	Department	-	-	-
-	Other	-	-	-
16,237	**Total Revenue**	**15,502**	**13,702**	**13,702**
16,068	**Total Expense**	**15,502**	**13,702**	**13,489**
169	**Net Surplus/(Deficit)**	**-**	**-**	**213**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to support eligible tertiary students to overcome financial barriers, excluding student loans, to undertake tertiary study.

Summary of Performance

Non-financial Performance

In 2014/2015, we processed 132,293 Student Allowance applications, with 96 percent of students receiving their correct Student Allowance entitlement on their first payment.

We delivered accurate and timely assessment and payment of entitlements. Nearly all Student Support applications were completed online.

In November 2014, we introduced an online pre-filled application, which made applying online faster and easier for returning students. Along with enhancements to our 'call to action' campaign, refreshed website, resourcing model and system efficiencies, this contributed to the higher satisfaction result for the year.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
37,972	The number of visits to the Sussed Online Reality Check will be between	38,000-45,000	42,164
98.1%	The percentage of Student Allowance applications completed online will be no less than	95%	98.5%
85.0%	The percentage of surveyed students satisfied with the quality of service received the last time they contacted StudyLink will be between	85-90%	86.0%
97.0%	The percentage of students who receive their correct entitlement on their first payment will be between	95-100%	96.2%
98.6%	The percentage of initial entitlement assessments for a Student Allowance completed within five working days of receipt of application will be between	95-100%	99.9%

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
17,102	Crown	15,431	16,760	16,760
-	Department	-	-	-
-	Other	-	-	-
17,102	**Total Revenue**	**15,431**	**16,760**	**16,760**
16,749	**Total Expense**	**15,431**	**16,760**	**16,740**
353	**Net Surplus/(Deficit)**	**-**	**-**	**20**

Output Expense: Planning, Correspondence and Monitoring

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to support Ministers to discharge their portfolio responsibilities.

Summary of Performance

Non-financial Performance

We provide planning, reporting, monitoring and statutory appointment advice (other than policy decision-making advice) on Crown entities, and correspondence services to support Ministers to discharge their portfolio responsibilities, including their roles as Responsible Ministers for Crown entities[30] that are attached to the Social Development portfolio. Results include:

- Crown entities being better aligned with government priorities
- appointing board members with the right skills and experience to deliver the Government's priorities.

This work contributes to the Government's goal of a more efficient and effective state sector that focuses on delivering better results and improved services for New Zealanders.

During the year we prepared responses to 963 written parliamentary questions, 1,727 items of correspondence and 54 Official Information Act requests for the Minister for Social Development. We drafted responses to 299 written questions from the Social Services Committee in June 2015 in relation to the Estimates Examination for Vote Social Development for 2015/2016.

30 The Office of the Children's Commissioner, Superu (formerly the Families Commission), the New Zealand Artificial Limb Service, and the Social Workers Registration Board.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Ministerial and Executive Services		
	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 between or no less than:		
98.8%	• Ministerial correspondence replies	95-100%	99.3%
100%	• Parliamentary question replies	100%	99.9%*
100%	• Ministerial Official Information Act request replies	100%	96.6%**
100%	• Select Committee Estimates examination responses	100%	100%
	The percentage of all drafts provided for the Minister's signature within the following timeframes will be between or no less than:		
96.1%	• Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	95-100%	97.2%
100%	• Parliamentary question responses provided to the Minister's Office so that answers can meet the timeframe set in the Parliamentary Standing Orders	100%	99.9%†
96.6%	• 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%
	Crown Entity Monitoring		
New measure for 2014/15	Advice will be delivered to the Minister on all social development Crown entities' statements of intent, statements of performance expectation, and performance reports	100%	100%
Standard met	Provide advice to the Minister on Crown entity and Statutory Board appointments as required	Standard met[31]	Standard met
99%	The percentage of all reports provided to the Minister that are factually accurate, meet any legislative requirements, and contain no avoidable errors will be between	95-100%	98%
New measure for 2014/15	The percentage of cases where advice to Ministers on draft accountability documents for Crown entities for the next year is provided within agreed timeframes will be no less than	100%	100%
100%	The percentage of performance reports reviewed no later than 20 working days from receipt of the final Crown entity report will be no less than	100%	100%

* One written parliamentary question response containing incorrect information (out of 963) was submitted to the Minister.

** An administrative oversight led to the incorrect release of one fact in a document that was subsequently provided in three further releases.

† One written parliamentary question response was submitted outside the required time.

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

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
5,554	Crown	5,554	5,474	5,474
-	Department	-	-	-
-	Other	-	-	-
5,554	**Total Revenue**	**5,554**	**5,474**	**5,474**
5,226	**Total Expense**	**5,554**	**5,474**	**5,390**
328	**Net Surplus/(Deficit)**	**-**	**-**	**84**

Output Expense: Prevention Services

Scope

This appropriation is limited to providing education and advice services for the prevention of child abuse and neglect, and the promotion of wellbeing of children, young people and their families.

What is intended to be achieved with this appropriation

This appropriation is intended to raise awareness and capability in the community on how to respond to and prevent child abuse and neglect.

Summary of Performance

Non-financial Performance

In 2014/2015, 67 child protection workshops were held, attended by 1,890 professionals and service providers. The workshops were tailored to ensure that every attendee came away with a better knowledge of the signs of child abuse, how to help, and how to connect with the appropriate social services in their community.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
96%	The percentage of professionals and service providers attending child protection workshops with increased awareness and knowledge on how to respond to child abuse and neglect will be between	95-100%	97.4%

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
4,007	Crown	4,022	4,022	4,022
-	Department	-	-	-
-	Other	13	13	13
4,007	**Total Revenue**	**4,035**	**4,035**	**4,035**
3,904	**Total Expense**	**4,035**	**4,035**	**4,005**
103	**Net Surplus/(Deficit)**	**-**	**-**	**30**

Output Expense: Processing and Payment of Veterans' Pensions

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to support veterans to maintain their independence and social participation.

Summary of Performance

Non-financial Performance

In 2014/2015, we granted 2,278 pensions to veterans to support them to maintain their independence and social participation. We delivered accurate and timely assessment and payment of entitlements. The Veterans' Support Act 2014 changed the disability criteria for eligibility for the Veteran's Pension, resulting in around 1,900 additional applications.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
93.0%	The percentage of Veterans' Pension entitlement assessments completed accurately will be between	90-95%	92.0%
93.0%	The percentage of Veterans' Pension entitlement assessments completed within required timeframes will be between	90-95%	91.0%

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
440	Crown	438	538	538
-	Department	-	-	-
-	Other	-	-	-
440	**Total Revenue**	**438**	**538**	**538**
427	**Total Expense**	**438**	**538**	**530**
13	**Net Surplus/(Deficit)**	**-**	**-**	**8**

Output Expense: Promoting Positive Outcomes for Disabled People

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to reduce barriers to participation in society for people with disabilities, so that disabled people experience the same quality of life as other New Zealanders.

Summary of Performance

Non-financial Performance

We provided support for research on the lives of disabled people that informed two reports published in late 2014. One of these was produced by the Independent Monitoring Mechanism (IMM) for the Government, and the other by disabled people's organisations for the United Nations Committee on the Rights of Persons with Disabilities. These reports formed an integral part of monitoring and implementing the United Nations Convention on the Rights of Persons with Disabilities. In June 2015, the Government responded to recommendations from the IMM and the UN Committee.

Through the funding we provided, an additional 610 homes were built to universal design standards through the work of Lifetime Design Ltd. These have helped reduce the barriers disabled people experience in homes that were previously unsuitable for them.

Think Differently was established as a time-limited campaign to invest in the capacity of communities to drive social change. The Ministry-funded campaign provides one-off project funding including seed funding for new initiatives.

An evaluation of community projects supported by the Think Differently campaign has found that the projects contributed to communities showing greater awareness of disabled people's exclusion in the community, increased knowledge of how to reduce this exclusion, and a change in attitudes towards disabled people. An increasing number of projects are shifting their focus from attitude change to behaviour change.

Several projects have been able to achieve project sustainability in a short time, and others are starting to see sustainable outcomes.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
Achieved	A monitoring report by disabled people on their rights under the United Nations Convention on the Rights of Persons with Disabilities will be provided annually	Achieved	Achieved
Achieved	A report to the Minister for Disability Issues on progress with implementing the New Zealand Disability Strategy will be provided annually	Achieved	Achieved
2 times	Progress will be monitored against the agreed Lifetime Design Ltd business plan no fewer than	2 times	2 times
40	The number of community-led projects that are funded by the Think Differently campaign to promote positive attitudes will be between	40-60	41
New measure for 2014/15	The number of national partnerships that are funded by the Think Differently campaign to promote positive attitudes will be no fewer than	8	17*
87%	The percentage of Think Differently partners who report that attitudes and behaviours are shifting in their community will be no less than	50%	77%**

* The cost of community-led Think Differently projects approved by the funding panel in 2014/2015 was below that budgeted for. This allowed the campaign to fund more national partnerships than initially planned.

** The target for this measure was retained at 50 percent for 2014/2015 as no trend data was available when it was set. The measure was reported for the first time in 2013/2014.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
5,785	Crown	7,085	8,495	8,495
-	Department	-	-	-
-	Other	-	36	36
5,785	**Total Revenue**	**7,085**	**8,531**	**8,531**
5,309	**Total Expense**	**7,085**	**8,531**	**8,505**
476	**Net Surplus/(Deficit)**	**-**	**-**	**26**

Output Expense: Property Management Centre of Expertise

Scope

This appropriation is limited to the operation of the Property Management Centre of Expertise, to provide leadership, guide and support, monitoring and brokerage in respect of property management within the State Sector.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve improved property management practices across government and supports agencies to manage property in more effective and efficient ways.

Summary of Performance

Non-financial Performance

Property management has been improved in several ways in 2014/2015.

The Wellington Accommodation Project (Tranche 1) and the Christchurch Integrated Government Accommodation Project are now being implemented. The Wellington project is anticipated to deliver significant benefits over the next 20 years, including $333 million of savings to the Government. The Christchurch project will also support the city's CBD growth.

Seven other cross-agency accommodation projects or co-location proposals are active, involving ACC, Careers New Zealand, the Department of Internal Affairs, Housing New Zealand Corporation, Inland Revenue, Te Puni Kōkiri, WorkSafe New Zealand, the Ministries of Education, Health, Justice and Social Development and the Ministry for Primary Industries.

Implementation of a common integrated property management system has helped agencies save money on disparate systems, and provides a much richer database across the portfolio.

Publishing consistent standards and guidelines for government workplaces assists agencies to deliver flexible workplaces that are cost-effective and better for staff.

Procurement of a Common Capability Contract for furniture systems has made it quicker and easier for agencies to procure furniture of a consistent standard while making significant savings.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	All agencies within the Property Management Centre of Expertise (PMCoE) mandate will have an agency property plan aligned with the National Property Strategy and approved by PMCoE by 30 June 2015	Achieved	Achieved

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
1,000	Crown	-	850	850
-	Department	-	-	-
2,686	Other	2,755	3,255	2,705
3,686	**Total Revenue**	**2,755**	**4,105**	**3,555**
3,845	**Total Expense**	**2,755**	**4,105**	**3,632**
(159)	**Net Surplus/(Deficit)**	**-**	**-**	**(77)**

Output Expense: Services to Protect the Integrity of the Benefit System and Eligibility for Income Related Rent

Scope

This appropriation is limited to services to minimise errors, fraud and abuse of the benefit system and Income Related Rent Subsidies.

What is intended to be achieved with this appropriation

This appropriation is intended to protect the integrity of the benefit system to administer Income Related Rent Subsidy payments.

Summary of Performance

Non-financial Performance

In 2014/2015, in order to protect the integrity of the benefit system and Income Related Rent Subsidy payments, our Fraud Investigation Unit investigated 10,491 cases and established 1,619 overpayments. We completed 958 prosecutions; nearly all of the cases we prosecuted were successful and were completed within 12 months.

Cases are investigated by the Fraud Investigation Unit only when allegations have been made and there is sound information indicating that fraud may be present. We recovered $0.58 million through asset seizures and reparation orders and over 80 percent of people who owe us money as a result of an overpaid benefit are repaying it.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	The percentage of cases completed by the Fraud Investigation Unit that result in a benefit entitlement change or an overpayment established will be between	50-65%	62.6%
97.2%	Of all the cases we prosecute, the percentage of successful prosecutions concluded will be no less than	95%	96.8%
97.9%	The percentage of cases completed within a 12-month period will be no less than	95%	97.9%

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
35,139	Crown	34,970	34,670	34,670
-	Department	-	-	-
-	Other	-	-	-
35,139	**Total Revenue**	**34,970**	**34,670**	**34,670**
34,995	**Total Expense**	**34,970**	**34,670**	**34,585**
144	**Net Surplus/(Deficit)**	**-**	**-**	**85**

Output Expense: Services to Support People to Access Accommodation

Scope

This appropriation is limited to assessing people's entitlement to social housing and helping people, who are capable, to access non-income-related rent tenancy options.

What is intended to be achieved with this appropriation

This appropriation is intended to support more people who are eligible for social housing to have their housing needs met and helping those who are capable to move towards housing independence.

Summary of Performance

Non-financial Performance

In 2014/2015, we made over 29,000 housing needs assessments, helped 173 people to access housing support products, and supported 185 families who were able to move towards housing independence.

The proportion of housing needs assessments completed within five working days was slightly below target. This is the first year of monitoring assessment timeliness and results have been improving in the last part of the year. We expect that performance will continue to improve in 2015/2016.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	The percentage of Income-Related Rent assessments (for tenants with verified income) that are calculated accurately will be no less than	95%	95.9%
New measure for 2014/15	The proportion of housing needs assessments completed within five working days will be no less than	90%	87.6%*

* This new measure has been closely monitored to ensure that there is a regional focus to improve performance. There has been incremental improvement but not enough to meet the target by year-end. It is expected that performance will continue to improve in 2015/2016.

