Ministry of Social Development
Te Manatū Whakahiato Ora

Pūrongo ā-tau
Annual Report

2018/
19

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

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Manaaki tangata, Manaaki whānau

We help New Zealanders to be safe, strong and independent

Ko te pae tawhiti	Seek out the distant horizons,
Whāia kia tata,	While cherishing
Ko te pae tata	Those achievements
Whakamaua kia tina.	At hand.

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Chief Executive's foreword

Ka huri te kei o te waka ki te pae tawhiti
Kia hoe ngātahi ki te pae tata
Ki te whai ao, ki te ao mārama.

The waka turns towards the distant horizon
Let us make headway and paddle as one
Through the glimmer of dawn to the break of day.

The Ministry of Social Development plays an important role in New Zealand's public service – we take that responsibility very seriously as around 1.25 million people rely on us every year to help them to be safe, strong and independent. Over the past year there has been an increasing demand for our services – we spent more than $26 billion providing support to New Zealanders through benefits, superannuation, housing assistance and student allowances.

By the end of the financial year, we were providing one in four New Zealanders (working-age people, seniors and students) with direct financial support. In particular, we have seen a big increase over the past year in the demand for hardship assistance and emergency housing grants. Our role in social development means that in addition to providing support to those that need it, we work with a proactive focus to intervene early to ensure everyone can participate meaningfully in society.

We are focused on delivering for New Zealanders and we have introduced a new strategic direction – Te Pae Tawhiti – which signals the organisational shifts we need to make to achieve better outcomes for all New Zealanders.

Alongside these shifts we have identified priority areas that we need to focus on – the Government's welfare overhaul, employment, service experience, partnership and helping people have a place to call home.

The Government is committed to overhauling the welfare system and we have been working on implementing the changes announced in Budget 2019. We are also supporting the Minister for Social Development to develop a long-term programme for the overhaul.

We are committed to helping people connect with opportunities to realise their goals, whether these relate to employment, education or training, or supporting others in their family or community.

The increase in demand for financial assistance over this year has impacted on the time our case managers can spend with clients on proactive employment-focused case management. With an additional investment from the Government we are energising what we do for employment across all our work.

We want to provide the best service we can to our clients – we know we can do better and we will. Over the past year we have worked hard to understand clients' needs better, and to listen more effectively to what they need. We have continued to make our site offices warmer and more welcoming and we have introduced a client survey programme to find out how we are doing.

Having a place to call home is the foundation for almost everything else in people's lives – but for many of our clients it is not a stable foundation. We need to provide people with as much accommodation support as they need and are entitled to, until greater housing supply becomes available.

We know we can't do it alone – we partner with about 2,200 other organisations who provide services around prevention and response to vulnerability and harm, youth development, disability support, work readiness, skills training, and getting people into work.

We want New Zealanders to be resilient, live in inclusive and supportive communities, participate positively in society and reach their potential. We recognise the diversity of the people, families, whānau and communities we serve and we are committed to improving their wellbeing.

Earlier this year, we launched our Māori strategy and action plan – Te Pae Tata – which embraces our new strategic direction (Te Pae Tawhiti) and articulates how we will work with Māori to achieve better outcomes for Māori.

Delivering better for Māori is key to success for us all – it's not just the right thing to do – it aligns with our commitment as a Te Tiriti o Waitangi partner. We will continue to engage whānau, hapū and iwi so that they remain part of this journey and can hold us accountable for our actions. We have also been working on a strategy to improve the lives of Pacific peoples.

Family violence and sexual violence are a reality for many people in New Zealand and can have intergenerational impacts on individuals and families. We have worked with the Joint Venture for Family Violence and Sexual Violence to improve services and safety for victims/survivors and to change long-standing behaviours and attitudes.

Over the past year we have continued our focus on improving the lives of disabled people by working with the sector to renew the Disability Action Plan. We have also been supporting disabled New Zealanders to find and keep work. In 2018/19 Supported Employment Service providers placed 4,310 participants into employment.

We are focused on helping senior New Zealanders to maintain their independence and participate positively in society. Over the past year the Office for Seniors has been developing a new strategy and supporting the development of age-friendly cities, towns and communities across New Zealand.

We are well-positioned to respond to emergencies and we were proud to play a lead role in the all-of-government response to the Christchurch mosque attacks in March 2019. We were on the ground immediately following the tragedy and we are now providing case management for around 250 families. Our response included the introduction of a new payment system for those affected by the attack and their immediate family members.

In closing, I would like to pay tribute to my predecessor Brendan Boyle who left the Ministry in December 2018 after seven years as Chief Executive.

I took up the role of Chief Executive in February 2019 – reconnecting with the organisation where I began my career as a frontline case manager in 1980.

It is a privilege to lead this organisation and I am determined that we deliver on our commitment to improve the way we support New Zealanders to be safe, strong and independent – Manaaki tangata, manaaki whānau.

Debbie Power
Chief Executive

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Unless otherwise stated, and not including the photographs of Ministers on page 16, all photographs in this Annual Report have been sourced from the Ministry of Social Development's collection.

Our operating environment: how we help New Zealanders to be safe, strong and independent

The role of the Ministry of Social Development (MSD) is to promote social development for all New Zealanders. We centre everything we do on helping people, whānau, families and communities, and we work to contribute positively to the wellbeing of people today and into the future.

At 30 June 2019 we were providing direct support to 1.25 million people – about one in four New Zealanders, including working-age people, whānau, families, students and seniors. It is important that we understand people's needs and connect them with all the support they are entitled to receive. In doing this, we are driven by our purpose to help New Zealanders to be safe, strong and independent.

We cannot do this alone. We partner with many different agencies, organisations and groups within communities who have the right connections and expertise to make a lasting difference in people's lives.

As an agency of the Crown we are committed to upholding the principles of Te Tiriti o Waitangi. We want to work with Māori to understand how best to support them towards achieving their aspirations. Woven into the fabric of support are manaakitanga, kotahitanga and whakawhanaungatanga – intrinsic values that help ensure a true partnership in wellbeing.

We support social development through:

- providing support to New Zealanders – employment, income support, superannuation, student assistance, public housing services
- building capability – for example by providing access to employment services
- strengthening inclusion and participation – for example through family violence prevention and support services
- setting direction – for example by providing policy advice to Ministers
- monitoring three Crown entities (the Office of the Children's Commissioner, the New Zealand Artificial Limb Service, and the Social Workers Registration Board)
- ensuring our legislation is effective and fit for purpose
- working with other agencies to support Government priorities and improve the wellbeing of all New Zealanders
- advocating for key population groups through the Office for Seniors, the Office for Disability Issues and the Ministry of Youth Development.

The services we provide

We deliver the following financial assistance:

- benefits
- other financial support (including for non-beneficiaries)
- retirement benefits
- accommodation costs
- student financial support (via StudyLink)
- child-related benefits.

We provide employment and housing support and services by:

- connecting clients to employers and job opportunities
- upskilling clients through industry-based recruitment partnerships
- responding to local labour market conditions by working with local employers and industry partners
- supporting young people to gain the skills they need to work and have an independent future
- engaging with people on their eligibility and referring them to emergency, transitional and public housing.

We work with others to design and deliver community services, including:

- supporting victims, survivors and perpetrators of family violence and sexual violence
- growing leadership within communities to address family violence
- reducing the isolation, abuse and neglect of older people
- building people's financial capability and resilience
- ensuring refugee and migrant communities can participate in local initiatives
- supporting community providers to further develop their capability.

We provide policy advice to Ministers on:

- employment support
- income support
- families and communities
- poverty
- child wellbeing and child poverty
- youth
- seniors
- international obligations
- disability issues
- welfare settings
- social sector issues.

We protect the integrity of the welfare system by:

- minimising errors, client debt and fraud in the welfare system
- managing the collection of overpayments and recoverable assistance loans.

We resolve claims of abuse and neglect for people who were under the supervision of, or in the care, custody or guardianship of, or who had come to the notice of, the State prior to 2008.

A comprehensive catalogue of the services we provide can be found at Appendix 1.

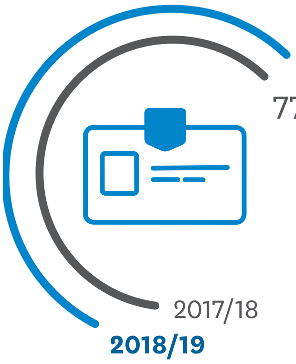
We also:

- worked with Inland Revenue to deliver Working for Families tax credits to people on benefits
- monitored three Crown entities
- oversaw the management of the residual assets of the Families Commission (Superu) following its disestablishment on 30 June 2018
- participated in a wide range of cross-government initiatives, including:
    - chairing the Chief Executives' Group on Disability Issues
    - co-leading two workstreams under the Child and Youth Wellbeing Strategy
    - contributing as a member of the Social Wellbeing Board, the Digital Government Leadership Group, the Government Health and Safety Lead, and the Joint Venture for Family Violence and Sexual Violence
    - hosting the cross-agency secretariat supporting the Welfare Expert Advisory Group

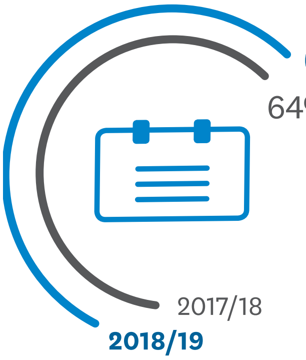
  - establishing a team to lead the development of a new independent children's monitor
  - supporting place-based initiatives, including playing a lead role in the Tairāwhiti region
  - accrediting social service providers that are contracted by Oranga Tamariki—Ministry for Children, the Ministry of Justice and the Department of Corrections
- worked with Māori to:
  - develop a Māori Strategy and Action Plan, Te Pae Tata (see page 81)
  - reset and co-ordinate the Te Hiku Social Development and Wellbeing Accord
  - support the Tūhoe Service Management Plan
  - explore new partnership opportunities with iwi/hapū to be developed as part of Te Tiriti o Waitangi settlements
  - prevent and address issues of social harm and violence within whānau through E Tū Whānau, a Māori/Crown partnership initiative
  - support an internal Māori Reference Group to provide input into policies and practices impacting on Māori.

How we supported New Zealanders

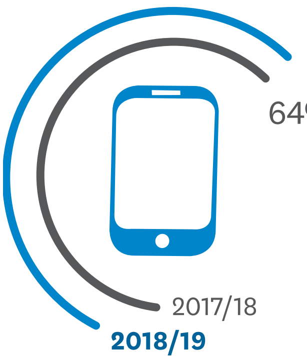
About 1.25 million New Zealanders receive services from us in any one year. At some point in their lives, almost every New Zealander receives our support.



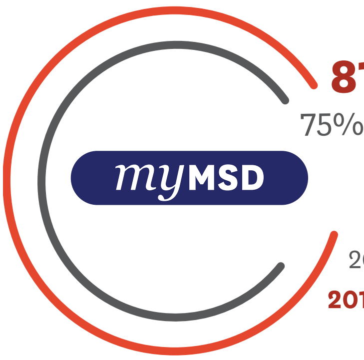
70,218 people were able to cancel their benefit because they got work



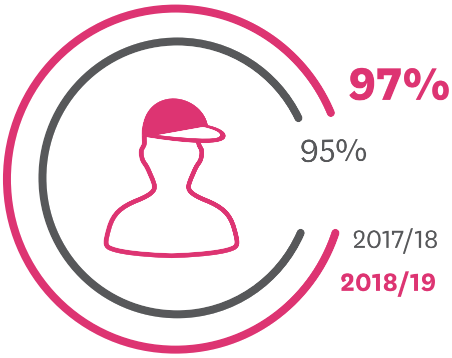
62% of clients with full-time work obligations who left the benefit system stayed off benefit for at least six months



People lodged **61%** of benefit applications online rather than in person

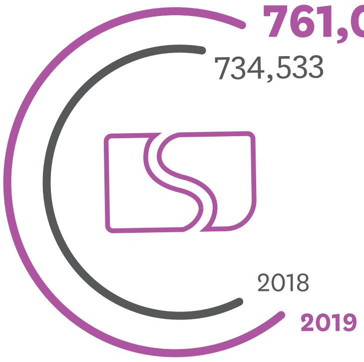


81% of clients used MyMSD to get help and information, book appointments, and update personal details

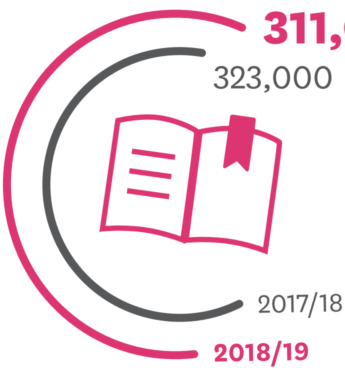


97% of participants in youth development programmes said their skills had improved

9,630 businesses were offering discounts and concessions to SuperGold Cardholders, as at 30 June



761,008 New Zealand seniors and veterans were SuperGold Cardholders, as at 30 June



311,000 Student Loan and Allowance applications were processed

Our locations

People can access our services, including benefits, superannuation and student assistance, at **130 site offices and contact centres**[1] throughout New Zealand. We also have **11 Regional Offices, 24 centralised service offices**, and our National Office in Wellington. In another **23 smaller communities** our service locations are part of local Heartland Services[2], where people can access the services of several different government agencies in one place.

Data about our work in each region can be found in Appendix 2.