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
-	Crown	17,268	20,448	20,448
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**17,268**	**20,448**	**20,448**
-	**Total Expense**	**17,268**	**20,448**	**20,428**
-	**Net Surplus/(Deficit)**	**-**	**-**	**20**

Output Expense: Youth Development

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to achieve an increase in the capability and opportunities for young people to contribute positively to their communities.

Summary of Performance

Non-financial Performance

Our investment has resulted in young people being involved in a number of youth-related funding panels, and panels for the selection of Youth Week Awards and Youth Ambassadors to represent New Zealand youth at the 2015 commemorations at Gallipoli. Groups of young people have also participated in consultations for a number of youth sector and community groups.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Supporting Young People's Participation in Government Decision-making		
85	The number of youth participation activities delivered will be between	80-100	89
13,726	The number of young people participating in decision-making activities will be between	3,500-4,000	9,478*
99%	The percentage of young people who report an increase in skills and knowledge from attending youth participation activities will be between	95-100%	98%
98%	The percentage of young people who report being satisfied with their involvement in youth participation activities will be between	95-100%	95%
	Enabling Youth Development		
100%	The percentage of funding and contracting agreements that are consistent with the principles in the Code of Funding Practice will be no less than	95-100%	100%

* The result exceeds the standard due to the higher use of participant questionnaires by providers and community organisations, and more young people contributing to decision-making activities such as consultations.

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
2,953	Crown	2,932	2,932	2,932
-	Department	-	-	-
-	Other	-	-	-
2,953	**Total Revenue**	**2,932**	**2,932**	**2,932**
2,897	**Total Expense**	**2,932**	**2,932**	**2,926**
56	**Net Surplus/(Deficit)**	**-**	**-**	**6**

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.

What is intended to be achieved with this appropriation

This appropriation is intended to address offending by children and young people and to reduce the likelihood of reoffending.

Summary of Performance

Non-financial Performance

In 2014/2015, we worked with young offenders, their families, the victims of offending, and partner agencies (eg through the Youth Crime Action Plan) to manage and change offending behaviour and reduce the likelihood of reoffending.

We provided timely social work services to young offenders who were referred for a youth justice family group conference (FGC) and/or admitted to a youth justice residence. We prepared youth justice family group conference plans for 2,594 children and young people.

We ensured that FGCs were held and reviewed on time and that the FGC plans (including plans to reintegrate into society) were completed and the objectives met. In addition to specialist screening and assessments, the Tuituia assessment framework enabled comprehensive strengths, needs and risk assessments, where appropriate, for young offenders going to FGC. All required reports to the Youth Court to support judicial decision-making and to update judges on the progress and effectiveness of interventions were provided on time.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Youth Justice Engagement and Assessment		
New measure for 2014/15	The percentage of young persons and/or key family members consulted by the Youth Justice Co-ordinator during the convening phase will be between	90-95%	94.7%
New measure for 2014/15	The percentage of victims of offences contacted before a family group conference is held will be between	90-100%	93.3%
	Youth Justice Safety and Belonging		
98.6%	The percentage of youth justice family group conferences held within statutory timeframes (unless there are special reasons for delay) will be between	95-100%	97.5%
	Youth Justice Changing Behaviour and Enhancing Wellbeing		
95.2%	The percentage of children and young people whose youth justice family group conference plans were completed and the objectives were assessed as being met will be between	85-90%	96.4%
98.0%	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 reintegrate into society will be no less than	100%	100.0%
99.7%	The percentage of youth justice family group conference plans reviewed on time will be between	95-100%	99.4%
93.7%	The percentage of early release reports completed on time will be between	95-100%	96.9%

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
128,681	Crown	131,380	131,280	131,280
-	Department	-	-	-
-	Other	-	-	-
128,681	**Total Revenue**	**131,380**	**131,280**	**131,280**
128,586	**Total Expense**	**131,380**	**131,280**	**131,265**
95	**Net Surplus/(Deficit)**	**-**	**-**	**15**

Multi-Category Expense Appropriation: Improved Employment and Social Outcomes Support MCA

Overarching Purpose Statement

The single overarching purpose of this appropriation is to operate the benefit system and associated interventions in such a way as to improve client outcomes (employment and social) to move them closer to independence, with a focus on those at risk of long-term benefit.

Scope

Departmental Output Expenses

Administering Income Support

This category is limited to assessing, paying, reviewing and collecting debts in respect of working age benefits, supplementary benefits, grants and allowances, and ensuring people meet their social and other obligations.

Improving Employment Outcomes – Service Provision

This category is limited to providing services, including services provided in accordance with criteria set out in delegated legislation under the Social Security Act 1964, to facilitate transitions to work for people who are receiving or likely to receive working age benefits or youth support payments and are work ready to help them move into sustainable employment.

Improving Work Readiness – Service Provision

This category is limited to providing services, including services provided in accordance with criteria set out in delegated legislation under the Social Security Act 1964, to address barriers to employment (such as literacy, numeracy, health, skills, drug or alcohol use, confidence and motivation) for people who are receiving or likely to receive working age benefits or youth support payments to help them become work ready.

Non-Departmental Other Expenses

Improving Employment Outcomes – Assistance

This category is limited to providing specified assistance, including services provided in accordance with criteria set out in delegated legislation under the Social Security Act 1964, to facilitate transitions to work to help people who are receiving or likely to receive working age benefits or youth support payments and are work ready to move into sustainable employment.

Improving Work Readiness – Assistance

This category is limited to providing specified assistance, including services provided in accordance with criteria set out in delegated legislation under the Social Security Act 1964, to address barriers to employment (such as literacy, health, skills, drug or alcohol use, confidence and motivation) for people who are receiving or likely to receive working age benefits or youth support payments to help them become work ready.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve a reduction in long-term valuation and achievement of Better Public Services Result 1.

How performance will be assessed for this appropriation

Performance will be assessed by:

- reducing the number of people continuously receiving working-age benefits for more than 12 months by 30 percent, from 78,000 in April 2012 to 55,000 by 2017
- using the future benefit valuation to track the key drivers of the valuation, identify variances in trends projected from the valuation, and show how the management of the benefit system is influencing movements in the future valuation.

Summary of Performance

Non-financial Performance

In 2014/2015, we made progress towards reducing the valuation of the long-term liability of the benefit system and in the number of people receiving working-age benefits continuously for more than 12 months.

At 30 June 2015, there were 65,555 Jobseeker Support clients who had been on benefit for longer than 12 months. This is a reduction of nearly 12,500 (or 16 percent) since June 2012.

The 2014 valuation of the benefit system was $69.0 billion, a decrease of $7.5 billion from the previous year, of which $2.2 billion can be attributed to our management interventions.

In 2014/2015, we supported 85,694 people with full-time work obligations to move off Jobseeker Support, and 64 percent of these clients were still off benefit 26 weeks later. We proactively worked with 145,268 clients during the year, while 33,843 clients completed an intervention to help them get into work. Of the clients that had an intervention, 16,760 were not on a benefit eight weeks later.

We supported 13,071 people with part-time work or work preparation obligations to become work ready and move off benefit; 72 percent of these clients were still off benefit 26 weeks later. We proactively worked with 172,013 clients during the year, while 7,240 clients completed an intervention to help them get ready for work. Of the clients that had an intervention, 2,938 were not on a benefit 16 weeks later.

During the year we completed more than 200,000 applications for main benefits[32]. Our rate of paying the correct amount to the correct people on time shows that we operated the benefit system accurately and efficiently in 2014/2015.

32 Excluding New Zealand Superannuation, Veteran's Pension, Young Parent Payment, Youth Payment and non-beneficiary assistance.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Departmental Output Expenses *Administering Income Support* This category is intended to achieve accurate and efficient operation of the benefit system so that the correct amount is paid to the correct people on time.		
90.1%	The proportion of benefit entitlement assessments completed accurately will be no less than	90%	90.2%
90.6%	The proportion of benefit entitlement assessments completed within five working days will be no less than	90%	94.0%
37.0%	The proportion of clients who participate in a triage service and do not require a benefit within 28 days will be between	35-40%	37.0%
	Improving Employment Outcomes – Service Provision This category is intended to increase the number of people (from those who are currently receiving or are likely to receive working-age benefits and are work ready) moving into sustainable employment		
New measure for 2014/15	The proportion of clients with full-time work obligations who are engaged will be between	80-85%	87.8%
New measure for 2014/15	The proportion of clients who are not on a main benefit eight weeks following completion of an employment intervention programme will be between	50-55%	49.5%*
	Improving Work Readiness – Service Provision This category is intended to achieve a substantial reduction in barriers to employment so that people who are receiving or are likely to receive working-age benefits can become work ready.		
New measure for 2014/15	The proportion of clients with part-time work or work preparation obligations who are engaged will be between	60-65%	72.6%
New measure for 2014/15	The proportion of clients who are not on a main benefit 16 weeks after completing a work-readiness intervention will be between	35-40%	40.6%

* This is the first year of monitoring the overall intervention portfolio and a baseline target was set. Results improved in the last four months of the year.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Non-Departmental Other Expenses *Improving Employment Outcomes – Assistance* This category is intended to increase the number of people who are currently receiving or are likely to receive working-age benefits and are work ready to move into sustainable employment.		
New measure for 2014/15	The number of clients participating in an employment intervention will be between	100,000-120,000	83,003*
	Improving Work Readiness – Assistance This category is intended to achieve a substantial reduction in barriers to employment so that people who are receiving or are likely to receive working-age benefits can become work ready.		
New measure for 2014/15	The number of clients who participate in a work-readiness intervention will be between	15,000-25,000	14,758*

* The lower-than-expected participation was driven by reduced demand for grant-based interventions such as Transition to Work. This funding was redirected towards interventions more strongly aligned with achieving client outcomes.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Departmental Output Expenses			
	Revenue from Crown			
149,991	Administering Income Support	304,218	315,708	315,708
123,049	Improving Employment Outcomes – Service Provision	239,571	248,897	248,897
9,724	Improving Work Readiness – Service Provision	51,867	51,867	51,867
	Revenue from Others			
2,078	Administering Income Support	2,600	2,600	2,474
-	Improving Employment Outcomes – Service Provision	-	-	-
-	Improving Work Readiness – Service Provision	-	-	-
284,842	**Total Revenue**	**598,256**	**619,072**	**618,946**
277,382	**Total Expense**	**598,256**	**619,072**	**618,623**
7,460	**Net Surplus/(Deficit)**	**-**	**-**	**323**

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Non-Departmental Other Expenses			
9	Improving Employment Outcomes – Assistance	25,483	24,407	20,351
-	Improving Work Readiness – Assistance	15,262	7,012	5,090
9	**Total Expense**	**40,745**	**31,419**	**25,441**

Multi-Category Expense Appropriation: Management of Service Cards MCA

Overarching Purpose Statement

The overarching purpose of this appropriation is to provide access to discounted services for those who are entitled to the Community Services Card and the Veteran SuperGold Card.

Scope

Departmental Output Expenses

Administration of Community Services Card

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

Management of SuperGold Card

This category is limited to management of the SuperGold Card and the Veteran SuperGold Card comprising assessment 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.

What is intended to be achieved with this appropriation

This appropriation is intended to achieve the provision of access to discounted health services and prescriptions for people on a benefit or earning a low income, and discounts or concessions on services for those people receiving New Zealand Superannuation or Veteran's Pension.

How performance will be assessed for this appropriation

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Management of Service Cards		
99.0%	The percentage of Community Services Card entitlement assessments[33] completed accurately will be between	95-100%	99%
99.0%	The percentage of SuperGold Card entitlement assessments[34] completed accurately will be between	95-100%	100%

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

34 Recipients of New Zealand Superannuation and the Veteran's Pension are automatically issued with a SuperGold Card. However, around 6 percent 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.

Summary of Performance

Non-financial Performance

At the end of 2014/2015, there were 885,760 Community Services Card recipients, compared with 913,450 at the end of 2013/2014. The lower number reflects a decrease in clients receiving benefits, Working for Families tax credits and Student Allowances.

The number of SuperGold Cards and Veteran SuperGold Cards issued is determined by the number of new applicants and card renewals. In 2014/2015 the number of new SuperGold Cards issued was 290,372, compared with 279,207 in 2013/2014.

At the end of 2014/2015, the total number of SuperGold Cardholders was 666,015, compared with 643,526 at the end of 2013/2014.

At the end of 2014/2015, there were 8,053 SuperGold Card current business partners providing discounts to cardholders, compared with 7,218 at the end of 2013/2014. During the year a total of 865 new business partners joined the programme. Of these, 650 were the result of a recruitment campaign run in March and April 2015.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Departmental Output Expenses *Administration of Community Services Card* This category is intended to provide concessions on health care costs for some health services and prescriptions for people on a benefit or who earn a low income.		
98.0%	The percentage of Community Services Card entitlement assessments completed within five working days of receipt will be between	95-100%	99%
	Management of SuperGold Card This category is intended to provide discounts and concessions for people eligible to receive the card and who are receiving New Zealand Superannuation or a Veteran's Pension.		
1,664	The number of new business partners engaged will be no fewer than	250	865*
98.0%	The percentage of SuperGold Card entitlement assessments completed within five working days of receipt will be between	95-100%	98%

* The number of new business partners joining the SuperGold Card programme was largely the result of a recruitment campaign run in March and April 2015. This brought the total number of business partners participating across New Zealand to 8,053 representing 12,698 outlets.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Departmental Output Expenses			
	Revenue from Crown			
5,251	Administration of Community Services Card	5,229	5,049	5,049
1,403	Management of SuperGold Card	1,400	1,120	1,120
	Revenue from Others			
-	Administration of Community Services Card	-	-	-
-	Management of SuperGold Card	-	-	-
6,654	**Total Revenue**	**6,629**	**6,169**	**6,169**
6,176	**Total Expense**	**6,629**	**6,169**	**5,827**
478	**Net Surplus/(Deficit)**	**-**	**-**	**342**

Multi-Category Expense Appropriation: Social Policy Advice MCA

Overarching Purpose Statement

The overarching purpose of this appropriation is to provide social policy advice to Ministers in discharging their policy decision-making responsibilities.