1 This figure excludes the Brown's Bay site office, which closed on 13 September 2019, and the Mt Albert office, which is closed indefinitely for seismic strengthening.

2 Heartland Services provide access to government services and information in small provincial and rural communities across New Zealand, and the opportunity to meet face to face with government agency representatives.


Northland
7 service centres
Auckland
31 service centres
2 contact centres
Bay of Plenty
12 service centres
Waikato
14 service centres
1 contact centre
Taranaki
10 service centres
East Coast
9 service centres
Nelson/Marlborough/West Coast
6 service centres
Central
8 service centres
Wellington
8 service centres
2 contact centres
Canterbury
9 service centres
1 contact centre
(including Chatham Islands)
Southern
10 service centres

Our Ministers

In 2018/19 we provided policy and other advice to Ministers and Associate Ministers who have responsibility for portfolios related to social development or public housing. The following Ministers held these portfolios at 30 June 2019[3]:

Hon Carmel Sepuloni
Minister for Social Development
Minister for Disability Issues

Hon Dr Megan Woods
Minister of Housing

Hon Tracey Martin
Minister for Seniors

Hon Peeni Henare
Minister for Youth

Hon Willie Jackson
Minister of Employment

Hon Poto Williams
Associate Minister for Social Development

Hon Nanaia Mahuta
Associate Minister of Housing

Hon Kris Faafoi
Associate Minister of Housing

3 Until 27 June 2019, when a Cabinet reshuffle took effect, Hon Phil Twyford was Minister for Housing and Urban Development, while Hon Peeni Henare and Hon Jenny Salesa were Associate Ministers for Social Development.

Our leaders

Our Leadership Team is made up of our Chief Executive Debbie Power, five Deputy Chief Executives, and the Director of the Office of the Chief Executive.

Debbie Power
Chief Executive
Ministry of Social Development

Nic Blakeley
Deputy Chief Executive, Insights and Investment

Stephen Crombie
Deputy Chief Executive, Corporate Solutions

Nadine Kilmister
Director, Office of the Chief Executive

Simon MacPherson
Deputy Chief Executive, Policy

Andrea Lawton[4]
Deputy Chief Executive, People, Culture and Strategy

Viv Rickard
Deputy Chief Executive, Service Delivery

4 Andrea Lawton left MSD in September 2019.

The year in review

As an organisation we give effect to social development in a number of ways (setting direction, providing support to clients, partners and Ministers, strengthening inclusion and participation, and building and supporting capability). We delivered on our core functions – as at 30 June 2019, we were providing direct financial support to approximately 1.25 million people (including students), and during the year the Government invested more than $26 billion on providing support to New Zealanders through benefits, New Zealand Superannuation, housing assistance and student allowances.

Although providing support is one way in which we fulfil our purpose as an organisation, all of the wider work we do contributes to the broader social development of New Zealanders in some shape or form.

Delivering on Government priorities

In 2018/19 we supported the Government with its priorities to:

- overhaul the welfare system to ensure it is fair and accessible for all New Zealanders
- strengthen our service culture so people are treated with respect and dignity
- provide warm, dry and affordable housing for all, and end homelessness
- support providers to respond to family violence in their communities
- support the work under way with Crown–Māori relationships with a focus on improving equity and equality for Māori
- reduce child poverty
- realise the potential of rangatahi
- invest for social wellbeing by thinking long term and making great choices on how best to build people's potential and wellbeing
- support regional and provincial growth.

Supporting the overhaul of the welfare system

The Government wants to ensure that the welfare system is fair and accessible for all. In May 2018 the Minister for Social Development announced that a Welfare Expert Advisory Group (WEAG) would be set up to provide advice on how to achieve this. As the lead agency for social development, we took an active part in the secretariat supporting WEAG's work.

WEAG presented its recommendations in its final report *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand* in February 2019. The report, which was published in May, recommended fundamental change to the welfare system, centred around a major shift from a system that provides a safety net to a system that strengthens the mana and dignity of people using it.

The Government acknowledged that achieving the level of change proposed will require a significant multi-year work programme, and agreed on three priority areas as the focus of initial work:

- taking further steps to ensure that individuals and families have enough income to meet their needs and support their wellbeing
- strengthening our focus on supporting people to achieve meaningful and sustainable employment, while also recognising the value of unpaid work
- improving access to affordable housing.

As the Government has been clear that change is not limited to the recommendations of the WEAG report, we have supported the Minister to take further steps towards realising the Government's vision for welfare. This has included:

- continuing to focus on improvements to our frontline services
- indexing main benefit payments to the average wage, from April 2020
- repealing section 192 of the Social Security Act 2018 (which succeeded section 70A of the 1964 Act), which requires a sole parent benefit recipient to name the other parent of their child – again from April 2020
- increasing abatement thresholds for main benefits from April 2020
- increasing staff at our front line, to support a focus on employment
- launching Te Pae Tata to embed into MSD a Te Ao Māori view and a different way of working with Māori
- expanding employment services such as Mana in Mahi and Oranga Mahi.

Operating under new social security legislation

In September 2018, exactly 80 years after New Zealand's first Social Security Act became law, five years of work led by MSD across three Parliaments culminated in the passage of a new simplified Social Security Act[5], together with two other Acts (the Residential Care and Disability Support Services Act 2018 and the Artificial Limb Service Act 2018), the combination of 24 individual regulations into new consolidated Social Security Regulations, and updates to 28 welfare programmes and 15 Ministerial directions.

The new legislation replaces some outdated terms with more inclusive language and is clearer and simpler to follow.

Implementing the Families Package

We continued to implement elements of the Families Package, which was announced in December 2017.

The Winter Energy Payment, the Best Start tax credit and changes to Working for Families tax credits all took effect from 1 July 2018. Our clients did not need to take any action as the changes were made automatically.

In the first year of the Winter Energy Payment[6], 774,000 New Zealanders received payments totalling $441 million to help with their household heating costs over the winter months.

We supported the Government to enact a legislative amendment that ensures that from 2019 the Winter Energy Payment will be paid according to Cabinet's policy intention.

Responding to and addressing family violence

New Zealand rates of family violence are amongst the highest in the developed world. To address this major issue the Government has established a multiagency joint venture, in which MSD and nine other agencies work together to reduce family violence and sexual violence. The Joint Venture uses an integrated response that ensures the help provided to victims and families is tailored to their needs and that perpetrators are held to account and supported to change their behaviour.

In 2018/19 we invested $53 million in supporting victims and perpetrators of family violence and sexual violence and on prevention and education, and worked with more than 50 providers and community groups.

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5 The new Act repealed the Social Security Act 1964, which after hundreds of amendments over 54 years had become disjointed and hard to understand. See http://www.legislation.govt.nz/act/public/2018/0032/latest/whole.html

6 The first Winter Energy Payment season ran for 13 weeks from 1 July 2018. From 2019 onwards, payments are available for 22 weeks each year from 1 May.

Improving clients' MSD experience and their access to entitlements

We want people to feel as comfortable as possible when they engage with us. Sometimes asking us for support is stressful and challenging for people. We have been listening to our clients and drawing on our data, insights and tools to understand their needs better so that we can make it easier for people to deal with us, and deliver services more effectively.

This year we continued our programme of making our site offices warmer, more welcoming places – we have now refreshed the physical layout in 52 offices, and plan to expand this to all offices in the next year. Clients have more opportunities to give us feedback about their experience with MSD.

Continuing our focus on sustainable and meaningful employment outcomes

Employment is a key way for many of our clients to live independently and reach their potential. We invested more than $380 million on employment, work-readiness and training services, and supported over 70,000 people into work. In addition, through industry partnerships over 5,000 employers offered over 16,000 work and training opportunities to clients.

Supporting young people into work

The Government is committed to getting young people into sustainable and meaningful work. We played a significant role in developing a flagship programme, Mana in Mahi – Strength in Work, which helps to facilitate partnerships between MSD, other government agencies, employers and employment programmes and provides wage subsidies and pre-employment training funding. Mana in Mahi placed 247 young people into sustainable employment this year through contracts with 161 employers.

Working with others to improve client outcomes

We can achieve better outcomes and ensure that New Zealanders live in inclusive and supportive communities when we are connected. We have contracts with about 2,200 other organisations who provide services around prevention and response to vulnerability and harm, youth development, disability support, work readiness, skills training, and getting people into work, and we invested over $400 million into communities, iwi, non-government organisations (NGOs) and business and industry partners.

We are implementing new ways of working with the sector to achieve the best outcomes. For example, it is now standard practice for both MSD and Oranga Tamariki to work with providers on the co-design, trialling and procurement of new services, for example Family Violence Whānau Resilience services, sexual violence services, Youth Services, the Intensive Intervention Service and Whānau Care.

Adapting to changes in public housing responsibilities

In October 2018 a new agency, the Ministry of Housing and Urban Development (MHUD), was established. MHUD took over many of the public and transitional housing functions that we had previously been performing, but we still play a key role in providing access to housing support, by assessing eligibility for public housing, managing the public housing register, and providing assistance for emergency and transitional accommodation.

We worked closely with MHUD on an action plan for the development of a National Homelessness Strategy – a cross-government multiagency initiative to prevent or minimise homelessness in New Zealand, addressing housing supply, homelessness prevention, and support to get people into suitable homes.

Responding to adverse events

Our reach into and connections within communities mean that we are well positioned and able to provide support and to respond to adverse events when they occur. We played a lead role in the all-of-government response to the Christchurch mosque attacks of March 2019, with extra staff on the ground including 12 Muslim case managers who travelled from Auckland. We implemented a new Ministerial Welfare Programme that enabled clients to receive over $400,000 in hardship and Civil Defence payments, and in the months that followed the attacks we have provided services to help people with financial management, improving their English, and learning to drive.

In the months since the attack we have led the central government response and have maintained a dedicated team of case managers to support the victims of the attacks and their families. This case management assistance is provided in a number of ways, including direct financial assistance, referral to specialist immigration advice, and assistance to access mental health support and counselling services.

Launching our new strategic direction

In August 2018 we launched our new organisational strategic direction, Te Pae Tawhiti, and we commenced work on an operating model and business case to support its implementation. Te Pae Tawhiti embraces our organisational purpose **Manaaki tangata, Manaaki whānau – we help New Zealanders to be safe, strong and independent**, and sets out three key changes (shifts) that we want to make to the way we work.

Te Pae Tawhiti signals a distant horizon for us to aspire to – one where we work differently to achieve better outcomes for all New Zealanders, and particularly for Māori. This year we began our journey towards becoming a more responsive organisation. It will, however, take a while before we can properly measure the outcomes of this.

We launched our Māori strategy and action plan, Te Pae Tata, which articulates how we will give effect to Te Pae Tawhiti to do better for Māori. We also began development of a strategy and action plan (Pacific Prosperity) to guide us in our work to improve outcomes for Pacific peoples.

Facing up to challenges

We saw a significant increase in demand for financial assistance across the board. The number of people on main benefits increased by nearly 15,000, and we provided nearly 1.7 million hardship grants worth $480 million – an increase of about 500,000 and $150 million on the previous year. Because our case managers spent more time responding to this increased need, they were unable to spend as much time with clients exploring employment- and work readiness-related outcomes. However we still saw 70,000 people leave the benefit system because they got work. In Budget 2019 we received funding for 263 extra case managers over the next two years to restore the employment focus.

Demand for public housing continues to increase – nearly 15,000 people and households were on the Public and Transitional Housing Registers at 30 June 2019, four times as many as five years ago. Amongst the reasons for this increase are the lack of affordability of housing options and constraints on housing supply. New Zealanders in need received over $90 million of emergency assistance for accommodation – compared to $33 million the previous year.

An inquiry by the Privacy Commissioner found we were taking a blanket approach to approaching third parties for information before requesting it from clients. We immediately updated our practices to ensure that we take a case-by-case approach to how we ask for information from outside parties, and to ensure we do so in a way that is consistent with our legal obligations.

Reviewing our baseline funding

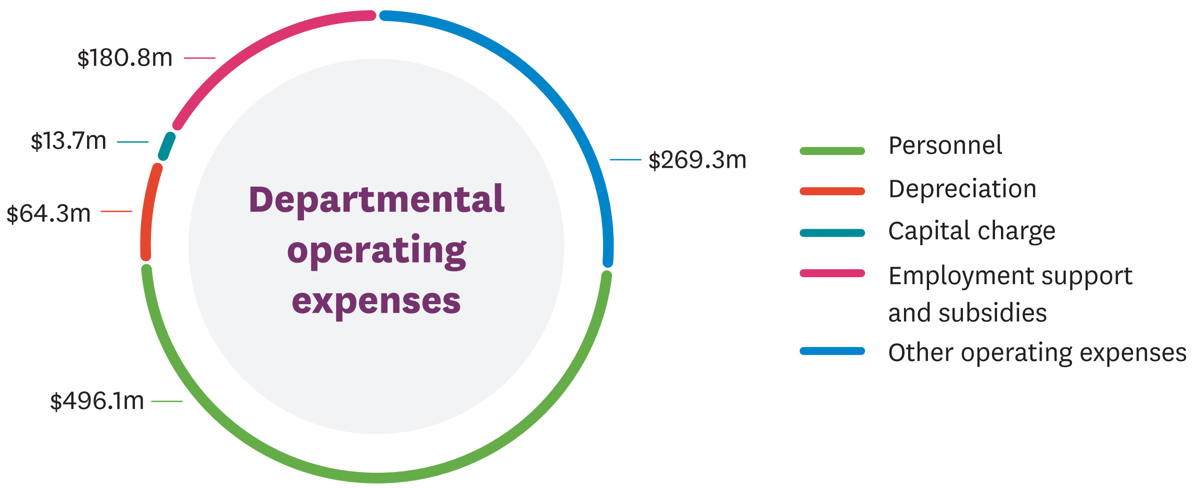
In 2018/19 we worked with the Treasury to review our baseline funding. The review found that generally our baseline expenditure was providing good value for money for the Government, but that there was room to improve, and that Te Pae Tawhiti is well aligned with Government priorities. The review recommended a stabilisation package to balance funding of cost pressures in our operating model (addressing risks to service delivery) and new programmes for employment assistance, disabled people and people with health conditions, and communities, children and youth.