Scope

Departmental Output Expenses

Information, Evaluation and Analytics Services

This category is limited to providing information, evidence and insights generated from the Ministry's information and data assets to better inform government decision-making.

Policy Advice

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

What is intended to be achieved with this appropriation

This appropriation is intended to support Ministers to make policy decisions that are informed by policy advice and insights generated from the Ministry's significant information assets, so as to drive better outcomes for the Ministry's clients.

How performance will be assessed for this appropriation

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	**Social Policy Advice** Social policy advice will be delivered in accordance with work priorities identified and advised by Ministers[35]	Standard met	Standard met

Summary of Performance

Non-financial Performance

During the year we strengthened the way we use data to improve decision-making and to help inform the way we deliver our services to clients. This has ensured that we use a consistent and integrated approach when collating and reporting information.

In April 2015, we published a feasibility study for the use of predictive modelling to identify new-born children who are high priority for preventive services.

We also released a suite of background papers including peer reviews by international and national experts, papers on ethical issues for Māori and a privacy impact assessment.

The investment made in this category has supported Ministers to make decisions on government social policy matters, including the provision of advice on welfare reform, care and protection of children, social housing, youth policy, enhancing the lives of older people, and ensuring better social outcomes for disabled people.

We participated in the Treasury's policy advice benchmarking exercise, which covers quality and cost of policy advice and ministerial satisfaction.

35 The Ministers who receive services are the Minister for Social Development, the Minister for Social Housing, the Minister of State Services, the Associate Minister for Social Development, the Minister for Youth, the Minister for Senior Citizens and the Minister for Disability Issues.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
	Departmental Output Expenses *Information, Evaluation and Analytics Services* This category is intended to increase the use and thereby value of the Ministry's information assets to drive better outcomes for the Ministry's clients.		
New measure for 2014/15	Research, evaluation and analytics services will be delivered in accordance with work priorities identified and advised by Ministers	Standard met	Standard met
New measure for 2014/15	Products and services will be delivered in accordance with advice received from the Ministry's external Data Management and Analytics Advisory Group	Standard met	Standard met
New measure for 2014/15	The number of research, evaluation and analytics reports published will be no less than	5	10*
	Policy Advice This category is intended to support Ministerial decisions on government social policy matters, including social sector issues, through robust and comprehensive policy advice from the Ministry that takes account of both the strategic perspective and the need of the client.		
Standard met	The satisfaction rating given by Ministers for the quality and timeliness of policy advice, as per the Common Satisfaction Survey will be at least	7.0	8.5
75.2%	The technical quality of policy advice papers assessed by a survey with a methodical robustness of 85% will be no less than	70%	75.3%
$129.20	The total cost per hour per person of producing outputs will be between	$130-$140	$126.71

* The number of published reports exceeds the target because the Ministry proactively published a suite of papers on the predictive risk model for vulnerable children.

Financial Performance

2013/2014		2014/2015		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Departmental Output Expenses			
	Revenue from Crown			
-	Information, Evaluation and Analytics Services	11,420	11,720	11,720
-	Policy Advice	18,008	18,808	18,808
	Revenue from Others			
-	Information, Evaluation and Analytics Services	-	-	-
-	Policy Advice	-	-	-
-	**Total Revenue**	**29,428**	**30,528**	**30,528**
-	**Total Expense**	**29,428**	**30,528**	**30,394**
-	**Net Surplus/(Deficit)**	**-**	**-**	**134**

Vote Senior Citizens

Output Expense: Senior Citizens Services

Scope

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

What is intended to be achieved with this appropriation

This appropriation is intended to support the Minister for Senior Citizens to deliver positive outcomes for senior citizens. This will be achieved through the provision of support and advice to help protect the rights of older people.

Summary of Performance

Non-financial Performance

Our main deliverables to support the Minister for Senior Citizens in 2014/2015 included:

- a report against the Positive Ageing Strategy
- an information campaign on Enduring Powers of Attorney
- revised Business of Ageing projections
- a summary research report on the incidence of elder abuse.

Our provision of speech material and information in 2014/2015 enabled the Minister for Senior Citizens to be well briefed to address various groups around the country on the issue of elder abuse and neglect prevention. The material provided is fit for purpose and has allowed us to brief the Minister effectively before any engagements with stakeholder groups.

The Minister promoted findings from research that we commissioned that showed that one in ten older people in New Zealand reported some form of abuse. This information has been used to raise understanding of the importance of prevention, as well as to inform policy and decision-making.

Prevention was also the focus of World Elder Abuse Awareness Day (WEAAD) in June 2015, which was heavily promoted on the Office for Senior Citizens Facebook page, gaining around 700 new followers. Posters, balloons and other material promoting WEAAD were displayed and distributed in Work and Income offices nationwide, to raise awareness of elder abuse and neglect prevention.

During the year we prepared responses to 13 written parliamentary questions and 185 items of correspondence for the Minister for Senior Citizens.

2013/2014 Actual Standard	Measure	2014/2015 Budgeted Standard	2014/2015 Actual Standard
New measure for 2014/15	The number of Ministerial speeches, communications and events prepared or organised by the Ministry to increase awareness of elder abuse and neglect prevention will be between	25-30	46*
New measure for 2014/15	The percentage of draft speeches and speech notes provided to the Minister for Senior Citizens within the timeframe specified by the Minister's Office will be no less than	95%	100%
	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 between, or no less than:		
100%	• Ministerial correspondence replies	95-100%	98.4%
100%	• Parliamentary question responses	100%	100%
100%	• Ministerial Official Information Act request replies	100%	100%
100%	• Select Committee Estimates examination responses	100%	100%
	The percentage of all drafts provided for the Minister's signature within the following timeframes will be between, or no less than:		
98.5%	• Ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed	95-100%	95.1%
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%

* The number of Ministerial speeches, communications and events prepared or organised by the Ministry to increase awareness of elder abuse and neglect prevention exceeded the target because there was a higher-than-expected level of demand.

Financial Performance

2013/2014		2014/2015		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
1,013	Crown	1,010	1,010	1,010
-	Department	-	-	-
-	Other	-	-	-
1,013	**Total Revenue**	**1,010**	**1,010**	**1,010**
941	**Total Expense**	**1,010**	**1,010**	**979**
72	**Net Surplus/(Deficit)**	**-**	**-**	**31**

Financial Statements

Ministry of Social Development 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 Ministry's ultimate parent is the New Zealand Crown.

The primary objective of the Ministry is to provide services to the public rather than to make a financial return. Accordingly, the Ministry has designated itself as a public benefit entity for financial reporting purposes.

The financial statements of the Ministry are for the year ended 30 June 2015. The financial statements were authorised for issue by the Chief Executive of the Ministry on 25 September 2015.

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 Tier 1 New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS).

These financial statements comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

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

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.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

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

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Ministry of Social Development has applied these standards in preparing the 30 June 2015 financial statements.

There are no standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

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 2015, which are consistent with the financial information in the Main Estimates. In addition, the financial statements also present the updated budget information from the Supplementary Estimates, which includes the transfers made under section 26A of the Public Finance Act 1989.

Revenue

The specific accounting policies for significant revenue items are explained below:

Revenue Crown

Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Cost allocation

The Ministry accumulates and allocates costs to Departmental output expenses using a three-staged costing system, outlined below.

The first stage allocates all direct costs to output expenses as and when they are incurred. The second stage accumulates and allocates indirect costs to output expenses based on cost drivers, such as full-time equivalent (FTE) staff and workload information obtained from surveys, 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.

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

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 2015, direct costs accounted for 83.6 percent of the Ministry's costs (2014: 86.2 percent).

Expenses

General

Expenses are recognised in the period to which they relate.

Capital charge

The capital charge is recognised as an expense in the financial year to which the charge relates.

Interest expense

Interest expense is accrued using the effective interest rate method.

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

Foreign currency

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

Financial instruments

Financial assets

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.

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that the Ministry will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Financial liabilities

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, furniture and fittings, computer equipment, motor vehicles and plant and equipment.

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

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

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

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

Disposals

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

Asset type	Useful lives	Depreciation rates
Buildings (including components)	10–80 years	1.25–10%
Leasehold improvements	up to 10 years	>10%
Furniture and fittings	3–5 years	20–33%
Computer equipment	3–5 years	20–33%
Motor vehicles	4–5 years	20–25%
Plant and equipment	3–5 years	20–33%

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

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

Revaluation

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

Accounting for revaluations

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

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

Intangible assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use by the Ministry are recognised as an intangible asset. Direct costs include the costs of materials and services, employee costs and any directly attributable overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Asset type	Useful lives	Depreciation rates
Developed computer software	3–8 years	12.5–33%

Impairment of non-financial assets

The Ministry does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash generating assets

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

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

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

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

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

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

Non-current assets held for sale

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

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

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

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

Income tax

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

Goods and Services Tax (GST)

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

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

The net GST paid to or received from 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

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases where the Ministry is the lessee are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Ministry will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event. A provision is recognised when it is probable 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.

Equity

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified as taxpayers' funds and property revaluation reserves.

Property revaluation reserves

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

Critical accounting estimates and assumptions

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

Retirement and long service leave

An analysis of the Ministry's exposure to estimates and uncertainties around its retirement and long service leave liability is contained in the notes (refer Note 16).

Fair value of land and buildings

The significant assumptions applied in determining the fair value of land and buildings are disclosed in the notes (refer Note 10).

Useful lives of software

The useful life of software is determined at the time the software is acquired and brought into use and is reviewed at each reporting date for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Ministry will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the Ministry, the life is based on historical experience with similar systems as well as anticipation of future events, which may impact their useful life, such as changes in technology.

Operating and finance leases

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

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

Critical judgements in applying the Ministry's accounting policies

There were no significant items for which management had to exercise critical judgement in applying the Ministry's accounting policies for the year ended 30 June 2015.

Ministry of Social Development
Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
	Revenue			
1,253,265	Revenue Crown		1,384,292	1,350,726
7,857	Revenue other	1	7,314	7,167
-	Gain on disposal of fixed assets	2	19	-
1,261,122	**Total revenue**		**1,391,625**	**1,357,893**
	Expenses			
694,973	Personnel costs	3	716,712	697,398
44,251	Depreciation and amortisation expenses	10,11	53,042	58,157
23,422	Capital charge	4	24,706	23,575
486,439	Other operating expenses	5	591,837	578,763
433	Loss on disposal of fixed assets	6	-	-
1,249,518	**Total expenses**		**1,386,297**	**1,357,893**
11,604	**Net surplus/(deficit)**		**5,328**	**-**
	Other comprehensive revenue and expense			
	Item that will not be reclassified to net surplus/(deficit)			
11,069	Gain on property, plant and equipment revaluations		-	-
22,673	**Total comprehensive revenue and expense**		**5,328**	**-**

Explanations of significant variances against the original 2014/2015 budget are detailed in Note 23. Refer to Note 5 for other operating expenses variances.

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Statement of Financial Position

As at 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
	Equity			
261,887	Taxpayers' funds	17	280,097	280,097
46,944	Revaluation reserve	17	46,944	35,875
308,831	**Total equity**		**327,041**	**315,972**
	Assets			
	Current assets			
31,259	Cash and cash equivalents	7	38,590	46,200
18,353	Accounts receivable	8	9,099	11,078
13,960	Prepayments		23,253	13,056
108,859	Crown receivable	9	72,083	45,718
172,431	**Total current assets**		**143,025**	**116,052**
	Non-current assets			
302,813	Property, plant and equipment	10	300,443	333,297
75,925	Intangible assets	11	114,455	52,119
378,738	**Total non-current assets**		**414,898**	**385,416**
551,169	**Total assets**		**557,923**	**501,468**
	Liabilities			
	Current liabilities			
120,411	Accounts payable and accruals	12	108,668	83,248
2,108	Revenue received in advance	13	-	-
11,604	Return of operating surplus to the Crown	14	5,328	-
60,761	Provision for employee entitlements	16	64,523	56,347
6,199	Other provisions	15	6,873	6,142
201,083	**Total current liabilities**		**185,392**	**145,737**
	Non-current liabilities			
41,255	Provision for employee entitlements	16	45,490	39,759
41,255	**Total non-current liabilities**		**45,490**	**39,759**
242,338	**Total liabilities**		**230,882**	**185,496**
308,831	**Net assets**		**327,041**	**315,972**

Explanations of significant variances against the original 2014/2015 budget are detailed in Note 23.

Brendan Boyle
Chief Executive
25 September 2015

Bruce Simpson
Chief Financial Officer
25 September 2015

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Statement of Changes in Equity

For the year ended 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
292,771	**Balance at 1 July**		**308,831**	**297,762**
22,673	Total comprehensive revenue and expense		5,328	-
	Owner transactions			
(11,604)	Return of operating surplus to the Crown	14	(5,328)	-
4,991	Capital injections		18,210	18,210
308,831	**Balance at 30 June**		**327,041**	**315,972**

Explanations of significant variances against the original 2014/2015 budget are detailed in Note 23.

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Statement of Cash Flows

For the year ended 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
	Cash flows from operating activities			
1,237,474	Receipts from Crown revenue		1,421,068	1,386,419
7,869	Receipts from other revenue		10,589	7,167
(472,442)	Payments to suppliers		(594,479)	(637,505)
(685,581)	Payments to employees		(725,544)	(654,116)
(23,422)	Payments for capital charge		(24,706)	(23,575)
938	Goods and services tax (net)		2,983	-
64,836	**Net cash flow from operating activities**	**18**	**89,911**	**78,390**
	Cash flows from investing activities			
1,844	Receipts from sale of property, plant and equipment		1,749	1,800
(24,743)	Purchase of property, plant and equipment		(28,591)	(63,150)
(41,316)	Purchase of intangible assets		(62,344)	(17,040)
(64,215)	**Net cash flow from investing activities**		**(89,186)**	**(78,390)**
	Cash flows from financing activities			
4,991	Capital injections		18,210	18,210
(7,048)	Return of operating surplus		(11,604)	(5,000)
(2,057)	**Net cash flow from financing activities**		**6,606**	**13,210**
(1,436)	Net increase/(decrease) in cash		7,331	13,210
32,695	Cash at the beginning of the year		31,259	32,990
31,259	**Cash at the end of the year**		**38,590**	**46,200**

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 18 for reconciliation of net surplus/(deficit) to net cash from operating activities. Explanations of significant variances against the original 2014/2015 budget are detailed in Note 23.