The Budget of May 2019 delivered the majority of this stabilisation package and also funded areas that had not been part of the baseline review, such as welfare system settings, family violence and sexual violence services, and a range of other discrete initiatives.

Managing our finances

Our total expenditure for the year ended 30 June 2019 was $26.439 billion, against a Supplementary Estimates budget of $26.876 billion. This expenditure covered departmental operating and administration costs, capital, and payments to working-age people, whānau, families, seniors and students. We also made payments to third-party providers, other organisations and groups within communities to deliver community services.

We spent $1.024 billion on departmental operating and administration expenses, and $64 million in capital in 2018/19. Personnel costs ($496.1 million) made up just over 48 percent of the total departmental operating expenditure.



Leadership changes

This year we farewelled our Chief Executive of seven years, Brendan Boyle, and welcomed his successor, Debbie Power, and two new deputy chief executives.

Looking into the future

In 2019/20 we will continue to put people at the centre of everything we do. We will continue to develop our operating model and change the way we work to ensure we achieve this.

Additional case managers will enable us to refocus on helping our clients into jobs, or where appropriate to increase training and skills development. We will continue to develop positive relationships with our clients built on mutual trust, and to work proactively with people to get them into sustainable jobs that are right for them.

We are talking about how we can focus on helping people get what they need first time, every time, and creating the time and space we need to do this effectively.

We have already begun to change. We are improving the way we deliver our services to clients. We are improving collaboration with providers, partners and other government agencies. We are forward-facing and looking at how best to support New Zealanders into the future.

A lot of change is happening in our organisation, but we remain focused on how we work with our clients to help them to be safe, strong and independent. That core purpose will not change – but we will do it better.

Te Pae Tawhiti – Our Future

Our role in social development forms the basis of our purpose, to help New Zealanders (people, whānau, families and communities) to be safe, strong and independent – Manaaki tangata, Manaaki whānau. We launched a new strategic direction, Te Pae Tawhiti – Our Future, in our 2018–2022 Statement of Intent[7] in August 2018.

Te Pae Tawhiti signals our intention to do better for our clients, and identified three shifts we need to make as an organisation to achieve our outcomes. In describing these, we drew on concepts from Te Ao Māori and we are using this perspective to help shape our thinking.

7 See https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/statement-of-intent-2018-2022-online-version.pdf.

Mana manaaki – A positive experience every time

We will look after the dignity of people with warmth, listening, respect, compassion, openness and fairness, and helping people, whānau, families and communities.

Kotahitanga – Partnering for greater impact

We are stronger when we work together with whānau, families, hapū, iwi, providers, communities and other government agencies. By allowing others to take the lead in some services, our clients can connect directly with trusted partners who are better placed to meet their needs.

Kia takatū tātou – Supporting long-term social and economic development.

We will prepare ourselves for the future and take a long-term strategic approach to community, regional and economic development. To improve employment outcomes people will need our support to acquire skills for current and future job markets. We will broaden our role in community development and social services to support people who are volunteering, training or caring for whānau and families.

Our performance framework

In our 2018–2022 Statement of Intent[8] we described our new organisational strategy, Te Pae Tawhiti. These pages show how our service provision and the key shifts in the way we work will enable us to have an impact on improving lives for New Zealanders and to achieve outcomes to help them to be safe, strong and independent – **Manaaki tangata, Manaaki whānau**.

Purpose

Outcomes

What we seek to achieve for New Zealanders

Impacts

How we contribute to our outcomes

Our strategic direction

To deliver our outcomes

Services

What we do

8 See https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/statement-of-intent-2018-2022-online-version.pdf

Manaaki tangata, Manaaki whānau

We help New Zealanders to be safe, strong and independent

New Zealanders get the support they require
Pages 33–43

New Zealanders are resilient and live in inclusive and supportive communities
Pages 45–57

New Zealanders participate positively in society and reach their potential
Pages 59–77

- Improve equity of outcomes, particularly for Māori
- Improve people's trust and confidence in the welfare system
- Improve effectiveness of support
- Reduce the number of people in hardship or insecure housing
- Improve awareness of and access to support

- Reduce harm and improve the strength of whānau, families and communities
- Improve our contribution to industry and regional development
- Improve the effectiveness of connections across different providers and organisations

- Improve employment outcomes through sustainable work
- Improve people's readiness for work, including through training and education
- Improve people's abilities to meaningfully participate in society

Te Pae Tawhiti – Our Future

Mana manaaki
A positive experience every time

- Financial assistance (working age, seniors and veterans, students, health and disability)
- Housing support
- Employment services

Kotahitanga
Partnering for greater impact

- Youth services
- Discounts and concessions
- Training and education
- Community partnerships, programmes and campaigns

Kia takatū tātou
Supporting long-term social and economic development

- Resolution of claims of abuse and neglect in State care
- Advocacy for seniors, disabled people and youth
- Social policy advice

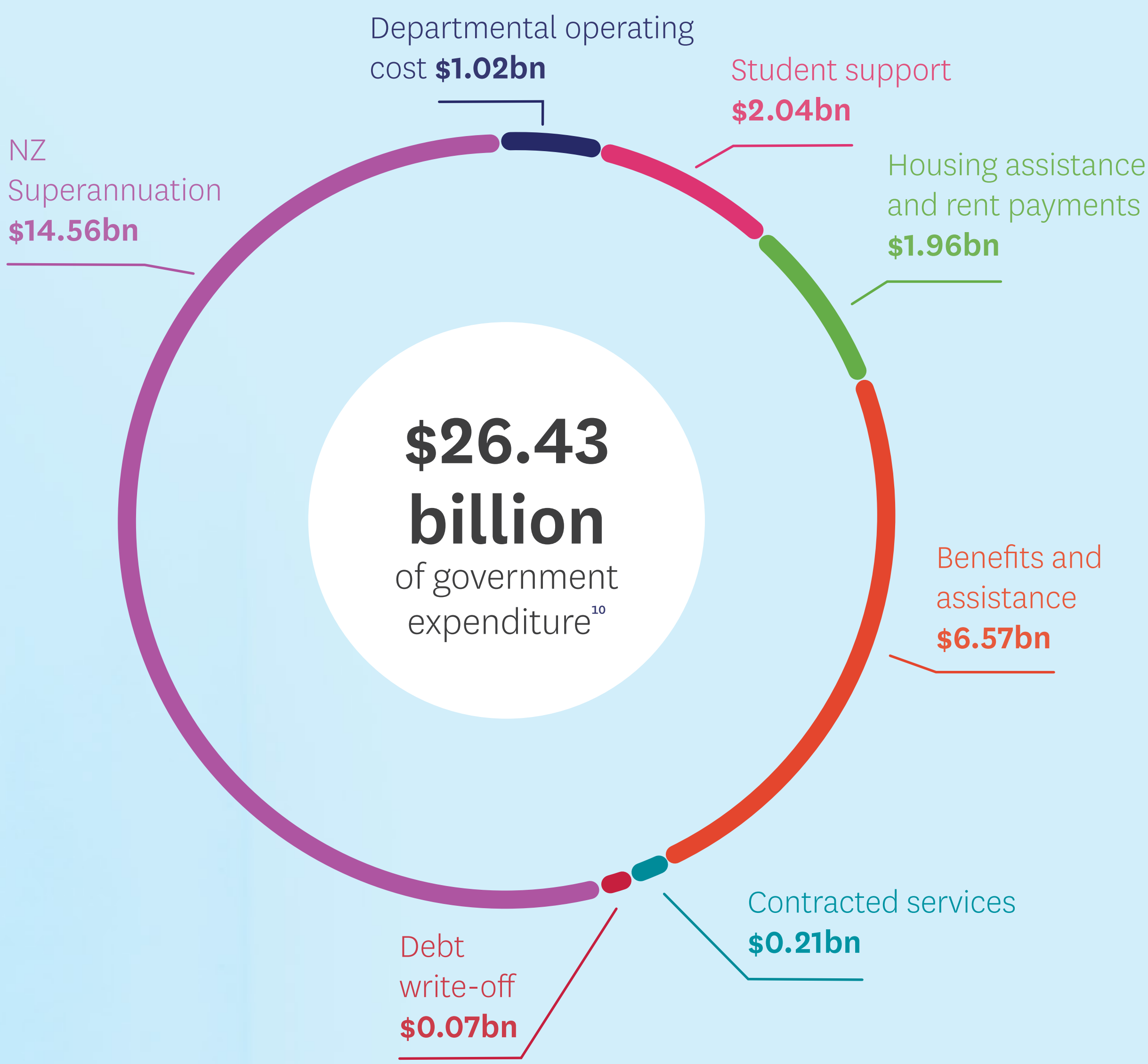
Measuring our performance

Our outputs reflect the services we deliver to clients, families, whānau, communities and other agencies. Each year we receive funding from the Government to deliver these services; the majority of this funding is for spending through welfare programmes to provide benefits to New Zealanders. We agree with the Government how we will use this funding, and how we will measure our performance. The performance measures and their agreed standards are published in the annual Estimates of Appropriations on Budget Day, and may be amended in Supplementary Estimates during the year.

64/78

We achieved **64 out of 78 performance standards** this year, compared with **76 out of 90 last year**[9].

9 Last year's figures include measures and standards in Vote Social Development and Vote Social Housing. This year our Vote Social Housing measures were transferred to Vote Housing and Urban Development in October 2018, with the Ministry of Housing and Urban Development assuming responsibility for them.



10 Full details of this spending are set out in the Financial Statements starting on page 163.

Our impact indicators

We are developing a suite of indicators to help us understand what progress we are making against the outcomes, impacts and key shifts identified in our performance framework. The first group of indicators were introduced in 2018/19, and their current and historic performance results and trends are shown below.

This first set of progress results are mixed, but they are helping to establish baselines on which we can measure progress in future years. Early results for most of our indicators show that we are maintaining performance levels, but clearly challenges exist in areas such as supporting people to remain off benefit once they are in work and getting people off the Public Housing Register in a timely way.

These indicators do not have fixed targets, but are designed to show the direction in which we would like to see results head over time. We expect them to evolve over time as we develop new and improved ways to measure what we think is important, including what we currently cannot measure but would like to. We will report any new measures in future Annual Reports.

Impact indicator	Link to Outcomes[11]	Desired trend	2016/17	2017/18	2018/19	Observed trend
Percentage of clients who remain off main benefit having secured sustainable work	1, 2, 3	↑	70.6%	69.3%	**67.7%**	↓
Percentage of clients exiting main benefit who return to main benefit:	1, 3					
• within 13 weeks		↓	22.4%	25.0%	**24.2%**	↔
• within one year		↓	50.5%	50.4%	**52.4%**	↑

Case managers are spending more and more time on increasing income support demand, which means that less time is available for work-focused case management.

Labour market conditions are an important contributor to the ease with which our clients can find and stay in work. Employment growth over the last few years has been strongest in higher skilled occupations. Other contributing factors include housing affordability and availability, and relatively high unemployment rates in some regions.

These factors combined are contributing to a decrease in the number of people leaving main benefits to go into work and remaining off benefit.

We secured funding in Budget 2019 to increase work-focused case managers by 170 in 2019/20, with more in outyears; we anticipate this will lead to an additional 25,000 employment interventions a month.

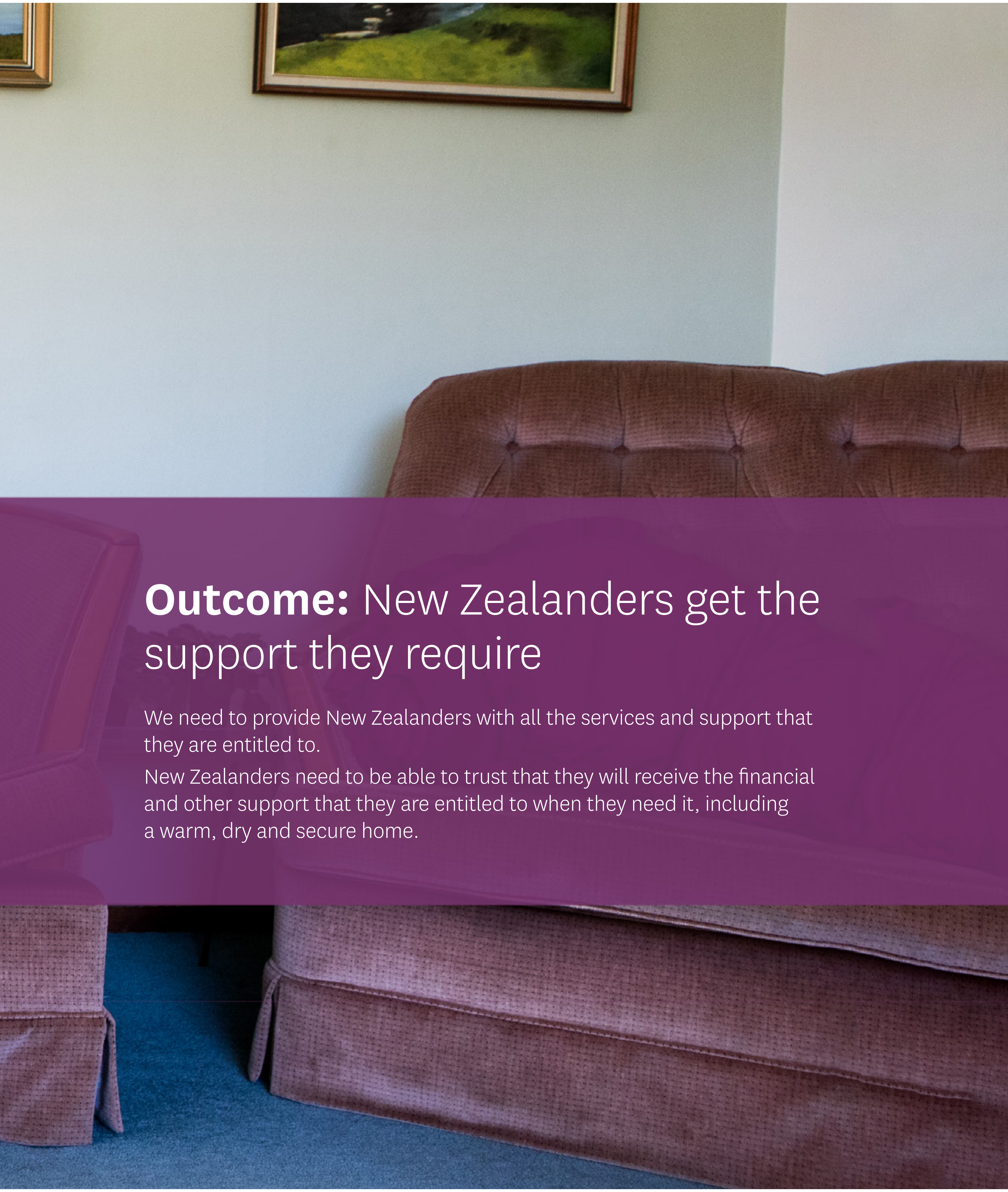
11 Outcome 1: New Zealanders get the support they require.
Outcome 2: New Zealanders are resilient and live in inclusive and supportive communities.
Outcome 3: New Zealanders participate positively in society and reach their potential.

Impact indicator	Link to Outcomes[11]	Desired trend	2016/17	2017/18	2018/19	Observed trend
Average future years on benefit	1, 3	↓	10.8 years	10.6 years	**10.6 years[12]**	↔
Median time to house clients on the Housing Register	1, 2, 3					
• overall		↓	55 days	77 days	**125 days**	↑
• Priority A clients		↓	53 days	76 days	**127 days**	↑
	Since MSD took management of the public housing register in 2014 the demand for public housing has risen significantly, from approximately 3,500 to over 14,000. Home ownership rates are falling and there is high demand for rental homes at a time when the supply of rental housing is constrained. The lack of affordable housing means that there are fewer options for New Zealanders who struggle to access or afford the private market. As a result, more people are looking to access public housing and the median time to house clients is increasing. The proportion of clients categorised as Priority A is also increasing as New Zealanders face increasingly complex housing needs. Whilst we do not control the supply of housing we continue to focus on helping people in hardship or insecure housing through better register management and supporting families that are in transitional housing.					
Percentage of our spend evaluated as effective[13] (of the portion of our spend that we are able to evaluate)	1, 2, 3	↑	72.8%	71.3%	**72.3%[14]**	↔
Client Net Trust Score	1	↑	82.6%	81.6%	**81.8%**	↔

12 The result reported against each year refers to the calculation relating to two years previously, ie the 2018/19 result refers to spending in 2016/17, and so on.

13 The effectiveness of our spend is based on whether employment interventions such as training or wage subsidies mean participants have higher income, spend more time in employment and less time in corrections services and in receipt of welfare assistance, and gain higher qualifications.

14 The result reported against each year refers to the evaluation of spending two years previously, ie the 2018/19 result refers to spending in 2016/17, and so on.



Outcome: New Zealanders get the support they require

We need to provide New Zealanders with all the services and support that they are entitled to.

New Zealanders need to be able to trust that they will receive the financial and other support that they are entitled to when they need it, including a warm, dry and secure home.

The impacts we are looking to make to achieve this outcome are:

- improving awareness of and access to support
- improving equity of outcomes
- improving people's trust and confidence in the welfare system
- improving effectiveness of support
- reducing the number of people in hardship or insecure housing.

Our purpose **Manaaki tangata, Manaaki whānau** keeps people at the centre of what we do. We have developed or are developing a number of specific strategies to help us focus on taking a client- and whānau-centred approach to our work, including Te Pae Tawhiti (see page 24), Te Pae Tata (see page 81), and Pacific Prosperity (see page 82)[15].

In 2018/19 we helped to ensure **New Zealanders get the support they require** (whether financial support, a warm, dry and secure home, or other services) against a background of rising benefit numbers, increased demand for hardship assistance, and unfavourable housing supply and affordability issues.

At 30 June 2019, **1.25 million people** were receiving direct financial support. We spent **more than $26 billion** on providing financial support to New Zealanders through benefits, New Zealand Superannuation, housing assistance and student allowances.

This year we have seen a significant increase in demand for hardship assistance, and we've paid out nearly **1.7 million grants worth $480 million**, an increase of about **500,000** and **$150 million** on the previous year. While a large proportion of the increase is related to housing assistance, there was a flow-on effect to other forms of hardship assistance.

Our role in public housing changed from October 2018 with the establishment of the Ministry of Housing and Urban Development. We work closely with both the new Ministry and the Housing New Zealand Corporation (HNZC) to ensure people have access to secure housing. However, the Public Housing Register has grown by about 300 percent over the past five years. Much of this growth is due to supply constraints – the Housing New Zealand stock is at 95 percent capacity and fewer people are moving out of the public housing system.

This year we granted over **70,000** Emergency Housing Special Needs Grants (132 percent up on a year ago) totalling nearly $93 million (up 185 percent) to **12,364 clients** (up 49 percent).

Demand for emergency and transitional housing assistance has increased because of the high costs of housing in relation to household income, limited new housing supply, and a lack of affordable rental options.

15 The client- and whānau-centred approach is also reflected in cross-government programmes such as the Carers' Strategy and the Disability Action Plan.

We focused on providing people with a positive experience whenever they approach us. It is our responsibility to ensure that New Zealanders get the support they require, and it is also our responsibility to ensure that our clients understand what services they are entitled to and how we can support them. This is articulated in our strategic shift mana manaaki (a positive experience every time).

We started to provide clients with proactive assistance and reminders about things they need to do, and made it easier for people to access the support they need and to manage some things for themselves. We improved the look and feel of our office spaces and our service culture.

Looking ahead

For 2019/20 we have identified three organisational priorities to focus on with a view to further achieving this outcome:

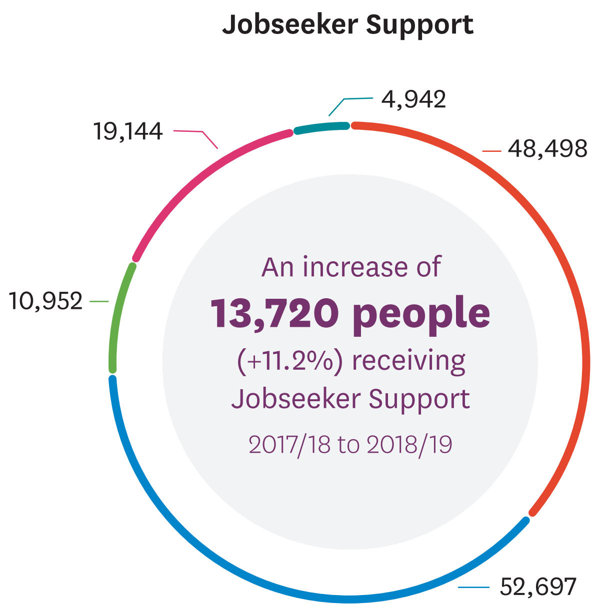
- **Welfare overhaul** – The Government is committed to overhauling the welfare system. Our role in providing advice to the Government and delivering on this work programme is critical to the effective overhaul of the system.
- **Service experience** – We need to provide the best service we can to our clients. Our strategic shift mana manaaki is about a positive experience every time. We will take the changes we have been making to the frontline further by helping clients get what they need the first time they approach us. Te Pae Tata will provide the foundation for us to deliver better services more effectively for Māori.
- **A place to call home** – Having a place to call home is the foundation for almost everything else in a person's life, but for many of our clients it is not a stable foundation. We need to provide people with as much accommodation support as they need and are entitled to until greater housing supply becomes available.

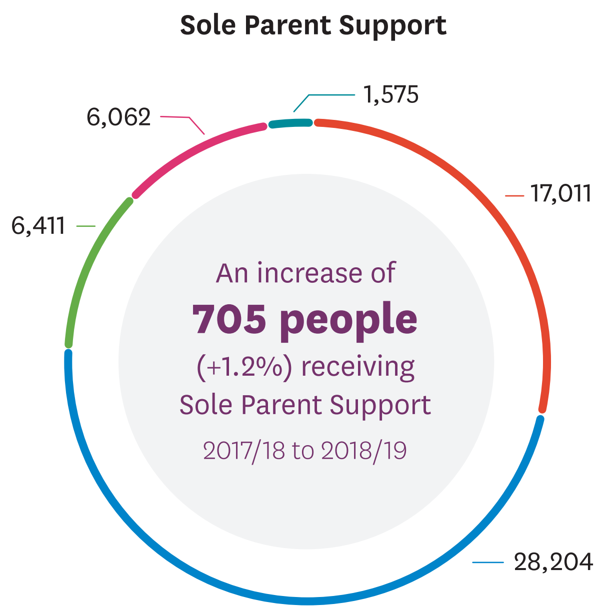
Our strategic shift mana manaaki reflects that people will be aware of all the support available to them and confident they will receive it. It means:

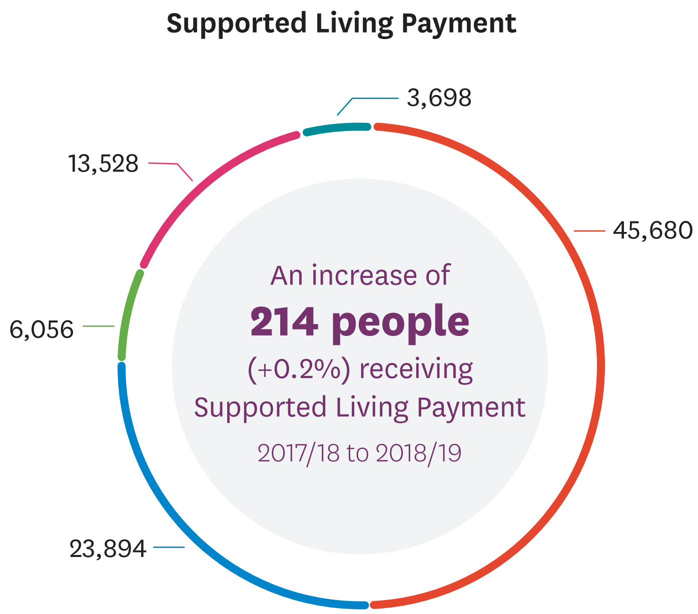
- we will build trusted relationships with people, whānau, families and communities
- we want people to feel comfortable dealing with us and empowered to have great choices about their future
- we will encourage open discussion and engagement with our clients
- we want all people, whānau, families and communities to feel they can be open and tell us about their experiences; we want them to feel confident they will be listened to and that we care about them and their future
- we will work with people so they get the support that is right for them and their situation, taking into account the whānau and family environment they live in
- we will use the data we collect responsibly, including the voices of clients and providers as well as evidence about what works
- new technology will help people to connect with us in ways that are people-centred and that they have helped us to design.

Benefit numbers

Just under **292,000 people** were receiving support through working-age benefits at 30 June 2019 – an increase of **5.2 percent** from the previous year. These charts show the numbers of benefits as at 30 June 2019 in the three main categories, broken down by recipients' ethnicity.







292,000 people getting **benefits** at 30 June 2019

778,000 people receiving **NZ Superannuation** at 30 June 2019

168,000 **students** received loans or allowances

106,000 **working** New Zealanders got extra help

2,200 **social service** providers contracted

3,900 frontline staff provided **direct services** to the public

8,000 **face-to-face** interactions daily

20,000 **phone calls** answered each day

384,000 visits to the **Check What You Can Get** guide

Over **79%** of clients are registered with **MyMSD**

Improving our clients' experience and access to support

The Government is committed to overhauling the welfare system in order to make it fairer and more inclusive, and to ensure that everyone is treated with dignity. This is also a priority for us at MSD.

We are committed to making it easier and less stressful for people to approach us for help, and to ensuring they can understand and access what they are entitled to.