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Statement of Trust Monies

For the year ended 30 June 2015

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 are not included in the Ministry's own financial statements.

Actual 2014 $000		Actual 2015 $000
	William Wallace Trust	
410	**Balance at 1 July**	**405**
(57)	Distributions	(69)
52	Revenue	88
405	**Balance at 30 June**	**424**

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 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Statement of Commitments

As at 30 June 2015

Actual 2014 $000		Actual 2015 $000
	Capital commitments	
43,690	Buildings	28,869
43,690	**Total capital commitments**	**28,869**
	Operating commitments	
	Non-cancellable accommodation leases	
38,924	Not later than one year	36,563
87,477	Later than one year and not later than five years	96,963
188,393	Later than five years	165,565
314,794	**Total non-cancellable accommodation leases**	**299,091**
314,794	**Total operating commitments**	**299,091**
358,484	**Total commitments**	**327,960**

The Ministry is currently in discussions with the Ministry of Business, Innovation and Employment to occupy space in the Central Business District of Christchurch from 1 January 2017 with a term of 12 years and annual rent of $1.608 million.

Capital commitments

The Ministry had capital commitments of $28.869 million as at balance date (2014: $43.690 million). This relates to the leasehold improvement costs associated with the relocation of MSD National Office to 56 The Terrace, Wellington from mid-2016.

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.

The Operating and Capital commitments for 2014/2015 include the lease commitment for the new MSD National Office based at 56 The Terrace, Wellington.

There are no restrictions placed on the Ministry by any of its leasing arrangements.

In addition to the above costs the Ministry has sub-lease rental recoveries of $0.926 million expected to be received in the following year, 2015/2016 (2014: $0.543 million). Refer to Note 1 for sub-lease rental recoveries for 2014/2015.

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development
Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2015

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 2014 $000		Actual 2015 $000
175	Personal grievance claims	200
125	Other claims	1,138
300	**Total contingent liabilities**	**1,338**

Personal grievances

Personal grievance claims represents amounts claimed by employees for personal grievances cases. There are 26 personal grievances claims (2014: 15 personal grievances claims).

Other claims

Other claims represents outstanding grievance claims from our clients for unpaid benefit entitlements and Child, Youth and Family disputes. There are four claims (2014: 3 claims).

Quantifiable contingent assets

Actual 2014 $000		Actual 2015 $000
5,000	Canterbury earthquake claim	5,000
5,000	**Total contingent assets**	**5,000**

The Ministry has an unsettled business interruption insurance claim resulting from the 2010/2011 Christchurch earthquakes (2014: $5 million).

The Statement of Accounting Policies: Departmental on pages 84 to 89 and Notes 1 to 23 on pages 97 to 114 form part of these financial statements.

Ministry of Social Development Notes to the Financial Statements

Note 1: Revenue other

Actual 2014 $000		Actual 2015 $000
317	Sub-lease rental recoveries	942
7,540	Other recoveries	6,372
7,857	**Total revenue other**	**7,314**

The Ministry received revenue from child support receipts on behalf of children in foster care ($2.105 million), the Property Management Centre of Expertise (PMCoE) property portal ($2.717 million), Christchurch Earthquake Recovery Authority ($0.260 million) and Strengthening Families interagency support ($0.561 million). The Ministry received other revenues ($0.729 million) and revenue from sub-leased premises ($0.942 million).

Note 2: Gain on disposal of fixed assets

Actual 2014 $000		Actual 2015 $000
-	Gain on disposal of fixed assets	19
-	**Total gains**	**19**

During the year, the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net gain on asset disposals was $0.019 million (2014: nil).

Note 3: Personnel costs

Actual 2014 $000		Actual 2015 $000
656,804	Salaries and wages	676,006
5,910	Increase/(decrease) in employee entitlements	7,997
2,195	Increase/(decrease) in restructuring costs	1,873
18,420	Defined superannuation contribution scheme	19,309
11,644	Other personnel expenses	11,527
694,973	**Total personnel costs**	**716,712**

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

Note 4: Capital charge

The Ministry pays a capital charge to the Crown on its taxpayers' funds at 31 December and 30 June each financial year. The capital charge rate for the year ended 30 June 2015 was 8 percent (2014: 8 percent).

Note 5: Operating expenses

Actual 2014 $000		Actual 2015 $000
931	Audit fees[36]	932
72,396	Rental, leasing and occupancy costs	71,201
58	Bad debts written off	61
(195)	Impairment of receivables	215
120,216	Client financial plan costs[37]	125,809
60,463	Employment support and subsidies[38]	162,163
27,605	Non-specific client costs[39]	28,861
23,392	Vocational Skills Training	-
32,966	Office operating expenses	46,691
82,088	IT-related operating expenses	68,375
8,237	Travel expenses	8,120
9,808	Consultancy and contractors' fees	18,872
7,954	Professional fees	10,961
40,520	Other operating expenses	49,576
486,439	**Total operating costs**	**591,837**

Major operating expenses actual variances

Employment support and subsidies increased by $101.7 million to $162.163 million in 2014/2015 compared with the prior year mainly due to:

- Improved Employment and Social Outcomes Support MCA (established from 1 January 2014) having a full year of employment support and subsidies operating expenses in 2014/2015 when compared with the prior year ($45.237 million)
- youth support services being a new operating expense in 2014/2015. This was previously funded from the non-departmental output expense, Youth Support Services MCOA, and was transferred to the Improved Employment and Social Outcomes MCA in Budget 2014 ($34.537 million)
- transfer of vocational services and mainstream supported employment programme funding into the Improved Employment and Social Outcomes Support MCA in 2014/2015 ($19.789 million).

36 Audit fees includes statutory audit fees only.

37 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.

38 Employment support and subsidies includes costs related to employment assistance including employment subsidies, training for work, partnership with industry, health interventions and employment placement, job search initiatives and youth services.

39 Non-specific client costs include 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.

Vocational skills training expenses decreased to nil in 2014/2015 due to the transfer of the funding to Vote Tertiary Education and to the non-departmental other expense, Employment Assistance, in August 2013. The Employment Assistance funding was later transferred to the Improved Employment and Social Outcomes Support MCA in 1 January 2014.

Office operating expenses increased by $13.725 million to $46.691 million in 2014/2015 mainly due to increased security costs in the wake of the Ashburton tragedy.

IT-related operating expenses decreased by $13.713 million to $68.375 million in 2014/2015 mainly due to the completion of Welfare Reform and overseas pensions recovery projects in the prior year.

Consultancy and contractors' fees increased by $9.064 million to $18.872 million in 2014/2015 mainly due to:

- work on the Simplification project to review service delivery process, policies and systems
- Child, Youth and Family modernisation project
- valuation of the benefit system
- security review.

Note 6: Loss on disposal of fixed assets

Actual 2014 $000		Actual 2015 $000
433	Loss on disposal of fixed assets	-
433	**Total losses**	**-**

During the year, the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net loss on asset disposals was nil (2014: $433,000).

Note 7: Cash and cash equivalents

Actual 2014 $000		Actual 2015 $000
31,259	Cash at bank and on hand	38,590
-	Term deposits with maturities less than 3 months	-
31,259	**Total cash and cash equivalents**	**38,590**

Note 8: Debtors and other receivables

Actual 2014 $000		Actual 2015 $000
	By type	
18,353	Trade and other receivables	9,099
18,353	**Total receivables**	**9,099**
	By maturity	
18,353	Expected to be realised within one year	9,099
-	Expected to be held for more than one year	-
18,353	**Total receivables**	**9,099**
	Trade and other receivables	
19,939	Gross trade and other receivables	10,900
(1,586)	Impairment of trade and other receivables	(1,801)
18,353	**Total trade and other receivables**	**9,099**
	Impairment of trade and other receivables	
1,780	Balance at beginning of the year	1,586
395	Impairment losses recognised on receivables	503
(589)	Reversal of impairment losses	(288)
1,586	**Balance at end of the year**	**1,801**
1,586	Collective impairment allowance	1,801
-	Individual impairment allowance	-
1,586	**Balance at end of the year**	**1,801**

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

Debtors impairment

As at 30 June 2015 (and 30 June 2014), impairment of trade and other receivables has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

As at 30 June 2015, the Ministry had no debtors deemed insolvent (2014: nil).

Ageing profile of receivables

as at 30 June 2014				as at 30 June 2015		
Gross $000	**Impairment $000**	**Net $000**		**Gross $000**	**Impairment $000**	**Net $000**
14,930	-	14,930	Not past due	8,859	-	8,859
2,193	-	2,193	Past due 1–30 days	62	-	62
1,036	-	1,036	Past due 31–60 days	26	-	26
86	(22)	64	Past due 61–90 days	34	(27)	7
1,694	(1,564)	130	Past due >91 days	1,919	(1,774)	145
19,939	**(1,586)**	**18,353**		**10,900**	**(1,801)**	**9,099**

Note 9: Crown receivable

Crown receivable represents cash yet to be drawn down from the Treasury. As at 30 June 2015 Crown receivable was $72.083 million (2014: $108.859 million).

Note 10: 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 2013	**49,983**	**208,067**	**78,477**	**116,023**	**26,790**	**18,509**	**497,849**
Additions by purchase	-	7,103	7,520	5,725	4,677	576	25,601
Revaluation increase/(decrease)	7,135	(17,300)	-	-	-	-	(10,165)
Work in progress movement	-	(9,906)	431	8,490	-	125	(860)
Asset transfers	-	-	-	(558)	-	-	(558)
Other asset movement	-	-	20	-	-	(19)	1
Disposals	-	-	(6,389)	(11,816)	(5,122)	(243)	(23,570)
Balance as at 30 June 2014	**57,118**	**187,964**	**80,059**	**117,864**	**26,345**	**18,948**	**488,298**
Balance as at 1 July 2014	**57,118**	**187,964**	**80,059**	**117,864**	**26,345**	**18,948**	**488,298**
Additions by purchase	-	5,391	5,435	6,337	5,213	459	22,835
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	5,440	(402)	873	-	(155)	5,756
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(417)	(26,662)	(5,323)	(14)	(32,416)
Balance as at 30 June 2015	**57,118**	**198,795**	**84,675**	**98,412**	**26,235**	**19,238**	**484,473**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2013	**-**	**14,285**	**59,779**	**104,112**	**11,619**	**10,674**	**200,469**
Depreciation expense	-	6,949	9,011	6,666	3,415	2,060	28,101
Eliminate on disposal	-	-	(5,742)	(11,816)	(3,494)	(240)	(21,292)
Eliminate on revaluation	-	(21,234)	-	-	-	-	(21,234)
Asset transfers	-	-	-	(558)	-	-	(558)
Other asset movement	-	-	17	-	-	(18)	(1)
Balance as at 30 June 2014	**-**	**-**	**63,065**	**98,404**	**11,540**	**12,476**	**185,485**
Balance as at 1 July 2014	**-**	**-**	**63,065**	**98,404**	**11,540**	**12,476**	**185,485**
Depreciation expense	-	11,440	7,172	5,440	3,135	2,043	29,230
Eliminate on disposal	-	-	(417)	(26,662)	(3,592)	(15)	(30,686)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	1	-	-	-	1
Balance as at 30 June 2015	**-**	**11,440**	**69,821**	**77,182**	**11,083**	**14,504**	**184,030**
Carrying amounts							
At 1 July 2013	**49,983**	**193,782**	**18,698**	**11,911**	**15,171**	**7,835**	**297,380**
At 30 June and 1 July 2014	**57,118**	**187,964**	**16,994**	**19,460**	**14,805**	**6,472**	**302,813**
At 30 June 2015	**57,118**	**187,355**	**14,854**	**21,230**	**15,152**	**4,734**	**300,443**

Valuation

A desktop review of land and buildings owned by the Ministry was completed by Quotable Value Limited as at 30 June 2015. Registered valuer Andrew Parkyn ANZIV from Quotable Value Limited was the project manager.

No significant change (under 5 percent) was noted between the fair value and the carrying value of the Ministry's land and buildings from the desktop review. A full valuation involving the physical inspection of all the Ministry's land and buildings assets was conducted by Quotable Value Limited as at 30 June 2014. The next full valuation is scheduled for 2016/2017.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensively.

Buildings

Non-specialised buildings are valued at fair value using market-based evidence. Market rents and capitalisation rate methodologies were applied in determining the fair value of buildings. Residential centres have been valued using market-based evidence where it exists. If there is no active market evidence the optimised depreciated replacement cost has been used.

Work in progress

	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 2013	**-**	**16,652**	**-**	**4,652**	**-**	**88**	**21,392**
Work in progress movement	-	(9,906)	431	8,490	-	125	(860)
Balance as at 30 June 2014	**-**	**6,746**	**431**	**13,142**	**-**	**213**	**20,532**
Balance as at 1 July 2014	**-**	**6,746**	**431**	**13,142**	**-**	**213**	**20,532**
Work in progress movement	-	5,440	(402)	873	-	(155)	5,756
Balance as at 30 June 2015	**-**	**12,186**	**29**	**14,015**	**-**	**58**	**26,288**

The total amount of property, plant and equipment under construction and work in progress is $26.288 million (2014: $20.532 million).

Restrictions

There are no restrictions over the title of the Ministry's property, plant and equipment assets; nor are any property, plant and equipment assets pledged as security for liabilities.