We are building our understanding of whether everyone who is entitled to assistance is actually receiving it. In November and December 2018 we contacted more than 2,900 people who were not receiving, but seemed likely to be eligible for, Temporary Additional Support (TAS)[16]. The campaign increased uptake of TAS by around 10 percent. From July 2019 we will be getting in touch with around 3,000 people each month to encourage them to see whether they qualify.

In June 2018 we launched *Check what you might get*, a guide to eligibility for different types of assistance. The guide provides a quick, simple-to-use online platform to help clients work out potential eligibility and entitlement. In the year since the guide became available we have actively promoted its use through our partners and NGOs.

Since its launch we have made a number of improvements to the guide to make it more useful, and we are planning further work to enable information collected in the guide to be passed through to online application forms.

Feedback we have received from people who need our support confirms that we have continued to strengthen our service culture and improve people's experiences of dealing with us. This contributes to mana manaaki, providing a positive experience every time.

We have improved how we communicate so that our messages are engaging and easy to understand, both in writing (we send 6 million letters a year to over a million people) and in our service centres. A welcome message appears in 11 languages on digital signage screens in all service centres. Clients can easily access information about what support they can get, and it is now easier to complete online application forms on mobile devices.

Our Better Letters project won two awards at the 2018 Plain English Awards: Best Plain English Sentence Transformation, and the overall award – Best Plain English Champion (Individual or Team).

16 Temporary Additional Support is a weekly payment that helps people who do not have enough money to cover their essential living costs.

The full front-of-house package includes soft seating and rearrangement of waiting areas, community art, introduction of colour, planters, children's areas, signage and water coolers.

Creating a better front-of-house experience

The front-of-house area of a service centre is often where clients form their first impressions of MSD. For many, coming into one of our offices is stressful or tense: we want to reduce those feelings and create a more positive client experience with a warmer and welcoming environment, every time someone visits us.

Our Front of House project is focused on both the physical and client service elements of a service centre. We have made improvements after feedback from clients, our people, and community, health and disability groups.

Key themes identified from co-design were that people wanted a sense of privacy, atmosphere, comfort while waiting, and provision of amenities. Themes that came through in client feedback included:

- don't put us on display – design the area so private conversations are not heard
- don't create a 'walk of shame'
- use artwork and panels to create a place that doesn't feel cold and clinical
- streamline the queuing process and tell people how long they're going to be waiting
- provide something to keep children occupied.

Since June 2018 we have introduced the new front-of-house layout in 52 service centres, and we plan to make changes in all our service centres by 2020.

Our staff have donated over 500 children's books for use in service centres. This has proved so successful that we are initiating a further book request drive to provide more books in a wider range of service centres.

Listening to our clients

Part of mana manaaki is about seeking out the views of our clients and key stakeholders, and then using that feedback to improve our services.

Inviting people to tell us what they think

One of the new initiatives we have introduced to strengthen our service culture is a client experience survey. Every day thousands of clients have the chance to tell us about how they found their MSD experience. We use this feedback to identify what we are doing well and where we can do better.

In the pilot of the surveys between January and June 2019, over 105,000 clients received survey invitations: more than 11,000 clients responded, making over 20,000 comments in their responses. The response rate of 10.6 percent is in line with similar surveys run by other organisations[17].

In surveys conducted at service centres after the changes were made:

87%
of clients think the new layout is more comfortable and inviting

95%
feel they were treated with respect

Proactively assisting clients to ensure they keep their payments going

Many of our clients need to take action from time to time, such as renewing medical certificates, to make sure their payments keep going. We have for some time been texting clients with information about what services they may be entitled to, and in May 2019 we began to send proactive text messages to remind clients how to make sure they continue to receive their payments and services without disruption.

In eight weeks up to the end of the financial year, we sent more than 30,000 reminders to clients whose medical certificates were due to expire. Before these reminders were introduced, the proportion of clients who renewed their medical certificate on time was 50 percent; this has increased to 59 percent.

17 We went nationwide with the surveys in July 2019. Around 4,000 clients every day will get the chance to give us feedback on their interaction and their experience with the person they spoke with. More and more clients will get the chance to respond as we develop the survey.

Transitional housing gives families a foundation

For several months, Alice* had moved from place to place with her children, searching for a stable home. With their options exhausted and nowhere but their car for shelter, Alice reached out to someone who emailed an MSD case manager. The case manager phoned Alice, invited her to meet, listened carefully to her story, and immediately placed the family into transitional housing. She also assessed the family as a high priority for public housing.

Within three months, Alice wrote to say she was "now living in a beautiful place provided by Housing New Zealand with the happiest children". She wrote about the case manager who had supported her: "There was no judgement and [the case manager] did not turn her nose down at me … I felt acknowledged as an equal. It only takes a kind person who takes their work seriously to make a lifetime impression in someone's life. I feel that [the case manager] has set a solid foundation for new beginnings in my life and I'll be forever thankful for this."

* Not her real name.

Providing housing assistance

Many of the pressures in housing are caused by unaffordability as well as supply constraints, and there is no quick fix for this. We provide services that are aimed at addressing people's more immediate housing needs, and we need to do this as well as we can. We are focusing on our impact of reducing the number of people in insecure housing through:

- working with the Ministry of Housing and Urban Development (MHUD) to establish a national homelessness strategy – a cross-government multiagency initiative to prevent or minimise homelessness in New Zealand
- adapting our approach to ensure our clients receive the right support at the right time, through the best channels.

In October 2018 MHUD took over many of the public and transitional housing functions that we had previously been performing. However, we continue to play a key role in providing access to housing support through our service and contact centres, by:

- assessing eligibility for public housing
- managing the public housing register
- enabling people to access emergency accommodation and a number of other forms of housing assistance.

We provide these services to people who are either existing public housing tenants or on the public housing register, or who could remain in their home with some assistance, and by doing so we aim to address barriers to accessing or retaining a home.

In recognition of increased demand for public and transitional housing, we have obtained funding for intensive case management and Navigator services, support services for families with children in transitional housing and those with identified mental health needs, and flexible funding to support families to meet needs that cannot be addressed by existing products and services.

There are still some areas, such as responsibility for the management of transitional housing contracts, for which ongoing responsibilities between MSD and MHUD are still being finalised. The transitional arrangements have been extended to 30 June 2020.

MHUD remains reliant on MSD for data on the Public Housing Register and housing support assistance.


fitter
faster
stronger

Outcome: New Zealanders are resilient and live in inclusive and supportive communities

We recognise the diversity of the people, families, whānau and communities we serve.

We are committed to improving their wellbeing.

We are improving New Zealanders' access to tools, skills and resources in order to help them to better respond to the challenges in their lives, including financial literacy.

We support communities to be inclusive, supportive and free from violence.

We want people who have experienced harm or do not feel safe to know that help is available and to understand where they can get it.

The impacts we are looking to make to achieve this outcome are:

- reducing harm and improving the strength of whānau, families and communities
- improving our contribution to industry and regional development
- improving the effectiveness of connections across different providers and organisations.

An important part of our role in social development is working with partners in regional communities to provide services to support vulnerable New Zealanders. Our impact on ensuring New Zealanders are resilient and live in inclusive and supportive communities is greater when we are part of a wider community.

We have an important and significant role in making sure New Zealanders get all the support they need, but we cannot do it all on our own. We worked alongside approximately 2,200 partners who provide services around prevention and response to vulnerability and harm, youth development, disability support, work readiness, skills training, and getting people into work, and contributed over $400 million to communities, iwi, non-government organisations (NGOs) and business and industry partners.

We played a lead role in the all-of-government response to the Christchurch mosque attacks of March 2019, with extra staff on the ground as part of a support hub to provide cross-agency support, and by implementing a dedicated Ministerial Welfare Programme. We paid out over $400,000 in hardship and Civil Defence payments, and we have provided services to help people with financial management, improving their English, and learning to drive.

We worked hard to improve our responsiveness to Māori and Pacific clients, through developing a new Māori Strategy and Action Plan (Te Pae Tata), and through initiatives such as Mana in Mahi, E Tū Whānau, Pasefika Proud, and our partnerships with Te Hiku o Te Ika and Ngai Tūhoe. We received funding in the 2019 Budget to develop these and other programmes further in the coming year and beyond.

This includes work to strengthen communities to be inclusive, supportive and free from violence. In 2018/19 we invested nearly $53 million in supporting victims and perpetrators of family violence (over $32 million) and sexual violence (nearly $15 million), and on family violence prevention and education (nearly $6 million – this is grant funding to approximately 50 providers and community groups). We continued to manage four significant programmes to mobilise communities and challenge the social norms that perpetuate violence: E Tū Whānau, It's Not OK, Pasefika Proud, and a Refugees and Migrants programme. We developed, redesigned and piloted services that respond to family violence and sexual violence, including a new programme, Whānau Resilience, that will provide long-term healing and recovery support to people affected by family violence.

In April 2019 the Government announced a programme to strengthen the independent oversight of the monitoring of the Oranga Tamariki children's care system. We are leading the policy and legislative change process in support of this, to ensure that the wellbeing and interests of children and young people are at the centre of how the state delivers care and support. Our Independent Children's Monitor Programme team has been working closely with Oranga Tamariki, the Office of the Children's Commissioner, the Office of the Ombudsman and other government agencies on strengthening the independent oversight system.

Looking ahead

For 2019/20 we have identified an organisational priority to focus on with a view to further achieving this Outcome:

- **Partnership** – we can't do it alone – we are part of a wider community including employers, providers and other government agencies who work with the same clients we do, and iwi who we want to partner with. Our strategic shift kotahitanga reflects that we will only succeed if we partner well. We will look harder at how we can create even better and deeper partnerships across a range of areas.

This means:

- we will invest in trusted partnerships to harness the knowledge and expertise of others who are best placed to meet the needs of the people we serve
- people will be able to connect directly to our network of trusted partners for services – whether that is a job, skills and training, or a safe and secure home
- we will strengthen our connections with other agencies and our network of partners to reduce barriers and make it easier for clients, whānau and families to access social services
- we will build mutually respectful and trusting relationships with our partners and will operate with integrity and good faith
- technology will enable partners across the social system to access and share the information each holds to better support clients
- information will always be treated with care and stored in a secure and responsible way to maintain the trust and support of our clients.

Responding to adverse events

The resilience of New Zealanders is tested from time to time when adverse events occur, such as floods, droughts, fires, earthquakes or human events. As part of our role in social development, we have a wide reach into the regions – sometimes we are the only public service agency that is on hand to support small local communities. We are therefore often in a good position to lead the central government response to local and regional adverse events.

In order to help people and communities to maintain their resilience, we responded to many emergency events throughout the year. These included flood events in Gisborne and Rotorua, a power outage in Auckland, bushfires in Nelson, and the mosque attacks in Christchurch.

Emergency events often require a co-ordinated national and regional response to ensure that client and community needs are met, and that recovery actions enable and empower community resilience. We engaged with the individuals, family, whānau, iwi and hapū who live in the communities most affected by emergencies. Regionally, our staff worked with affected communities to support the local welfare response including the provision of critical services. Nationally, we contributed to an all-of-government response including the 0800 Government Helpline service (0800 779997).

Supporting families and communities affected by the Christchurch mosque attacks

Immediately after the attacks on 15 March 2019, teams from MSD, E Tū Whānau, Muslim communities, government agencies, Auckland Emergency Management, Auckland District Health Board and other community partners headed to Christchurch to work with local staff, clients and whānau to try to support those affected through an extremely traumatic time.

We provided support for people in the aftermath of the attacks as part of the hub established by Christchurch City Council, which included 12 Muslim MSD case managers who travelled from Auckland to provide support to their Christchurch colleagues for three weeks. We were able to provide prompt assistance to those who needed it by having eight MSD staff at a time working in the support hub while others were responding to demand for assistance in service centres. Our hospital liaison case manager was on hand to provide support to people arriving at Christchurch Public Hospital.

We provided emergency financial assistance such as Special Needs Grants, and ongoing assistance such as Emergency Benefits and Temporary Additional Support.

After the hub closed, we continued to provide specialist assistance for those who were impacted, in collaboration with Victim Support, from two of our Christchurch service centres.

Since 29 April we have led the Government response and maintained a dedicated team of case managers to support victims and their families. These case managers help people to access the range of supports available across government and in the community, for example by connecting them with specialist immigration advice provided by licensed advisors and lawyers, and with court victim advisors to provide support through the court process, and assisting families to access mental health support and counselling services through the Canterbury District Health Board.

We also:

- implemented a Ministerial Welfare Programme to provide financial assistance to families who were impacted by the attacks who were not eligible for existing financial support
- extended eligibility to MSD financial assistance for those granted residency through the Christchurch Response (2019) Permanent Resident Visa established by Immigration New Zealand after the attacks.

The dedicated case management team continues to support these families to adapt to their new reality. This includes support to increase their skills in areas such as financial management, learning and improving English, and learning to drive. This intensive service is needed because the families in case management have multiple needs for support that require co-ordinated delivery.

The Christchurch Mosques Attack Payment is part of a package of government support for those who need financial help and who are not currently able to work. At 30 June 2019 there were 58 people receiving these payments, with an average weekly payment of approximately $300. We were paying main benefits or welfare programme payments to 132 families in case management.

In May 2019 Cabinet agreed to extend financial assistance to people affected by the Christchurch mosque attacks through a Ministerial Welfare Programme.