Note 11: Intangible assets

	Internally Generated Software $000	Total $000
Cost or revaluation		
Balance as at 1 July 2013	**237,186**	**237,186**
Additions by purchase and internally generated	36,518	36,518
Work in progress movement	4,801	4,801
Asset transfers	558	558
Other asset movement	3	3
Disposals	(664)	(664)
Balance as at 30 June 2014	**278,402**	**278,402**
Balance as at 1 July 2014	**278,402**	**278,402**
Additions by purchase and internally generated	26,564	26,564
Work in progress movement	35,778	35,778
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2015	**340,744**	**340,744**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2013	**186,430**	**186,430**
Amortisation expense	16,150	16,150
Disposals	(661)	(661)
Asset transfers	558	558
Other asset movement	-	-
Balance as at 30 June 2014	**202,477**	**202,477**
Balance as at 1 July 2014	**202,477**	**202,477**
Amortisation expense	23,812	23,812
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2015	**226,289**	**226,289**
Carrying amounts		
At 1 July 2013	**50,756**	**50,756**
At 30 June and 1 July 2014	**75,925**	**75,925**
At 30 June 2015	**114,455**	**114,455**

Work in progress

	Internally Generated Software $000	Total $000
Cost or revaluation		
Balance as at 1 July 2013	**21,698**	**21,698**
Work in progress movement	4,801	4,801
Balance as at 30 June 2014	**26,499**	**26,499**
Balance as at 1 July 2014	**26,499**	**26,499**
Work in progress movement	35,778	35,778
Balance as at 30 June 2015	**62,277**	**62,277**

The total amount of intangibles in the course of construction is $62.277 million (2014: $26.499 million).

Restrictions

There are no restrictions over the title of the Ministry's intangible assets; nor are any intangible assets pledged as security for liabilities.

Note 12: Creditors and other payables

Actual 2014 $000		Actual 2015 $000
	By type	
15,153	Trade creditors	11,236
10,633	GST payable	13,616
94,625	Accrued expenses	83,816
120,411	**Total payables**	**108,668**

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 13: Revenue received in advance

Actual 2014 $000		Actual 2015 $000
2,108	Revenue received in advance	-
2,108	**Total revenue received in advance**	**-**

The Ministry had no revenue received in advance (2014: $2.108 million).

Note 14: Return of operating surplus

Actual 2014 $000		Actual 2015 $000
11,604	Net surplus/(deficit)	5,328
11,604	**Total repayment of surplus**	**5,328**

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

Note 15: Provisions

Actual 2014 $000		Actual 2015 $000
4,672	ACC Partnership programme	4,862
1,076	Restructuring provision	1,081
388	Lease reinstatement	897
63	Other provisions	33
6,199	**Total provisions**	**6,873**

Provisions by category

	ACC Partnership Programme $000	Lease Reinstatement $000	Restructure $000	Others $000	Total $000
2014					
Balance as at 1 July 2013	**4,381**	**386**	**1,322**	**53**	**6,142**
Additional provisions made	2,929	80	21	10	3,040
Amounts used	(2,638)	-	(267)	-	(2,905)
Unused amounts reversed	-	(90)	-	-	(90)
Discount unwind	-	12	-	-	12
Balance as at 30 June 2014	**4,672**	**388**	**1,076**	**63**	**6,199**
2015					
Balance as at 1 July 2014	**4,672**	**388**	**1,076**	**63**	**6,199**
Additional provisions made	2,423	486	208	-	3,117
Amounts used	(2,233)	-	(203)	(30)	(2,466)
Unused amounts reversed	-	-	-	-	-
Discount unwind	-	23	-	-	23
Balance as at 30 June 2015	**4,862**	**897**	**1,081**	**33**	**6,873**

ACC Partnership programme

The Ministry belongs to the ACC Accredited Employer programme, whereby the Ministry accepts the management and financial responsibility of the work-related illnesses and accidents of its employees. The Ministry, under the Full Self Cover Plan (FSCP), has opted for a stop loss limit of 160 percent of the industry premium and a High Cost Claims Cover (HCCC) limit of $0.500 million.

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 through:

- implementing and monitoring health and safety policies
- providing induction training on health and safety
- actively managing workplace injuries to ensure employees return to work as soon as possible
- recording and monitoring workplace injuries and near misses to identify risk areas and implementing mitigating actions
- identifying workplace hazards and implementing appropriate safety procedures.

The Ministry is not exposed to any significant concentrations of insurance risk as work-related injuries 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 2015. The valuer has attested he is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability. There are no qualifications contained in the actuarial valuer's report.

Lease reinstatement

At the expiry of the lease term for a number of its leased premises, the Ministry is required to remove any fixtures or fittings installed by the Ministry.

At year-end there were 12 sites where a lease reinstatement provision had been established with a value of $0.897 million (2014: $0.388 million). The timing of any future lease reinstatement 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 for reinstatement of leased premises.

The value of the provision is based on a professional assessment by the Ministry's property group taking into account the cost and past history of lease reinstatement work.

An asset to the value of $0.925 million (2014: $0.856 million) was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Restructure

Restructure provision is for equalisation allowances for staff members affected by a restructure in 2009, 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 2015 is $1.081 million (2014: $1.076 million).

Others

The Ministry has a provision of $33,167 (2014: $63,167) 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 16: Employee entitlements

Actual 2014 $000		Actual 2015 $000
	Current liabilities	
13,190	Retirement and long service leave	14,838
46,208	Provision for annual leave	48,140
1,363	Provision for sickness leave	1,545
60,761	**Total current portion**	**64,523**
	Non-current liabilities	
41,255	Retirement and long service leave	45,490
41,255	**Total non-current portion**	**45,490**
102,016	**Total employment entitlements**	**110,013**

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

The Ministry uses the interest rates and the salary inflation factor as supplied and published by the Treasury.

Discount rates and salary inflation applied:

as at 30 June 2014				as at 30 June 2015		
2015 %	2016 %	2017 %	Employee Entitlement Variables	2016 %	2017 %	2018 %
3.70	4.04	5.50	Discount rates	2.93	2.81	4.39
3.50	3.50	3.50	Salary inflation	3.00	3.00	3.00

The financial impact of changes to the discount rates and salary inflation variables:

Movements	Actual 2015 $000	Salary + 1% 2015 $000	Salary - 1% 2015 $000	Discount + 1% 2015 $000	Discount - 1% 2015 $000
Current	14,838	49	(49)	(35)	35
Non-current	45,490	4,589	(4,029)	(3,739)	4,325
Total	**60,328**	**4,638**	**(4,078)**	**(3,774)**	**4,360**

Note 17: Equity

Actual 2014 $000		Actual 2015 $000
	Taxpayers' funds	
256,896	**Balance at 1 July**	**261,887**
11,604	Surplus/(deficit)	5,328
4,991	Capital contribution	18,210
(11,604)	Repayment of surplus	(5,328)
261,887	**Balance at 30 June**	**280,097**
	Revaluation reserves	
35,875	**Balance at 1 July**	**46,944**
11,069	Revaluations	-
46,944	**Balance at 30 June**	**46,944**
308,831	**Total equity**	**327,041**

Note 18: Reconciliation of net surplus/(deficit) to net cash from operating activities

Actual 2014 $000		Actual 2015 $000
11,604	**Net surplus/(deficit)**	**5,328**
	Add/(less) non-cash items	
28,101	Depreciation	29,230
16,150	Amortisation	23,812
44,251	**Total non-cash items**	**53,042**
	Add/(less) items classified as investing or financing activities	
433	(Gains)/losses on disposal property, plant and equipment	(19)
433	**Total items classified as investing or financing activities**	**(19)**
	Add/(less) working capital movements	
(23,065)	(Increase)/decrease in accounts receivable	46,033
(903)	(Increase)/decrease in prepayments	(9,293)
26,453	Increase/(decrease) in accounts payable	(11,743)
95	Increase/(decrease) in revenue received in advance	(2,108)
4,415	Increase/(decrease) in provision for employee entitlements	3,762
57	Increase/(decrease) other provisions	674
7,052	**Net movements in working capital items**	**27,325**
	Add/(less) movements in non-current liabilities	
1,496	Increase/(decrease) in provision for employee entitlements	4,235
1,496	**Net movements in non-current liabilities**	**4,235**
64,836	**Net cash inflow from operating activities**	**89,911**

Note 19: Related party transactions

The Ministry is a wholly-owned entity of the Crown. The Government significantly influences the role of the Ministry as well as being its major source of revenue. All related party transactions are entered into on an arm's-length basis.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

There have been no related party transactions other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Ministry would have adopted if dealing with that individual entity at arm's length in the same circumstance.

Transactions with key management personnel

Key management personnel compensation includes the remuneration for the Chief Executive and ten members of the Senior Management Team (2014: Chief Executive and nine members of the Senior Management Team).

Actual 2014		Actual 2015
	Leadership Team, including the Chief Executive	
$3,175,720	Remuneration	$3,708,376
10	Full-time equivalent members	11

The above key management personnel disclosure excludes the Minister for Social Development. The Minister's remuneration and other benefits are received not only for her role as a member of the key management personnel of the Ministry. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority, and are not paid by the Ministry of Social Development.

Note 20: 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 21: Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Actual 2014 $000		Actual 2015 $000
	Loans and receivables	
31,259	Cash and cash equivalents	38,590
127,212	Debtors and other receivables	81,182
158,471	**Total loans and receivables**	**119,772**
	Financial liabilities measured at amortised cost	
109,778	Creditors and other payables	95,052
109,778	**Total financial liabilities measured at amortised cost**	**95,052**

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

In 2014/2015 there were no instruments recognised at fair value in the Statement of Financial Position (2014: nil).

Financial instrument risks

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry has a series of policies to manage the risks associated with financial instruments and seeks to minimise its exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

The Ministry's Foreign Exchange Management Policy requires the Ministry to manage currency risk arising from future transactions and recognised liabilities by entering into foreign exchange forward contracts when the total transaction exposure to an individual currency exceeds NZ$50,000 or the department's net aggregate NZ$ equivalent exposure at any point in time exceeds NZ$250,000. The Ministry's policy has been approved by the Treasury and is in accordance with the requirements of the Treasury's Guidelines for the Management of Crown and Departmental Foreign-Exchange Exposure.

Sensitivity analysis

As at 30 June 2015 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2014: no significant foreign exchange exposures).

Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

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 receivables, deposits with banks and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables (refer Note 8), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2014 $000		Actual 2015 $000
	Creditors and other payables	
109,778	Less than six months	95,052
109,778		**95,052**

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2014: nil).

Note 22: Capital management

The Ministry's capital is its equity, which comprises taxpayers' 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 23: Major budget variations

Explanations for major variances from the Ministry's estimated figures in the Forecast Financial Statements 2014/2015 are as follows:

	Notes	Actual 2015 $000	Unaudited Budget 2015 $000	Variance 2015 $000
Statement of Comprehensive Revenue				
Revenue				
Revenue Crown	(a)	1,384,292	1,350,726	(33,566)
Statement of Financial Position				
Equity				
Revaluation reserve	(b)	46,944	35,875	(11,069)
Assets				
Current assets				
Prepayments	(c)	23,253	13,056	(10,197)
Crown receivable	(d)	72,083	45,718	(26,365)
Non-current assets				
Property, plant and equipment	(e)	300,443	333,297	32,854
Intangible assets	(f)	114,455	52,119	(62,336)
Liabilities				
Current liabilities				
Accounts payable and accruals	(g)	108,668	83,248	(25,420)
Statement of Cash Flows				
Cash flows from operating activities				
Receipts from Crown revenue	(h)	1,421,068	1,386,419	(34,649)
Receipts from other revenue	(i)	10,589	7,167	(3,422)
Payments to suppliers	(j)	(594,479)	(637,505)	(43,026)
Payments to employees	(k)	(725,544)	(654,116)	71,428
Cash flows from investing activities				
Purchase of property, plant and equipment	(l)	(28,591)	(63,150)	(34,559)
Purchase of intangible assets	(m)	(62,344)	(17,040)	45,304

Statement of Comprehensive Revenue and Expense

a. Increase in Revenue Crown of $33.566 million was mainly due to:

- a transfer of $12 million, transferred in from outyears to 2014/2015, for settling a significant portion of the backlog of historic claims of abuse
- a transfer of $9.326 million during 2014/2015 from the non-departmental categories of the Improved Employment and Social Outcomes Support MCA to increase flexiwage and outcomes-based contracts
- the impact of the enhanced use of authoritative data business case for the Simplification project resulting in an increase to Revenue Crown of $11.400 million.

Statement of Financial Position

b. Revaluation reserve budget variance was due to the change in valuation of the Ministry's land and buildings as a result of the full valuation performed by Quotable Value Limited as at 30 June 2014. Due to the timing of the valuation the budget is first updated during the October Baseline Update 2014.

c. Prepayments were higher than budget mainly due to the timing of property rent prepayments of $4.354 million, SAS software license renewal $2.690 million and one day of payroll prepayment $2.254 million.

d. Crown receivable relates to funds the Ministry has not drawn down for 2015 and previous years. The higher balance is attributable to delays with the timing of a number of capital projects.

e. Property, plant and equipment is lower due to the budget phasing of a number of property projects including the relocation of National Office to 56 The Terrace.

f. Intangible assets are higher than budget due to increased capital activity with information technology including social housing, single client management refresh and cyber security.

g. Accounts payable and accruals are higher than budget mainly due to the timing of accrued expenses and cash payments including from the Work and Income contract management system $10.109 million, historic claims $3.324 million and Improved Employment and Social Outcomes Support MCA charges $3.498 million.

Statement of Cash Flows

h. Receipts from Crown Revenue is higher due to the increase in Revenue Crown as explained in note (a) above.

i. Receipts from other revenue is higher mainly due to the reduction in accounts receivable and timing of receipts collection during the period.

j. Payments to suppliers is lower than budget mainly due to the overstatement of this cash budget due to a shift to payments to employees (refer note [k]).

k. Payments to employees is higher than budget mainly due to the impact of the final payrun of the year being paid from the bank account on 29 June 2015 $20.287 million and the understatement of the balance of the cash budget (refer note [j]).

l. Purchase of property, plant and equipment is lower than budget mainly due to the phasing of the cash flow budget as explained in note (e) above.

m. Purchase of intangible assets is higher due to increased capital activity on a number of major software-related projects as explained in note (f) above.

Statement of Accounting Policies: Non-Departmental

Reporting entity

These non-departmental statements and schedules present financial information on public funds managed by the Ministry on behalf of the Crown.

These non-departmental balances are consolidated into the Financial Statements of the Government. For a full understanding of the Crown's financial position, results of operations and cash flows for the year, readers should refer to the Financial Statements of the Government.

Basis of preparation

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

Measurement and recognition rules applied in the preparation of these non-departmental statements and schedules are consistent with New Zealand Generally Accepted Accounting Practice (Tier 1 Public Sector Benefit Entity Accounting Standards) as appropriate for public benefit entities.

These non-departmental statements and schedules are the first prepared in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

Changes in accounting policies

Social benefit receivables are initially assessed at fair value, which is consistent with the accounting policies of the Financial Statements of the Government. This policy change has no impact on the non-departmental financial statements and schedules.

There have been no other 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.

Revenue

The Ministry administers revenue on behalf of the Crown. This revenue includes student loan administration fees, interest revenue, maintenance capitalisation and miscellaneous revenue.

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

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

Maintenance capitalisation relates to the old child support scheme managed by the Ministry before 1 July 1992. Up until that date, a person who had custody of a child could seek financial support (ie, maintenance) from the non-custodial parent. The maintenance capitalisation revenue is the re-establishment of historical maintenance debt previously written off. The current child support scheme is managed by the Inland Revenue Department.

Miscellaneous revenue is all the other non-departmental revenues received by the Ministry.

Expenses

Expenses are recognised in the period they relate to.

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

Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled and notice has been given to the Crown.

Foreign currency

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Schedule of Non-Departmental Revenue 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.

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 type is accounts payable. This is designated at amortised cost using the effective interest rate method. Financial liabilities entered into with a duration of less than 12 months are recognised at their nominal value.

Derivatives

Foreign exchange forward contracts are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or a net loss position respectively. These derivatives are entered into for risk management purposes.

Social benefit receivables

Social benefit debt receivables relate to benefit overpayments, advances on benefits and recoverable special needs grants (refer Note 3). They are initially assessed at fair value. These receivables are subsequently tested for impairment.

Goods and Services Tax

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. An input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue at the consolidation of the government financial statements.

Commitments

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

Cancellable commitments that have penalty or exit costs explicit in their agreements are included in the Statement of Commitments at the value of that penalty or exit cost.

Contingent assets and liabilities

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

Critical accounting estimates and assumptions

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

Social benefit receivables

Social benefit receivables are initially measured at fair value and are subsequently tested for impairment. Note 3 provides an analysis of the uncertainties relating to the valuation of social benefit receivables.

Critical judgements in applying the Ministry's accounting policies

Applying the Ministry's social benefit receivables policy requires judgements to determine a value to place on future repayments of benefit overpayments, advances on benefits and recoverable special needs grants. Judgement is required on various aspects that include, but are not limited to, the use of interest rates, mortality rates, allowance for collection costs and calculation of future rates of default on the receivables.

The Ministry has exercised its judgement on the appropriateness of its valuation of the social benefit receivables (refer Note 3).

There were no other significant items for which management had to exercise critical judgement in applying the Ministry's accounting policies for the year ended 30 June 2015.

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2015

The following non-departmental statements and schedules record the revenue, expenses, assets, liabilities, commitments, contingent liabilities, contingent assets, and trust accounts that the Ministry manages on behalf of the Crown.

Schedule of Non-Departmental Revenue

For the year ended 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
4	Interest revenue		2	-
366	Maintenance capitalisation		225	450
1,315	Miscellaneous revenue		38	-
-	Gain on foreign exchange		2,340	-
10,968	Student Loan – administration fee	2	10,891	11,412
12,653	**Total non-departmental income**		**13,496**	**11,862**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on student loan advances refer Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
217,970	Benefit recoveries – current debt		221,269	223,066
985	Benefit recoveries – liable parent contributions		963	573
86,931	Benefit recoveries – non-current debt		92,331	93,077
214,214	Overseas pension recoveries		237,909	241,010
90,462	Student Loans – repayment of principal	2	99,014	98,643
610,562	**Total non-departmental capital receipts**		**651,486**	**656,369**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on student loan advances refer Note 2.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2015

Actual 2014 $000		Actual 2015 $000	Unaudited Budget 2015 $000
	Vote Social Development		
533,145	Non-departmental output expenses	1,036,774	1,047,967
131,722	Non-departmental other expenses	85,139	145,425
1,745,998	Non-departmental capital expenditure	1,757,945	1,829,797
18,182,938	Benefits or related expenses	18,847,186	18,865,041
1,027	Loss on foreign exchange	-	-
66,476	Other operating expenses	52,361	58,599
20,661,306	**Total Vote Social Development**	**21,779,405**	**21,946,829**
	Vote Veterans' Affairs – Social Development		
165,250	Benefits or related expenses	-	-
165,250	**Total Vote Veterans' Affairs – Social Development**	**-**	**-**
20,826,556	**Total non-departmental expenses**	**21,779,405**	**21,946,829**

The Other operating expenses of $52 million is mainly GST on grants and subsidies paid under Non-departmental output expenses and Non-departmental other expenses. An input tax deduction is not claimed on non-departmental expenditure.

These Non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Schedule of Non-Departmental Assets

As at 30 June 2015

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000
	Current assets			
148,805	Cash and cash equivalents		100,063	164,847
106,384	Receivables	3	114,836	183,856
34,012	Prepayments – benefits and allowances		21,570	2,001
289,201	**Total current assets**		**236,469**	**350,704**
	Non-current assets			
433,518	Receivables	3	465,185	272,252
87	Other advances		67	76
433,605	**Total non-current assets**		**465,252**	**272,328**
722,806	**Total non-departmental assets**		**701,721**	**623,032**

Explanations of significant variances against budget are detailed in Note 1.

For additional detail on Accounts receivable – benefits and allowances refer Note 3.

These Non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Schedule of Non-Departmental Liabilities

As at 30 June 2015

Actual 2014 $000		Actual 2015 $000	Unaudited Budget 2015 $000
	Current liabilities		
156,586	Accruals – other than government departments	108,944	135,864
165,493	Tax payable	100,587	93,061
1,076	Other current liabilities	1,738	1,373
2,661	Foreign exchange forward contracts	373	1,854
325,816	**Total non-departmental liabilities**	**211,642**	**232,152**

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 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Schedule of Non-Departmental Commitments

As at 30 June 2015

The Ministry has no non-departmental commitments at balance date (2014: nil).

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2015

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities (2014: nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2015 (2014: nil).

Contingent assets

The Ministry on behalf of the Crown has no contingent assets (2014: 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 2014/2015.

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Statement of Trust Monies

For the year ended 30 June 2015

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 2015 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2015 were as follows:

Actual 2014 $000		**Actual 2015 $000**
	Australian Debt Recoveries	
3	**Balance at 1 July**	**2**
13	Contributions	12
(14)	Distributions	(12)
-	Revenue	-
-	Expenditure	-
2	**Balance at 30 June**	**2**
	Australian Embargoed Arrears	
379	**Balance at 1 July**	**1,026**
5,943	Contributions	7,150
(5,296)	Distributions	(7,617)
-	Revenue	-
-	Expenditure	-
1,026	**Balance at 30 June**	**559**
	Maintenance	
54	**Balance at 1 July**	**251**
533	Contributions	459
(338)	Distributions	(604)
2	Revenue	2
-	Expenditure	-
251	**Balance at 30 June**	**108**
	Netherlands Debt	
1	**Balance at 1 July**	**4**
108	Contributions	152
(105)	Distributions	(145)
-	Revenue	-
-	Expenditure	-
4	**Balance at 30 June**	**11**
1,283	**Total trust monies**	**680**

The Statement of Accounting Policies: Non-Departmental on pages 115 to 116 and Notes 1 to 4 on pages 125 to 131 form part of these financial statements.

Australian Debt Recoveries Trust Account

An agreement exists between the Australian and New Zealand Governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in Australia. The trust account records these transactions and transfers the amounts held in the trust account to the Australian Government on a monthly basis.

Australian Embargoed Arrears Trust Account

Under the reciprocal agreement between the Australian and New Zealand Governments, the New Zealand Government is required to make regular contributions to any former New Zealand residents living in Australia in receipt of a benefit in Australia. The trust account has been established to record any one-off arrears payments.

Maintenance Trust Account

The Ministry is responsible for collecting maintenance arrears owing as at 30 June 1992. Amounts are collected from the non-custodial parent and deposited into the trust account. These amounts are then paid into the custodial parent's bank account.

Netherlands Debt Trust Account

An agreement exists between the Netherlands and New Zealand Governments for the Ministry to deduct monies from customers in receipt of a benefit in New Zealand for debts owing in the Netherlands. The trust account records these transactions and transfers the amounts held in the trust account to the Netherlands Government on a monthly basis.

These non-departmental balances are consolidated into the Financial Statements of the Government, and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/2015.

Notes to the Non-Departmental Financial Statements

Note 1: Explanation of major variances against budget

Explanations for major variances from the Ministry's non-departmental estimated figures in the Main Estimates are as follows:

Schedule of revenue and expenses

Non-departmental other expenses were lower than budget mainly due to less expenditure on Debt Write-downs. Debt Write-downs have been underspent as an expense by $43.786 million against an original budget of $84.302 million. This can be mainly attributed to the budget containing a balance to allow for the impact of remeasurement, driven by changes in interest rates. In the current year the new interest rate changes impacted the account with a decrease of $19.159 million. The Ministry is appropriated for expenditure excluding any remeasurement.

There are no other significant variances against budget.

Schedule of assets and liabilities

Cash and cash equivalents is lower in 2014/2015 compared with the original budget by $64.784 million due to the timing of the cash draw-down from the Treasury.

Current and non-current receivables were higher than budget by $123.913 million mainly due to a lower provision for doubtful debts of $74.573 million.

Prepayments were higher than budget by $19.569 million mainly due to a $20.452 million prepayment for Income Related Rent in the social housing area.

There are no other significant variances against budget.

Note 2: Student loan advances

Carrying value of student loans

As at 30 June 2015

Actual 2014 $000		Actual 2015 $000
	Vote Social Development	
	Student loans	
-	**Opening nominal balance**	-
1,601,031	New lending	1,616,917
(90,462)	Repayment	(99,014)
(1,521,537)	Loan balance transfer to IRD	(1,528,794)
10,968	Administration fee	10,891
-	**Closing nominal balance**	-
-	**Net carrying value of student loans**	-

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. Student loans are transferred to the IRD on a daily basis for collection. The interest rate risk and the credit risk on student loans are held by the IRD.

Note 3: Accounts receivable – benefits and allowances

Balances owed to the Ministry are made up of benefits and allowances overpayments, recoverable assistance and fraud repayments. Interest is not charged on benefit recovery and demands for repayment are restricted to prevent client hardship.

The carrying value and the fair value are the same for these amounts. Since there is no market comparison, the fair value is determined by discounting the expected future cash flows by the appropriate interest rates at year-end. The effective interest rates applied at year-end were between 4.11 percent and 4.91 percent (4.85 percent and 5.73 percent at 30 June 2014).

The fair value of the portfolio as at 30 June 2015 is $580 million ($540 million at 30 June 2014).

Social benefit and other receivables

As at 30 June 2015

Actual 2014 $000		Actual 2015 $000
	Social benefit receivables	
1,236,250	Nominal value of receivable	1,297,727
1,236,250	Gross value of receivables	1,297,727
(708,828)	less provision for impairment[40]	(733,267)
527,422	Net social benefit receivables	564,460
12,480	Other receivables	15,561
539,902	**Total receivables**	**580,021**

	Total receivables are represented by:	
106,384	Current	114,836
433,518	Non-current	465,185
539,902	**Balance at end of the year**	**580,021**

	Social benefit receivables	
	Movements in the carrying value of the loans are as follows:	
502,200	**Balance at 1 July**	**527,422**
377,096	Face value of new receivables during the year	376,041
(305,886)	Receivables repaid during the year	(314,563)
(45,988)	Subsequent net impairment	(24,440)
527,422	**Balance at 30 June**	**564,460**

40 Impairment of social benefit receivables includes a decrease of $19.159 million of remeasurement due to changes in interest and collection cost rates.

Impairment is calculated on a collective basis, not on an individual basis. There was a net movement in impairment losses of $24 million during the 2014/2015 year (2014: $46 million).

The fair value is sensitive to the discount rate and the expected future cash flows. An increase in the discount rate of 1 percent would decrease fair value by approximately $22 million. A decrease in the discount rate of 1 percent would increase fair value by approximately $26 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 (0.74) percent and (0.82) percent from 1 July 2014 to 30 June 2015 (2014: (0.64) percent and 0.99 percent).

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 instruments

Financial instrument categories

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

Actual 2014 $000		Actual 2015 $000
	Loans and receivables	
148,805	Cash and cash equivalents	100,063
12,480	Debtors and other receivables	15,561
161,285	**Total loans receivables**	**115,624**
	Fair value through surplus or deficit – held for trading	
-	Derivative financial instruments assets	-
2,661	Derivative financial instruments liabilities	373
	Financial liabilities measured at the amortised cost	
157,662	Creditors and other payables	110,682

Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position.

Actual 2014 $000		**Actual 2015 $000**
	Financial assets	
	Observable inputs	
-	Foreign exchange derivatives	-
	Financial liabilities	
	Observable inputs	
2,661	Foreign exchange derivatives	373

There were no transfers between the different levels of the fair value hierarchy.

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.

Currency risk arises from the need 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$3.830 million with the NZDMO for AUD$3.069 million. On 30 June 2015, the market value of these contracts was a liability of NZ$0.373 million (2014: liability of NZ$2.661 million).

Sensitivity analysis

There were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2014: no significant foreign exchange exposures).

Interest rate risk

Interest rate risk is the risk the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.

The Ministry has no exposure to interest rate risk because it has no interest-bearing financial instruments.

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 receivables, deposits with banks and derivative financial instrument assets.

The Ministry is permitted to deposit funds only with Westpac (Standard and Poor's credit rating of AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard and Poor's credit rating of AA). These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents, receivables (refer Note 3), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw-downs from the New Zealand Debt Management Office. The Ministry maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Ministry's financial liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Actual 2014 $000		Actual 2015 $000
	Creditors and other payables	
157,662	Less than six months	110,682
157,662		**110,682**

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Ministry's forward exchange contract derivatives into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undisclosed cash flows.