By 30 June 2019, we had provided:

301
hardship grants, worth **$128,800**

828
Civil Defence payments, worth **$291,616** to people affected by the Christchurch mosque attacks

A main benefit or welfare programme payment to **132 families** in case management.

Addressing family violence and sexual violence

In order to strengthen New Zealanders' ability to be resilient, we need to do all we can to make their communities inclusive, supportive and free from violence. Family violence and sexual violence are a reality for many people in New Zealand and can have intergenerational impacts on individuals and families. Exposure to family or sexual violence in childhood vastly increases the risk of violence in adulthood. We work with many other organisations to reduce harm from family violence and to improve the strength of whānau, families and communities.

We worked with the Joint Venture for Family Violence and Sexual Violence to improve services and safety for victims and to change long-standing behaviours and attitudes. The Joint Venture is tasked with developing a connected and effective national strategy and action plan to eliminate family violence and sexual violence.

Preventing family violence

Our family violence prevention initiatives[18] mobilise communities and challenge the social norms that perpetuate family violence. The strength of these initiatives is that they invite communities to take ownership and create solutions that work for them.

In 2018/19 we engaged with communities to develop Frameworks for Change for E Tū Whānau and Pasefika Proud, and we developed a revised strategy for the Campaign for Action on Family Violence. This work, which is due to be finalised in late 2019, is informed by evidence and community engagement and will align with the Joint Venture's national strategy for the elimination of family violence and sexual violence.

Other key achievements include:

- bringing more than 100 young tangata whenua and tauiwi from diverse ethnic and social backgrounds together for the second PALMs (Peaceful Action Leadership Movements) rangatahi hui in Rotorua in June 2019
- supporting community action to promote positive behaviour in men
- supporting Pacific communities to develop their own family violence prevention plans
- supporting capability building within Māori and Pacific communities.

We received funding in Budget 2019 to expand investment in these initiatives over the next four years. This increased investment will enable us to scale up, strengthen and further evaluate the positive differences these initiatives make for whānau and communities across New Zealand.

18 E Tū Whānau, Pasefika Proud and the Campaign for Action on Family Violence (It's not OK)

Making it easier to talk about sexual violence

One in three women and one in six men in New Zealand have experienced sexual violence, and only about 11 percent of sexual violence is reported.

Reducing sexual violence is essential to the wellbeing of children, families and communities. To address this, MSD worked with sexual harm service providers and technical experts in 2016 and 2017 to develop a framework for a national helpline for people affected by sexual violence. The Safe to Talk – Kōrero mai ka ora – sexual harm helpline was launched in June 2018 and provides a co-ordinated and consistent response for all New Zealanders regardless of where they live, when they need help, and what type of help they need.

People can connect with the helpline how they want to – phone, online chat, email, text messaging or social media. There are interpreters for over 40 languages.

In 2018/19 Safe to Talk connected with over 5,000 people through 9,000 phone calls, web chats, texts, SMS messages and emails. Feedback has been overwhelmingly positive: in the programme's first evaluation, people said they felt less distressed about their situation, had been heard, trusted the service, and better understand the support available to them.

Offered over multiple platforms, Safe to Talk is making a real difference by helping those who have been silent to reach out and seek the support they need.

Improving our response to family violence

After significant engagement with the family violence sector in early 2018, we developed a new approach to our investment in services that respond to family violence. This recognises the need to change the current system to allow services to go beyond crisis management to support long-term recovery, helping communities to eliminate family violence for the next generation. It includes fair funding for providers and acknowledges that services need to be whānau-centred, outcomes-focused and integrated.

Budget 2018 provided funding to stabilise and strengthen MSD-funded services that directly respond to family violence. We are investing some of this funding in Whānau Resilience services, which will provide long-term healing and recovery support to people affected by family violence. In the spirit of kotahitanga, we are working with providers and communities in co-designing these services[19].

Specialist sexual violence services

We have continued to work closely with providers of specialist sexual violence services to build a more integrated, efficient and responsive system for people affected by sexual violence. This has involved continuous development of specialist sexual violence services funded through Budget 2016. We established pilots to provide psychosocial support for victims/survivors going through the criminal justice system and kaupapa Māori harmful sexual behaviour services.

We completed a formative evaluation of specialist sexual violence services, highlighting positive impacts on the sector such as improved stability and capability. However, this formative evaluation also noted ongoing challenges such as service gaps and cost pressures.

Supporting people to improve their financial literacy and avoid debt

Building Financial Capability services empower people to take control of their money, set goals and achieve long-term sustainable change. We provide a range of services and products that help individuals and whānau experiencing hardship to improve their financial capability and resilience. In 2018/19:

- 605 zero- or low-interest microfinance loans worth $1.76 million were approved through Community Finance, enabling people to avoid high-interest debt from third-tier lenders
- 32,700 people accessed group programmes and one-to-one financial mentoring, to help improve their financial capability
- we supported 21 community-based providers to test and implement sustainable ideas that address local financial capability needs
- we piloted MoneyTalks, a helpline for free and confidential budgeting advice (0800 345123), in partnership with FinCap
- we worked in partnership with community-based NGOs that deliver Building Financial Capability services, FinCap, the financial/banking sector and other government agencies on opportunities to combat predatory lending and support individuals, whānau and communities to improve financial prosperity
- we piloted `Spring', a digital channel for people in financial hardship to foster positive financial behaviour, learning and connecting – by 30 June 2019, 103 users had earned incentives (SpringCoin)[20] for building their financial capability online; 90 percent of these users were new to the financial capability sector.

19 The first Whānau Resilience services went live in September 2019

20 SpringCoin can be redeemed for rewards such as supermarket and energy company vouchers. The points tracking built into Spring also provides clients with a profile of their progress.

Restoring dignity to those who suffered abuse as children and/or young people in State care

Resolving historic abuse claims

Our Historic Claims Unit provides a disputes resolution process for people who were abused or neglected in the care, custody or guardianship of, or who had come to the notice of, Child, Youth and Family or its predecessors before 1 January 2008[21]. We work with claimants to understand their experience in care, and we acknowledge and recognise harm done.

By 30 June 2019, we had resolved:

1,826 of the 3,769 claims we had received

As part of redress we made apologies and payments totalling over

$28 million

Individual payments ranged between **$1,500 and $90,000**, with the most common payment range between **$10,000 and $25,000**

The number of new claims received continues to increase steadily, with far greater demand for redress than in previous years.

21 Claims arising after this date are the responsibility of Oranga Tamariki.

Prior to 2018 our approach to responding to claims was the subject of some criticism, particularly that it was taking far too long to resolve claims, causing further distress. In 2018 we reviewed our process for responding to claims. We consulted externally with the people most involved in the claims process about what they want. Based on what we learnt from this consultation process, in November 2018 we began to introduce changes to the process – these will continue incrementally over the next four years. The changes recognise the need for more diversity for claimants around their cultural and personal needs, provide more choice for how people engage with us, and streamline the assessment process. Over time the system will become more responsive and deliver faster results.

Several factors, including Waitangi Tribunal proceedings and the then-imminent Royal Commission of Inquiry into Historical Abuse in State Care and Faith-based Institutions, delayed implementation of these changes until November 2018. The delay has had a cumulative impact on the target of assessing 1,000 claims by 30 June 2020.

Supporting the Crown response to the Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions

We supported the establishment of a secretariat to co-ordinate the Crown's response to the Royal Commission[22] and, through the secretariat, responded to requests for information from the Commission.

The secretariat's role is to ensure that government agencies do as much as possible to support the work of the Commission in a timely, appropriate and co-ordinated way.

We worked with the secretariat and other agencies to engage with the Commission in a way that is consistent with Cabinet-endorsed principles of manaakitanga, openness, transparency, learning, being joined up, and meeting our obligations under Te Tiriti o Waitangi.

Overseeing the system for the protection of children and young people

Reforming regulation of the social work profession

A range of legislative changes were introduced to Parliament in 2017 to increase the professionalism and competence of social workers as a critical workforce in supporting the delivery of effective social services. These were passed into law in February 2019 as the Social Workers Registration Legislation Act 2019.

A key change in the new legislation is a move to mandatory registration of social workers, a change that representatives of the sector have been advocating for a long time. This comes into effect from February 2021.

In helping to develop the new legislation we worked closely with the Social Workers Registration Board (SWRB)[23] and the Social Work Alliance[24]. This close working relationship meant that Parliament could be assured that what was proposed was well informed by the lived experience of social workers.

22 The Royal Commission was established in February 2018.

23 SWRB is the regulatory authority that registers social workers, and its primary function is to protect public safety by ensuring that social workers are competent, fit to practice, and accountable for the way in which they practice. It also works to enhance the professionalism of social workers. As one of the three Crown entities for which we have a monitoring role, we are supporting SWRB to prepare for an expansion in its workload as mandatory registration comes on board over the next two years.

24 The Social Work Alliance is a collective of various organisations involved with the social work profession, including employers, unions, professional associations, the education sector, and the regulator.

Partnering with the sector has been critical in achieving a robust legislative outcome and has paved the way for the successful implementation of mandatory registration and the other changes that will be implemented over the next few years. As a result, we can expect increased public safety and confidence in social work and social workers.

Developing a new independent children's monitor

A comprehensive review of the oversight arrangements of Oranga Tamariki, completed at the end of 2018, found that key issues and gaps within the Oranga Tamariki system needed to be addressed. Subsequently Cabinet agreed to strengthen the oversight of the system and for MSD to establish and build an independent monitoring function with the intention to transfer it to the Office of the Children's Commissioner (OCC) once robustly established[25].

This work aims to improve services and outcomes for those in care, to build trust and confidence in the children's care system, and to ensure that the wellbeing and interests of children and young people are at the centre of how the State delivers care and support.

Substantial changes to policy and legislation are required to achieve the Government's aims. We are working closely with key stakeholders and government agencies to develop the new legislation under which the oversight functions will operate.

The Independent Children's Monitor came into operation on 1 July 2019, with monitoring to be phased in over time. Initial monitoring focuses on information received on abuse or neglect in relation to children in care or custody, and the response. Expanded monitoring will be focused on compliance with all aspects of the National Care Standards by December 2020, and the intended longer-term expansion would enable broader monitoring of the Oranga Tamariki Act 1989 and associated regulations.

We have worked closely with Oranga Tamariki, OCC, the Office of the Ombudsman and other government agencies on development of the independent oversight system as a whole, and have begun a process of engagement with Māori, guided by a Kāhui Group. We will be undertaking an extensive engagement process with Māori individuals and organisations to focus on how the independent monitor might best work towards identifying issues of particular concern for children and their whānau.

25 While the new monitoring system is being developed, OCC will continue to take a strong system-level advocacy role for all New Zealand children and youth, and the Office of the Ombudsman will provide an enhanced complaints and investigations function.

Taking action to support disabled people and their carers

Disability Action Plan

Through the Office for Disability Issues (ODI), we worked with disabled people to renew the latest Disability Action Plan[26] to cover the years 2019 to 2023. The Plan is a commitment by government agencies to provide regular reporting on programmes of work and actions that are progressing the New Zealand Disability Strategy 2016-2026 (NZDS)[27], and will make a positive difference to the lives of disabled people. The eight outcomes that disabled people are wanting progress on are education, employment and economic security, health and wellbeing, rights, protection and justice, accessibility, attitudes, choice and control, and leadership.

ODI also led the Government's reporting to the United Nations on the implementation of the United Nations Convention on the Rights of Persons with Disabilities.

Our Policy group has developed programmes of work on employment of disabled people, accessibility, and supported decision-making for inclusion in the new Plan. Our Service Delivery group leads the accessible public information programme of work in the Plan.

Carers' Strategy

In October 2018 we engaged with carers on a new Carers' Strategy[28] Action Plan for 2019–2023 through workshops and an online survey. Carer feedback, as well as research and advice from people and organisations who work with carers, informed what the new Action Plan should look like[29].

The new plan aims to better support the wellbeing of carers, and to ensure that they are supported in their role. These goals align with Te Pae Tawhiti and the three key shifts: mana manaaki – valuing and caring for the carers; kotahitanga – working across government and communities to make sure carers have the support they need; and kia takatū tātou – recognising the value of caring in society and making sure it is sustainable for families.

26 Action Plans are adopted at regular intervals and these set out what government agencies and their non-government partners will carry out over a future period to achieve this vision. The 2019-2023 Action Plan is the fourth such plan since the first NZDS was released in 2001.

27 The NZDS is the Government's commitment to progressing the United Nations Convention on the Rights of Persons with Disabilities and to promoting the rights and opportunities of disabled people to participate, belong, achieve and contribute alongside all other New Zealanders. The programmes of work for inclusion in the Action Plan have been agreed between government agencies and disabled people.

28 The Carers' Strategy was launched in 2008 to better support family carers, that is people who are caring for friends, family, whānau and aiga with a disability, health condition, illness or injury who need help with day-to-day living. Action Plans are adopted at regular intervals and set out what government agencies and their non-government partners will carry out over the period of the Plan to achieve this vision. The 2019-2023 Action Plan is the third such plan for the Carers' Strategy.

29 The Minister for Disability Issues will present the final Action Plan to Cabinet in November 2019.

Katie Murray and Lisa McNabb from Te Hiku Iwi Development Trust at a hui.

Working together towards prosperity in the Far North

Four Te Hiku iwi and the Crown are working together to revitalise the Te Hiku o te Ika Iwi – Crown Social Development and Wellbeing Accord (the Accord), which was originally signed in 2013 to provide a framework for government and iwi to work together towards cultural, social and economic prosperity for the whānau, hapū, iwi and the communities of Te Hiku in the Far North – our most socially and economically deprived region.

After a positive start the governance activity set out in the Accord was not maintained, and momentum waned. However, hui at Parliament in June and October 2018 breathed new life into the Accord, and a joint work programme was co-designed by Te Hiku and government officials to begin in July 2019. MSD is one of nine government agencies that have signed up to the Accord, with two more having signed letters of intention to join.

The work programme will drive economic development and is underpinned by social wellbeing. Locally led and centrally supported, the model has one kaupapa, with both iwi and Crown meeting the needs and aspirations of Te Hiku whānau.

Outcome: New Zealanders participate positively in society and reach their potential

We want to improve people's readiness for and access to employment, while recognising that people also participate through volunteering or caring for whānau and families.

We engage with people, families, whānau and communities to understand their aspirations and what is important to them, including their situation, culture and values.

We help to connect people with opportunities to realise their goals. In helping our clients to reach their potential and grow, we are enabling them to participate positively in society.

The impacts we are looking to make to achieve this outcome are:

- improving employment outcomes through sustainable work
- improving people's readiness for work, including through training and education
- improving people's abilities to meaningfully participate in society.

By engaging with people and whānau to understand their situation, their aspirations and what is important to them, including their culture and values, we help to enable New Zealanders to participate positively in society and reach their potential. We help connect people with opportunities to realise their goals, whether these relate to employment, education or training, or supporting others in their family or community.

We spent over
$380 million
in 2018/19 on employment, work-readiness and training services

We supported over
70,000
people into work

In addition, the amount of work-readiness training provided was well up, by nearly **40 percent** – through industry partnerships, over **5,000 employers** offered **16,000 work and training opportunities to clients**.

We continued our focus on attaining sustainable and meaningful employment for our clients. We base our work on improving employment outcomes and people's abilities to meaningfully participate in society around four pillars: earning, learning, caring and volunteering.

Our focus on employment initiatives included upskilling and apprenticeships; this is demonstrated through programmes such as Mana in Mahi, which focuses on getting youth into sustainable work. Mana in Mahi provided work and industry training for nearly 250 people. We anticipate that continued progress in this area will be reflected in more people remaining off benefit once they have left to go into work.

The increase in demand for financial assistance this year has impacted on the time our case managers can spend with clients on proactive employment-focused case management: only 20 percent of engagements with clients in June 2019 had an employment focus, the lowest proportion since 2014.

There is a significant group of clients who do not need an active ongoing relationship with us – they simply need to be in touch with us as required to receive their regular financial support so they can live as independently as they are able – for example, the majority of those who receive New Zealand Superannuation, Student Allowances and Supported Living Payment.

Many of our clients who do have some work obligations attached to their benefit need only a little support from us to connect to the right kind of service for their requirements. For others, who are typically further away from the labour market, we provide a higher level of support, either through proactive case management or through one of our many contracted providers.

We aim to build capability and address people's barriers to finding and retaining suitable employment, and to match jobseekers and employers to sustained employment opportunities that suit their mutual needs.

Our regional employment teams work closely with industry and community providers to connect clients with training and employment opportunities. Our contracted services aim to either improve work readiness or get someone into work.

In 2018/19 we had nearly **25,000 clients** participating in our various employment programmes. This includes **842 clients** placed in employment via Skills for Industry, **247 in Mana in Mahi** and **6,000 on Flexiwage**[30].

Looking ahead

For 2019/20 we have identified an organisational priority to focus on with a view to further achieving this outcome:

- **Employment** - We know that most people want to work and can do so with the right support. Our strategic shift kia takatū tātou is about long-term social and economic outcomes – when we help a client into a job that's right for them and their employer, it increases the likelihood that that job will be sustained over time. We will use the funding invested by the Government in Budget 2019 to energise what we do for employment across all our work.

30 Flexiwage is a subsidy that can be to an employer for things such as training and mentoring for a person on a benefit that they would like to hire.

Partnering with employers to provide sustainable employment opportunities

Recognising that we are unable on our own to provide employment solutions for everyone that needs them, our Industry Partnerships team works nationally with partners, employers, providers and organisations to provide sector-leading learning pathways and good, appropriate and sustainable employment and career progression for clients.

We manage relationships with **226** national partners:

14 Industry Training Organisations

133 recruitment partners

12 Industry Associations

67 contracting partners

Our regional employment teams work closely with industry and community providers to connect clients with training and employment opportunities. Our contracted services aim to either improve work readiness or result in an employment outcome.

Helping people with mental health conditions get work

Hannah*, in her mid-50s, had been on a benefit for around 18 months and was struggling to re-enter the workforce because of her disability with mental health.

Through the Be.Accessible programme Hannah received specialist support and career guidance, and was introduced to a number of opportunities that suited her skills and career aspirations. She struggled with low confidence, particularly with regards to explaining her absence from the workforce, but Be.Accessible worked closely with her to ensure that she understood her value.

Be.Accessible promoted Hannah to employers and after securing a number of interviews she accepted an offer that reflects her experience and skills, working as a human resources advisor in a major business.

* Not her real name.

Trialling employment initiatives

We have been partnering with the Department of Corrections since 2016 in running the cross-agency **Supporting Offenders into Employment** trial, which:

- aims to improve employment and social outcomes for, and reduce the risk of reoffending by, recently released prisoners by providing them with tailored wrap-around support
- focuses on achieving successful reintegration by ensuring offenders are better prepared for work
- builds incentives for offenders and employers to improve employment outcomes.

The trial comprises two services: an intensive MSD case management service and an external contracted provider service. Our service is delivered by 15 intensive client support managers across 11 regional sites. This service works with up to 600 clients at any one time.

In December 2018, People at Risk Solutions (PARS) started an external contracted service in Auckland that will support up to 100 clients at any one time. PARS is providing a multidisciplinary wrap-around service in the areas of mental health, drug and alcohol, education, training and housing.

Since **2016**, a total of **1,258** released prisoners have been referred to the trial and **314** have achieved employment outcomes.

In the last 12 months there have been:

580 referrals with

159 employment outcomes

The **Creating Positive Pathways** trial will run for four years to support a reduction in reoffending and an improvement in positive long-term outcomes for people who have served a long prison sentence or who have frequent interactions with the Department of Corrections.

The trial will provide 250 additional public housing places to support access to stable accommodation – with approximately 125 in Auckland and the balance split between Northland and Wellington. Wrap-around services will also be provided to help people achieve their individual goals and aspirations. The trial went live in Auckland in August 2018, in Wellington in March 2019, and in Northland in July 2019.

Transforming rural communities through employment

Ngāti Pāhauwera, a Northern Hawke's Bay iwi, is transforming its rural community through employment and training initiatives.

We have been working with Ngāti Pāhauwera since 2017 to co-design and deliver sustainable employment opportunities for their whānui.

We recognised that the iwi know their people best, have the mandate and are trusted to work for and alongside their people. We shared resources by seconding a skilled work broker directly to the iwi to provide access to the knowledge, systems and wider capability and support that MSD brings.

Our support has helped the iwi to improve the use of its land assets and has led to innovative solutions including cadetships on water management, riverside planting and water protection, driver's licence programmes, pest control work, nursery development, forestry management and water safety. We have also provided financial support for some key initiatives.

More than 200 people have achieved sustainable employment that focuses on the use of land assets since 2017. Ngāti Pāhauwera has actively worked with other iwi and hapū to promote their Crown partnering, opening the door for the Crown to engage with others.

The success of this partnership was recognised in the State Services Commission's 2019 Spirit of Service Awards with the Māori/Crown Relationships Award.

Responding to seasonal labour shortages

Running 346 seasonal work seminars for approximately

18,300 clients

Supporting 15 employers to transport approximately

300 clients to work

Targeted promotional emails to over

20,000 clients

Placing approximately

1,000 clients into seasonal work

Between its launch in March 2018 and 30 June 2019 the Work the Seasons website listed **16,840 vacancies** for **424 employers**, with **8,044 jobseekers** registered. At least **494 jobs** were filled using the website[31].

Supporting disabled New Zealanders to find and keep work

There are a number of programmes to support disabled people and people with health conditions to prepare for, find and stay in work. Services may be tailored to the individual's needs and goals. We contract community-based organisations to provide specialist employment supports for disabled people and people with health conditions who require more intensive support.

31 Tracking employment outcomes through Work for Seasons can be difficult as employers are not required to report back on vacancies filled, and many employers refer job seekers to their own websites.

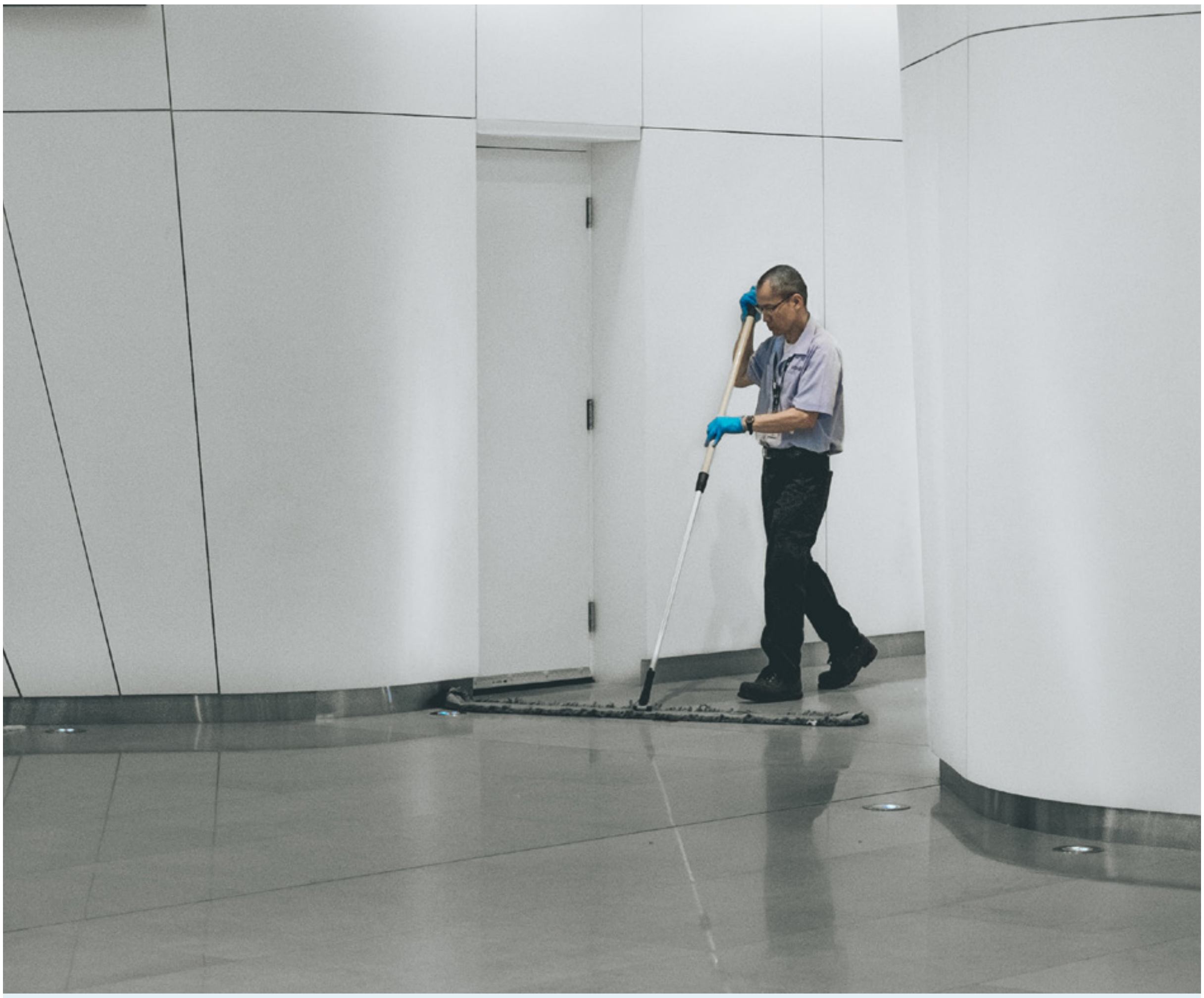


Photo source: unsplash.com

Providing employment support for Deaf New Zealanders

In October 2016, Brett* came to Deaf Aotearoa, one of the Supported Employment Service providers, for pre-employment support. Brett had been seeking employment for more than a year before deciding to get support from Deaf Aotearoa. Deaf Aotearoa supported Brett by helping him to update his CV, preparing cover letters for job applications and organising training support funding for interpreters when he had interviews.

In early 2017, Brett had an interview with a hotel for a housekeeping role. He attended the interview with an interpreter and a Deaf Aotearoa facilitator as a support person. The interview was successful, and he was offered the housekeeping role. The Deaf Aotearoa facilitator helped explain the employment contract to Brett to ensure he understood it.

Throughout Brett's 90-day trial with the hotel, Deaf Aotearoa provided a number of in-work employment supports such as:

- providing information about Deaf culture to the Senior Housekeeper and shared some resources and strategies for communication with Brett
- organising meetings with the employer at times when Brett was distressed
- suggesting strategies for ensuring clear communication between the employer and Brett.

Following the trial period, Brett received a workplace staff award. He later secured a new role at another hotel.