	Liability carrying amount $000	Asset carrying amount $000	Contractual cash flows $000	Less than six months $000	6-12 months $000	1-2 years $000
2015						
Forward foreign exchange contracts	373	-				
- outflow	-	-	3,830	3,830	-	-
- inflow	-	-	3,456	3,456	-	-
2014						
Forward foreign exchange contracts	2,661	-				
- outflow	-	-	19,637	8,465	7,489	3,683
- inflow	-	-	16,976	7,274	6,488	3,214

Statements of Expenses and Capital Expenditure

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by the Ministry for the year ended 30 June 2015.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations

For the year ended 30 June 2015

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[41] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[42] 2015 $000	Location of end-of-year performance information[43] 2015
	Vote Social Development					
	Departmental output expenses					
1,212	Administration of Trialling New Approaches to Social Sector Change	2,280	(3)	2,277	2,592	1
6,521	Adoption Services	6,986	(15)	6,971	7,038	1
350,019	Care and Protection Services	376,852	(503)	376,349	378,848	1
5,554	Children's Action Plan	8,137	-	8,137	9,233	1
13,429	Collection of Balances Owed by Former Clients and Non-beneficiaries	13,510	(32)	13,478	13,543	1
8,229	Development and Funding of Community Services	7,635	(20)	7,615	7,660	1
35,720	Family and Community Services	36,893	(41)	36,852	37,051	1
37,757	Income Support and Assistance to Seniors	36,686	(91)	36,595	36,776	1
16,068	Management of Student Loans	13,489	(26)	13,463	13,702	1
16,749	Management of Student Support, excluding Student Loans	16,740	(39)	16,701	16,760	1
5,226	Planning, Correspondence and Monitoring	5,390	(9)	5,381	5,474	1
3,904	Prevention Services	4,005	(5)	4,000	4,035	1
-	Processing and Payment of Veterans' Pensions	530	(2)	528	538	1
5,309	Promoting Positive Outcomes for Disabled People	8,505	(4)	8,501	8,531	1
3,845	Property Management Centre of Expertise	3,632	(4)	3,628	4,105	1

41 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

42 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

43 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
1 The Ministry's Annual Report.
2 To be reported by the Ministry of Social Development in the Vote Social Development Non-Departmental appropriations report.
3 No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.
4 The Office of the Children's Commissioner's Annual Report.
5 The Families Commission Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2015

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[44] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[45] 2015 $000	Location of end-of-year performance information[46] 2015
34,995	Services to Protect the Integrity of the Benefit System and Eligibility for Income Related Rent	34,585	(69)	34,516	34,670	1
-	Services to Support People to Access Accommodation	20,428	(44)	20,384	20,448	1
2,897	Youth Development	2,926	(5)	2,921	2,932	1
128,586	Youth Justice Services	131,265	(216)	131,049	131,280	1
9,490	Social Housing Services	-	-	-	-	
226,604	Tailored Sets of Services to Help People into Work or Achieve Independence	-	-	-	-	
23,392	Vocational Skills Training	-	-	-	-	
935,506	**Total departmental output expenses**	**730,474**	**(1,128)**	**729,346**	**735,216**	
	Departmental capital expenditure					
66,059	Ministry of Social Development – Capital Expenditure Permanent Legislative Authority under section 24(1) of the PFA	90,935	-	90,935	91,000	1
66,059	**Total departmental capital expenditure**	**90,935**	**-**	**90,935**	**91,000**	
	Non-departmental output expenses					
945	Assistance to Disadvantaged Persons	950	-	950	950	3
2,157	Children's Commissioner	2,157	-	2,157	2,157	4
14,045	Connected Communities	7,298	-	7,298	7,477	2
17,674	Counselling and Rehabilitation Services	18,675	-	18,675	18,677	2
8,543	Education and Prevention Services	8,421	-	8,421	8,428	2
10,305	Families Commission	9,869	-	9,869	9,869	5
83,877	Family Wellbeing Services	84,696	-	84,696	85,234	2
-	Part Payment of Rent to Social Housing Providers	703,207	-	703,207	718,428	2
88,274	Participation and Inclusion for Disabled People	71,663	-	71,663	74,782	2
5,185	Services for Young People	7,314	-	7,314	7,314	2
-	Short-term Housing in Canterbury	642	-	642	650	3

44 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

45 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

46 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

1 The Ministry's Annual Report.
2 To be reported by the Ministry of Social Development in the Vote Social Development Non-Departmental Appropriations Report.
3 No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.
4 The Office of the Children's Commissioner's Annual Report.
5 The Families Commission Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2015

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[47] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[48] 2015 $000	Location of end-of-year performance information[49] 2015
2,381	Strengthening Providers and Communities	2,382	-	2,382	2,382	3
108,212	Strong Families	109,355	-	109,355	110,675	2
3,336	Student Placement Services	3,336	-	3,336	3,512	3
4,762	Trialling New Approaches to Social Sector Change	5,590	-	5,590	5,700	2
889	Youth Development Partnership Fund	884	-	884	889	3
74	Income Related Rent Subsidy for Community Housing Providers	-	-	-	-	
149,573	Provision of Housing and Related Services for Tenants Paying Income Related Rent	-	-	-	-	
500,232	**Total non-departmental output expenses**	**1,036,439**	**-**	**1,036,439**	**1,057,124**	
	Non-departmental other expenses					
65,127	Debt Write-downs	40,516	19,159	59,675	86,028	3
-	Extraordinary Care Fund	693	-	693	1,128	3
-	Housing Support Package	301	-	301	1,000	3
19,396	Out of School Care Programmes	18,188	-	18,188	18,403	2
43,900	Employment Assistance	-	-	-	-	
3,290	Mainstream Supported Employment Programme	-	-	-	-	
131,713	**Total non-departmental other expenses**	**59,698**	**19,159**	**78,857**	**106,559**	
	Non-departmental capital expenditure					
144,967	Recoverable Assistance	141,028	-	141,028	145,752	3
1,601,031	Student Loans	1,616,917	-	1,616,917	1,672,167	3
1,745,998	**Total non-departmental capital expenditure**	**1,757,945**	**-**	**1,757,945**	**1,817,919**	
	Multi-category appropriations					
277,391	**Improved Employment and Social Outcomes Support MCA**	**644,064**	**(924)**	**643,140**	**650,491**	
	Departmental output expenses					
147,326	*Administering Income Support*	307,492	(618)	306,874	318,308	1
120,953	*Improving Employment Outcomes – Service Provision*	257,925	(298)	257,627	248,897	1

47 Debt Write-downs in 2014/2015 includes $19.159 million of remeasurement due to changes in interest and collection cost rates. The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurement.

48 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

49 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
1 The Ministry's Annual Report.
2 To be reported by the Ministry of Social Development in the Vote Social Development Non-Departmental Appropriations Report.
3 No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.
4 The Office of the Children's Commissioner's Annual Report.
5 The Families Commission Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2015

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[50] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[51] 2015 $000	Location of end-of-year performance information[52] 2015
9,103	*Improving Work Readiness – Service Provision*	53,206	(8)	53,198	51,867	1
	Non-departmental other expenses					
9	*Improving Employment Outcomes – Assistance*	20,351	-	20,351	24,407	1
-	*Improving Work Readiness – Assistance*	5,090	-	5,090	7,012	1
-	**Independent Advice on Government Priority Areas MCA**	**335**	**-**	**335**	**538**	
	Non-departmental output expenses					
-	*Other Advice*	195	-	195	269	3
-	*Policy Advice*	140	-	140	269	3
-	**Management of Service Cards MCA**	**5,827**	**(13)**	**5,814**	**6,169**	
	Departmental output expenses					
-	*Administration of Community Services Card*	4,955	(12)	4,943	5,049	1
-	*Management of SuperGold Card*	872	(1)	871	1,120	1
-	**Social Policy Advice MCA**	**30,394**	**(46)**	**30,348**	**30,528**	
	Departmental output expenses					
-	*Information, Evaluation and Analytics Services*	11,607	(18)	11,589	11,720	1
-	*Policy Advice*	18,787	(28)	18,759	18,808	1
	Multi-category output appropriations					
277,391	**Total multi-category appropriations**	**680,620**	**(983)**	**679,637**	**687,726**	
	Multi-category output appropriations					
6,176	**Management of Service Cards MCOA**	**-**	**-**	**-**	**-**	
	Departmental output expenses					
5,031	*Administration of Community Services Card*	-	-	-	-	
1,145	*Management of SuperGold Card*	-	-	-	-	
216	**Independent Advice on Government Priority Areas MCOA**	**-**	**-**	**-**	**-**	
	Non-departmental output expenses					
216	*Other Advice*	-	-	-	-	
-	*Policy Advice*	-	-	-	-	
29,086	**Social Policy Advice MCOA**	**-**	**-**	**-**	**-**	

50 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

51 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

52 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
1 The Ministry's Annual Report.
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5 The Families Commission Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2015

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[53] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[54] 2015 $000	Location of end-of-year performance information[55] 2015
	Departmental output expenses					
6,291	*Forecast, Modelling, Information Monitoring and Analysis*	-	-	-	-	
17,841	*Policy Advice*	-	-	-	-	
4,954	*Research and Evaluation*	-	-	-	-	
32,697	**Youth Support Services MCOA**	**-**	**-**	**-**	**-**	
	Non-departmental output expenses					
13,410	*Support for Youth Payment and Young Parent Payment recipients*	-	-	-	-	
19,287	*Support to prevent disengaged young people from coming on to benefit at the age of 18*	-	-	-	-	
68,175	**Total multi-category output appropriations**	**-**	**-**	**-**	**-**	
	Benefits or related expenses					
1,145,875	Accommodation Assistance	1,128,850	-	1,128,850	1,133,498	3
18,560	Benefits Paid in Australia	15,343	-	15,343	15,344	3
185,596	Childcare Assistance	183,095	-	183,095	190,504	3
379,444	Disability Assistance	377,001	-	377,001	379,230	3
488	Family Start/NGO Awards	430	-	430	705	3
270,835	Hardship Assistance	276,884	-	276,884	281,581	3
1,691,007	Jobseeker Support and Emergency Benefit	1,683,877	-	1,683,877	1,706,855	3
10,913,103	New Zealand Superannuation	11,591,026	-	11,591,026	11,613,093	3
121,559	Orphan's/Unsupported Child's Benefit	132,020	-	132,020	133,869	3
1,221,895	Sole Parent Support	1,186,493	-	1,186,493	1,199,280	3
12,173	Special Circumstance Assistance	11,935	-	11,935	15,076	3
539,031	Student Allowances	511,105	-	511,105	537,977	3
15,594	Study Scholarships and Awards	11,802	-	11,802	20,145	3
1,421,910	Supported Living Payment	1,514,559	-	1,514,559	1,520,555	3
-	Veterans' Pension	177,503	-	177,503	179,736	3
-	Work Assistance	3,617	-	3,617	3,977	3
39,211	Youth Payment and Young Parent Payment	41,646	-	41,646	43,442	3

53 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

54 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

55 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:
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5 The Families Commission Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2015

Expenditure including Remeasurements 2014 $000	Appropriation title	Expenditure including Remeasurements 2015 $000	Remeasurements[56] 2015 $000	Expenditure excluding Remeasurements 2015 $000	Appropriation Voted[57] 2015 $000	Location of end-of-year performance information[58] 2015
62,916	Domestic Purposes Benefit	-	-	-	-	
5,905	Employment Related Training Assistance	-	-	-	-	
52,355	Invalid's Benefit	-	-	-	-	
29,209	Sickness Benefit	-	-	-	-	
25,503	Transition to Work	-	-	-	-	
28,546	Unemployment Benefit and Emergency Benefit	-	-	-	-	
2,223	Widow's Benefit	-	-	-	-	
18,182,938	**Total benefits or related expenses**	**18,847,186**	**-**	**18,847,186**	**18,974,867**	
21,908,012	**Total Vote Social Development**	**23,203,297**	**17,048**	**23,220,345**	**23,470,411**	
	Vote Senior Citizens					
	Departmental output expenses					
941	Senior Citizens Services	979	(1)	978	1,010	1
941	**Total Vote Senior Citizens**	**979**	**(1)**	**978**	**1,010**	
	Vote Veterans' Affairs - Social Development					
	Departmental output expenses					
427	Processing and Payment of Veterans' Pensions	-	-	-	-	
	Benefits or related expenses					
165,250	Veterans' Pension	-	-	-	-	
165,677	**Total Vote Veterans' Affairs - Social Development**	**-**	**-**	**-**	**-**	
22,074,630	**Total annual and permanent appropriations**	**23,204,276**	**17,047**	**23,221,323**	**23,471,421**	

Transfers approved under section 26A of the Public Finance Act

The approved appropriation includes adjustments made in the Supplementary Estimates. There were no transfers made under section 26A of the Public Finance Act 1989 for the year ended 30 June 2015.

56 The remeasurement adjustment to departmental output expense appropriations relates to movement in the unvested long service leave provision due to changes in discount rates. The Ministry is appropriated for expenditure excluding remeasurements.

57 These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act 1989.

58 The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed below:

1 The Ministry's Annual Report.
2 To be reported by the Ministry of Social Development in the Vote Social Development Non-Departmental Appropriations Report.
3 No reporting due to an exemption obtained under section 15D of the Public Finance Act 1989.
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5 The Families Commission Annual Report.

Statement of Expenses and Capital Expenditure incurred without, or in excess of, appropriation or other authority

For the year ended 30 June 2015

Unappropriated Expenditure 2014 $000	Type of appropriation	Actual 2015 $000	Appropriation Voted 2015 $000	Unappropriated Expenditure 2015 $000
	Vote Social Development			
	Non-departmental output expense			
-	Short-term Housing in Canterbury	131	-	(131)
-	**Total**	**131**	**-**	**(131)**

The Short-term Housing in Canterbury MCA appropriation was established from 28 July 2014 with two categories, Short-term Housing in Canterbury Operating Expenses and Short-term Housing in Canterbury Capital Expenses. On 13 April 2015 Cabinet agreed to transfer $3.5 million from the non-departmental capital expenditure category to the non-departmental output expense category. This left the capital expenditure category with a zero balance in 2014/2015 and outyears, which is not permitted by the Public Finance Act 1989. As a result of this, a new non-departmental output expense appropriation called Short-term Housing in Canterbury was established on 30 April 2015 with the actual expenses of 2014/2015 incurred against the existing MCA transferred and reported under the new appropriation. The new appropriation was inadvertently established without Imprest Supply authority. This resulted in $130,963 of unappropriated expenditure. The transfer of Imprest Supply authority has since been corrected in the Supplementary Estimates.

The above expenditure will be validated under section 26C of the Public Finance Act 1989.

Statement of Departmental Capital Injections

For the year ended 30 June 2015

Actual capital injections 2014 $000		Actual capital injections 2015 $000	Approved appropriation 2015 $000
4,991	Ministry of Social Development – Capital injection	18,210	18,210

Statement of Departmental Capital Injections without, or in excess of, authority

For the year ended 30 June 2015

The Ministry has not received any capital injections during the year without, or in excess of, authority.

Forecast Financial Statements

Ministry of Social Development Statement of Accounting Policies: Departmental

Reporting entity

These are the prospective financial statements of the Ministry of Social Development, prepared in accordance with section 38 of the Public Finance Act 1989. The Ministry of Social Development is a government department as defined by section 2 of the Public Finance Act 1989 and is domiciled in New Zealand.

For the purposes of financial reporting the Ministry of Social Development is a public benefit entity.

Authorisation statement

The forecast figures reported are those for the year ending 30 June 2016 included in the Budget Economic and Fiscal Update 2015 (BEFU 2015). These were authorised for issue on 23 April 2015 by the Chief Executive, who is responsible for the forecast financial statements as presented. The preparation of these financial statements requires judgements, estimations and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented and the variations may be material.

It is not intended that the prospective financial statements will be updated subsequent to presentation.

Basis of preparation

These forecast financial statements have been prepared in accordance with New Zealand Public Benefit Entity (NZ PBE) International Public Sector Accounting Standards (IPSAS).

These prospective financial statements are presented by the department under NZ PBE IPSAS. They are compliant with Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS-42) and are consistent with Generally Accepted Accounting Practice. The purpose of the forecast financial statements is to facilitate Parliament's consideration of the appropriations for, and planned performance of, the department. Use of this information for other purposes may not be appropriate. Readers are cautioned that actual results are likely to vary from the forecast information presented and that the variations may be material.

The forecast financial statements are unaudited.

Significant assumptions

These forecast financial statements are based on BEFU 2015 and have been prepared on the basis of assumptions as to future events that the department reasonably expects to occur, associated with the actions it reasonably expects to take. They have been compiled on the basis of existing government policies and ministerial expectations at the date that the information was prepared.

The main assumptions are as follows:

- The department's activities will remain substantially the same as the previous year.
- Personnel costs are based on 10,118 full-time equivalent staff positions.
- Operating costs are based on historical experience. The general historical pattern is expected to continue.

These assumptions are adopted as at 1 April 2015.

Estimated year-end information for 2014/2015 is used as the opening position for the 2015/2016 forecasts.

There are no significant events or changes that would have a material impact on the BEFU 2015 forecast.

Factors that could lead to material differences between the forecast financial statements and the 2015/2016 actual financial statements include changes to the baseline budget through new initiatives, or technical adjustments.

Significant accounting policies

The accounting policies used for the forecast financial statements does not vary materially from the statement of financial policies applied to the financial statements of the Ministry for the year ended 30 June 2015 (refer page 84).

Ministry of Social Development
Statement of Forecast Comprehensive Revenue and Expense

For the year ended 30 June 2016

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast 2016 $000
	Revenue				
1,253,265	Revenue Crown		1,384,292	1,350,726	1,471,120
7,857	Revenue other		7,314	7,167	4,667
-	Gain on disposal of fixed assets		19	-	-
1,261,122	**Total revenue**		**1,391,625**	**1,357,893**	**1,475,787**
	Expenses				
694,973	Personnel costs		716,712	697,398	773,038
44,251	Depreciation and amortisation expenses		53,042	58,157	55,540
23,422	Capital charge		24,706	23,575	24,461
486,439	Other operating expenses	1	591,837	578,763	622,748
433	Loss on disposal of fixed assets		-	-	-
1,249,518	**Total expenses**		**1,386,297**	**1,357,893**	**1,475,787**
11,604	**Net surplus/(deficit)**		**5,328**	**-**	**-**
	Other comprehensive revenue and expense				
	Item that will not be reclassified to net surplus/(deficit)				
11,069	Gain on property revaluations		-	-	-
22,673	**Total comprehensive revenue and expense**		**5,328**	**-**	**-**

The Statement of Accounting Policies: Departmental on page 140 and Notes 1 to 4 on pages 145 to 148 form an integral part of these financial statements.

Ministry of Social Development
Forecast Statement of Financial Position

As at 30 June 2016

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast[59] 2016 $000
	Equity				
261,887	Taxpayers' funds		280,097	280,097	282,397
46,944	Revaluation reserve		46,944	35,875	46,944
308,831	**Total equity**		**327,041**	**315,972**	**329,341**
	Assets				
	Current assets				
31,259	Cash and cash equivalents		38,590	46,200	19,390
18,353	Accounts receivable		9,099	11,078	18,351
13,960	Prepayments		23,253	13,056	12,000
108,859	Crown receivable		72,083	45,718	61,394
172,431	**Total current assets**		**143,025**	**116,052**	**111,135**
	Non-current assets				
302,813	Property, plant and equipment	2	300,443	333,297	318,174
75,925	Intangible assets	3	114,455	52,119	125,835
378,738	**Total non-current assets**		**414,898**	**385,416**	**444,009**
551,169	**Total assets**		**557,923**	**501,468**	**555,144**
	Liabilities				
	Current liabilities				
120,411	Accounts payable and accruals		108,668	83,248	104,588
2,108	Revenue received in advance		-	-	-
11,604	Return of operating surplus to the Crown		5,328	-	-
60,761	Provision for employee entitlements		64,523	56,347	68,761
6,199	Other provisions		6,873	6,142	6,199
201,083	**Total current liabilities**		**185,392**	**145,737**	**179,548**
	Non-current liabilities				
41,255	Provision for employee entitlements		45,490	39,759	46,255
41,255	**Total non-current liabilities**		**45,490**	**39,759**	**46,255**
242,338	**Total liabilities**		**230,882**	**185,496**	**225,803**
308,831	**Net assets**		**327,041**	**315,972**	**329,341**

59 The opening balance as at 1 July 2015 differs from the actual closing balance as at 30 June 2015 as it is based on the estimated year-end information included in the BEFU 2015.

The Statement of Accounting Policies: Departmental on page 140 and Notes 1 to 4 on pages 145 to 148 form an integral part of these financial statements.

Ministry of Social Development
Statement of Forecast Changes in Equity

For the year ended 30 June 2016

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast 2016 $000
292,771	**Balance at 1 July[60]**		**308,831**	**297,762**	**327,041**
22,673	Total comprehensive revenue and expense		5,328	-	-
	Owner transactions				
(11,604)	Return of operating surplus to the Crown		(5,328)	-	-
4,991	Capital injections		18,210	18,210	2,300
308,831	**Balance at 30 June**		**327,041**	**315,972**	**329,341**

60 The opening balance as at 1 July 2015 differs from the actual closing balance as at 30 June 2015 as it is based on the estimated year-end information included in the BEFU 2015.

The Statement of Accounting Policies: Departmental on page 140 and Notes 1 to 4 on pages 145 to 148 form an integral part of these financial statements.

Ministry of Social Development Statement of Forecast Cash Flows

For the year ended 30 June 2016

Actual 2014 $000		NOTES	Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast 2016 $000
	Cash flows from operating activities				
1,237,474	Receipts from Crown revenue		1,421,068	1,386,419	1,479,809
7,869	Receipts from other revenue		10,589	7,167	4,667
(472,442)	Payments to suppliers		(594,479)	(637,505)	(704,385)
(685,581)	Payments to employees		(725,544)	(654,116)	(673,461)
(23,422)	Payments for capital charge		(24,706)	(23,575)	(24,461)
938	Goods and services tax (net)		2,983	-	-
64,836	**Net cash flow from operating activities**	**4**	**89,911**	**78,390**	**82,169**
	Cash flows from investing activities				
1,844	Receipts from sale of property, plant and equipment		1,749	1,800	1,800
(24,743)	Purchase of property, plant and equipment		(28,591)	(63,150)	(26,652)
(41,316)	Purchase of intangible assets		(62,344)	(17,040)	(59,850)
(64,215)	**Net cash flow from investing activities**		**(89,186)**	**(78,390)**	**(84,702)**
	Cash flows from financing activities				
4,991	Capital injections		18,210	18,210	2,300
(7,048)	Return of operating surplus		(11,604)	(5,000)	(2,000)
(2,057)	**Net cash flow from financing activities**		**6,606**	**13,210**	**300**
(1,436)	Net increase/(decrease) in cash		7,331	13,210	(2,233)
32,695	Cash at the beginning of the year[61]		31,259	32,990	21,623
31,259	**Cash at the end of the year**		**38,590**	**46,200**	**19,390**

61 The opening balance as at 1 July 2015 differs from the actual closing balance as at 30 June 2015 as it is based on the estimated year-end information included in the BEFU 2015.

The Statement of Accounting Policies: Departmental on page 140 and Notes 1 to 4 on pages 145 to 148 form an integral part of these financial statements.

Ministry of Social Development
Notes to the Financial Statements

Note 1: Other operating expenses

Actual 2014 $000		Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast 2016 $000
931	Audit fees	932	1,000	1,000
72,396	Rental, leasing and occupancy costs	71,201	71,000	75,000
58	Bad debts written off	61	-	-
(195)	Impairment of receivables	215	-	-
120,216	Client financial plan costs	125,809	120,000	126,000
60,463	Employment support and subsidies	162,163	168,807	154,000
27,605	Non-specific client costs	28,861	28,000	29,000
23,392	Vocational Skills Training	-	-	-
32,966	Office operating expenses	46,691	33,000	46,000
82,088	IT-related operating expenses	68,375	82,000	100,000
8,237	Travel expenses	8,120	8,500	8,500
9,808	Consultancy and contractors' fees	18,872	10,000	18,500
7,954	Professional fees	10,961	8,000	15,000
40,520	Other operating expenses	49,576	48,456	49,748
486,439	**Total operating costs**	**591,837**	**578,763**	**622,748**

Note 2: 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 2015[62]	**57,118**	**190,898**	**112,625**	**129,864**	**28,345**	**21,177**	**540,027**
Additions by purchase	-	8,500	6,852	6,000	5,000	300	26,652
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,000)	(270)	(3,270)
Balance as at 30 June 2016	**57,118**	**199,398**	**119,477**	**135,864**	**30,345**	**21,207**	**563,409**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2015[62]	**-**	**11,171**	**69,465**	**105,466**	**13,294**	**14,295**	**213,691**
Depreciation expense	-	10,843	9,036	7,391	3,853	1,891	33,014
Eliminate on disposal	-	-	-	-	(1,300)	(170)	(1,470)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2016	**-**	**22,014**	**78,501**	**112,857**	**15,847**	**16,016**	**245,235**
Carrying amounts							
At 1 July 2015	**57,118**	**179,727**	**43,160**	**24,398**	**15,051**	**6,882**	**326,336**
At 30 June 2016	**57,118**	**177,384**	**40,976**	**23,007**	**14,498**	**5,191**	**318,174**

62 The opening balance as at 1 July 2015 differs from the actual closing balance as at 30 June 2015 as it is based on the estimated year-end information included in the BEFU 2015.

Note 3: Intangible assets

	Internally Generated Software $000	Total $000
Cost or revaluation		
Balance as at 1 July 2015[63]	**314,399**	**314,399**
Additions by purchase and internally generated	59,850	59,850
Work in progress movement	-	-
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2016	**374,249**	**374,249**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2015[63]	**225,888**	**225,888**
Amortisation expense	22,526	22,526
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Balance as at 30 June 2016	**248,414**	**248,414**
Carrying amounts		
At 1 July 2015	**88,511**	**88,511**
At 30 June 2016	**125,835**	**125,835**

63 The opening balance as at 1 July 2015 differs from the actual closing balance as at 30 June 2015 as it is based on the estimated year-end information included in the BEFU 2015.

Note 4: Reconciliation of net surplus/(deficit) to net cash from operating activities

Actual 2014 $000		Actual 2015 $000	Unaudited Budget 2015 $000	Unaudited Forecast 2016 $000
11,604	**Net surplus/(deficit)**	**5,328**	**-**	**-**
	Add/(less) non-cash items			
28,101	Depreciation	29,230	40,306	33,014
16,150	Amortisation	23,812	17,851	22,526
44,251	**Total non-cash items**	**53,042**	**58,157**	**55,540**
	Add/(less) items classified as investing or financing activities			
433	(Gains)/losses on disposal property, plant and equipment	(19)	-	-
433	**Total items classified as investing or financing activities**	**(19)**	**-**	**-**
	Add/(less) working capital movements			
(23,065)	(Increase)/decrease in accounts receivable	46,033	35,693	8,689
(903)	(Increase)/decrease in prepayments	(9,293)	-	1,000
26,453	Increase/(decrease) in accounts payable	(11,743)	(15,460)	3,940
95	Increase/(decrease) in revenue received in advance	(2,108)	-	-
4,415	Increase/(decrease) in provision for employee entitlements	3,762	-	8,000
57	Increase/(decrease) other provisions	674	-	-
7,052	**Net movements in working capital items**	**27,325**	**20,233**	**21,629**
	Add/(less) movements in non-current liabilities			
1,496	Increase/(decrease) in provision for employee entitlements	4,235	-	5,000
1,496	**Net movements in non-current liabilities**	**4,235**	**-**	**5,000**
64,836	**Net cash inflow from operating activities**	**89,911**	**78,390**	**82,169**

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