* Not his real name.

There are currently **36** Supported Employment Services in New Zealand that help disabled people find sustainable **work in the open labour market**

In 2018/19 Supported Employment Service providers placed **4,310** participants into employment

Oranga Mahi

The cross-agency Oranga Mahi programme was established in 2016 to deliver a set of cross-agency prototypes in partnership with several District Health Boards (DHBs) and Primary Healthcare Organisations throughout New Zealand. Over the past three years we have worked with health agencies to gain valuable insights about how to partner to improve outcomes for clients living with health conditions or disabilities.

Individual Placement Support

This is an evidence-based practice run with the Waitemata DHB that integrates employment and mental health services to support people with severe mental health conditions to find and stay in work. The prototype has shown positive results by supporting people with strategies to manage their mental health conditions. Since it was established in May 2018 as a 12-month prototype and in July 2019 as a trial, a total of 80 people have been supported.

Rakau Rangatira

This kaupapa Māori- and Whānau Ora-based programme integrates social and health interventions to increase opportunities for employment and recovery for people with mild to moderate mental health conditions and a history of substance abuse. The programme has supported 89 clients, with 16 entering full-time employment since the prototype started in July 2017.

Puawaitanga

This phone- and web-based support service provided by Homecare Medical aims to improve clients' emotional wellbeing and reduce the likelihood of their health conditions developing or becoming worse. It is open to all clients located in our Southern, Bay of Plenty, Taranaki and Wellington regions, and has recently been extended to include clients participating in Mana in Mahi who are receiving the In-Work Support service. Since it was established in July 2018 a total of 67 clients had their overall wellbeing supported.

REACH

This 12-week programme run by the Waikato DHB allows clients to engage with a key Work and Living Well Coach to reduce long-term welfare dependency. A number of clients have been referred to the programme and outcomes have been positive – 22 clients have come off benefit.

Robert* had just left university, and his existing anxiety and depression had intensified. Things started to change for Robert when we referred him to REACH. The 12-week programme pairs a person with a health professional and a coach, as well as their doctor and case manager, with the aim of getting them ready for work. Robert finished the programme and said the "boots on the ground" style of support helped him move from a negative head space to working full-time in his field, computer science.

*Not his real name.

Enabling Good Lives

Enabling Good Lives is a partnership between the disability sector and government agencies (MSD and the Ministry of Health) to ensure that disabled people have greater control over their lives. This includes having a say in how resources are used. It creates opportunities for family, whānau and friends to gain the skills, confidence and information they need to support disabled people to live an everyday life in everyday places.

This innovative, world-leading governance model is operating with a single vision at individual, regional and national levels. Challenges have been addressed with patience and mutual respect and by allowing space for everyone – including disabled people, officials, support worker unions, and management representatives from service providers, to reach common ground.

The vision and hard work of the disability community and the government sector was recognised with the Leadership in Governance Award at the State Services Commission's 2019 Spirit of Service Awards.

Supporting young people into work

Mana in Mahi – Strength in Work – was launched by the Prime Minister in August 2018 as part of the Government's commitment to support young people into sustainable and meaningful work. Mana in Mahi places young people into employment and supports them to stay in work and progress towards completing an apprenticeship or industry training qualification. The programme pays a wage subsidy to participating employers, and funding for pre-employment training and pastoral care, for both employers and participants.

We played a significant role in shaping the policy and design settings for Mana in Mahi. The programme is connected to two of our key strategic aims: kotahitanga – partnering for greater impact, and kia takatū tātou – supporting long-term social and economic development.

Mana in Mahi helps to facilitate greater partnerships between:

- MSD and other agencies working with disadvantaged young people, such as Oranga Tamariki
- MSD and a diverse range of employers and industry groups
- Mana in Mahi and other employment programmes, such as He Poutama Rangatahi[32].

32 He Poutama Rangitahi is led by the Ministry of Business, Innovation and Employment.

Mana in Mahi will also support long-term social and economic development by:

- providing an industry training pathway, which will support young people to gain the skills and experience needed to become competitive in the labour market, develop a meaningful career, and ultimately achieve sustainable employment
- providing financial incentives to employers to train and develop young people in their respective industries.

We have taken a phased approach to implementing Mana in Mahi – the Phase 1 prototype was designed to support at least 150 people into sustainable employment. Phase One was successful and exceeded its target of 150 places.

By 30 June 2019:

247
people had been placed in Mana in Mahi roles

49%
identified as Māori, and **9%** as Pacific

The retention rate was nearly **70%** – **168** were still active in the programme

161
employers had contracts through Mana in Mahi (56% were small employers, with 19 or fewer employees)

43
(17%) have exited the programme and returned to a main benefit

58
(35%) had started on a formal training pathway

A “thumbs up” for Mana in Mahi

Jamie Tapu from Taihape was introduced to Mana in Mahi by his local MSD work broker in November 2018, and signed up with local carpenter Fred Hammer and Co Ltd. Jamie’s initiative, attitude and enthusiasm impressed employer Fred Hammer, who has been in the building industry for 45 years. Fred is delighted to be able to give Jamie an employment opportunity, and says, “Mana in Mahi has really assisted me. I can give this young man many skills, and to have the legs up from Mana in Mahi to let us be able to give this young fellow a good standing in society, to be a tradesman, is a thumbs up.”

Jamie says the best part of his job is the variety of work and the people he gets to work with. “Hopefully one day I’ll be a qualified builder, building houses all around New Zealand.”

Developing work readiness for our youth

We partnered with The Warehouse and YouthHub to create a 24/7 digital space (Accelerator) where young people have self-directed access to a suite of workplace training modules and programmes around New Zealand.

Red Shirts in Communities (RSIC), an established on-the-job training programme run by The Warehouse, is the first programme to come to Accelerator. RSIC has helped more than 1,100 young people gain retail industry-related skills and work experience.

In the first Accelerator pilot:

- 21 young people began the programme
- three Warehouse stores participated (Porirua, Sylvia Park and Newmarket)
- 18 young people graduated at the end of the three-week instore experience.

In 2018/19, 265 participants achieved NZQA credits through the programme.

Some feedback we received from the participants:

> I'm already good with customer skills, face-to-face or on calls… but for me coming [into the training, I'm] learning new skills … things are really different.
>
> **Hayden, RSIC participant**

> It's really great. When I apply for jobs, employers will see I've worked with the Warehouse. When you work with the Warehouse, it's not just one position you're basically an all-rounder, you can get called anywhere.
>
> **Asim, RSIC participant**

Providing residential training for young people

In the 2018 calendar year there were 800 participants in Limited Service Volunteer (LSV[33]) programmes at Burnham Military Camp in Canterbury and Motu Moana Camp in Blockhouse Bay, Auckland. The programme will expand to 1,240 places by the end of 2019 and 1,600 by 2020.

In 2018, 80 percent of participants successfully completed the programme and 50 percent moved off benefit within 16 weeks of completion.

33 LSV is a free voluntary six-week residential training programme run by the New Zealand Defence Force on contract to and in partnership with MSD. It is targeted at 18- to 24-year-olds who are not currently in employment, education or training (NEET). The aim is to help more young people to start employment or training by improving their self-discipline, self-confidence, motivation and initiative. These personal qualities are developed through the delivery of training within a structured environment.

Riwhia Te Wairukuruku Poutu (left) with her employer, Maurice Windle

T&G Global (formerly Turners and Growers) in Hawkes Bay takes a "no holes" pastoral care approach by doing whatever it takes to support people so they are successful in the workplace and in their lives.

The approach encompasses a broad range of innovative recruitment, training and employment initiatives, many led by Labour Manager Maurice Windle in partnership with MSD. At the core is an organisational culture of developing, mentoring and sustaining the workforce – while T&G grow apples, they really grow people.

One of T&G's many success stories is Riwhia Te Wairukuruku Poutu. Riwhia was employed as part of the sole parent SEED (Sustainable Employer Employee Development) industry partnership in April 2018. Since then Riwhia has gained full-time permanent employment with T&G, a certificate in Horticulture Level 2, and a NZ Certificate in Agriculture Level 3. She also received pastoral care including the provision of a T&G house for herself and her tamariki when she experienced a housing crisis. Riwhia is now mentoring a young Mana in Mahi wahine and passing on the T&G culture of fostering the growth of people.

Supporting rangatahi to thrive in New Zealand

There is strong evidence that positive youth development supports young people to participate confidently in their communities by building their capability and resilience. Through the Ministry of Youth Development (MYD) – Te Manatū Whakahiato Taiohi – we support young people aged 12 to 24 years to acquire the skills and confidence they need to participate in and contribute to the social and economic growth of New Zealand.

In 2018/19, we contributed funding to **159 provider organisations** to deliver over 191 different youth development and youth enterprise programmes or services to over **100,000 rangatahi** (young people).

This money funded organisations that embed a youth development approach to supporting the wellbeing of young people in New Zealand so that they can succeed in, contribute to, and enjoy life.

Over 10,000 rangatahi completed participant feedback surveys to tell us what they thought about the programmes or services they took part in. This feedback was overwhelmingly positive.

Youth voices

The development of a Youth Plan to support the Child and Youth Wellbeing Strategy is underway. The focus of the Youth Plan is about turning youth voices into action on cross-cutting issues that matter, as well as supporting the development of solutions that enable rangatahi to contribute to government policy.

Aotearoa Youth Declaration

We supported young leaders to deliver the Aotearoa Youth Declaration, UN Youth New Zealand's flagship civics education conference, in April 2019. The conference aimed to equip participating rangatahi with a deeper understanding of their place within their community and the ways they can actively contribute to it.

Facilitators guided 250 participants in small groups, each centred around a different policy area. Over four days they participated in workshops, visited various businesses and organisations, and heard from industry experts to further engage with their chosen topic. Participants then developed policy solutions on the issues and areas most important to them. These were brought together in the Aotearoa Youth Declaration, a document to give to decision-makers to inform them of a youth vision for Aotearoa.

Youth Parliament 2019

MYD facilitated the tri-annual Youth Parliament programme from 1 March 2019[34]. The programme supported 120 Youth Members of Parliament to initiate and progress projects on topics they are passionate about and to prepare for the two-day event, and 20 Youth Press Gallery members to write profiles and articles on Youth MPs.

34 Youth Parliament 2019 culminated in a two-day event at Parliament on 16 and 17 July 2019.

Providing assistance to students

Every year StudyLink helps thousands of students engage in higher education and realise their study goals and career aspirations. In 2018/19 StudyLink paid student support (allowances and loans) to over 165,000 students[35].

During 2018/19 we processed:

113,146
Student Allowance applications
(2017/18: 114,982)

183,618
Student Loan course-related costs applications
(2017/18: 195,281)

198,017
Student Loan applications
(2017/18: 208,932)

19,332
Jobseeker Support Student Hardship applications
(2017/18: 17,340)

35 People applying for a Student Loan may also apply for Student Allowance, course-related costs and/or Jobseeker Support Student Hardship. Such applications have been counted in each applicable category.

Helping senior New Zealanders maintain their independence and participate positively in society

The Office for Seniors advocates for older New Zealanders (age 65 and over) and raises awareness of issues affecting them. In the past year the Office's focus was on developing a new strategy and supporting the development of age-friendly cities, towns and communities across New Zealand.

Better Later Life – He Oranga Kaumatua 2019-2034

In July and August 2018 the Office for Seniors supported the Minister for Seniors' national conversation on issues affecting older people. We received 469 submissions, which formed the basis of a new draft strategy, *Better Later Life – He Oranga Kaumatua 2019–2034*. We released the draft strategy in April 2019 for consultation. When finalised, the new strategy will replace the 2001 Positive Ageing Strategy as the overarching framework, spanning government and community, for our ageing population. It will provide a roadmap for the development of initiatives and programmes to better support older people in New Zealand.

Age-friendly cities and communities

In December 2018 New Plymouth became the second city in New Zealand to join the World Health Organization (WHO) Global Network of Age-friendly Cities and Communities[36] and others have signalled an interest in doing so[37]. The Office for Seniors provides support to cities, towns and communities wanting to explore what age-friendliness means for them. A critical part of the process is to involve older people, from assessment to planning and delivery.

The Office for Seniors has worked to inspire and support communities to become age-friendly. In the past year 12 grants were made to councils and community groups to support the development of age-friendly programmes and initiatives.

Raising awareness of issues affecting older people

The Office for Seniors maintains a high level of contact with senior New Zealanders through the SuperSeniors website, newsletters and social media[38].

We ran two major social media campaigns this year to raise awareness of the need for enduring powers of attorney, and of elder abuse. We achieved good reach, with the Enduring Power of Attorney campaign reaching more than 15,000 people on social media and leading to more than 5,000 clicks on our website.

Social media posts in relation to our World Elder Abuse Awareness Day (WEAAD)[39] campaign reached more than 150,000 people and had a high level of engagement. Similarly, good results were received for the television and radio components of the campaign.

36 New Zealand became an affiliate member of the Global Network in June 2018.

37 Auckland Council is working through an engagement and consultation process to develop an age-friendly plan and intends to join the WHO Network in 2020.

38 The website and newsletter regularly profile issues of interest to seniors, including New Zealand Superannuation, and discounts available through the SuperGold Card. Our newsletters are sent to nearly 340,000 people over 65 years of age.

39 WEAAD is observed on 15 June each year.

Through these campaigns we have also been able to highlight the support services available to help people work through these issues.

> Sad we need a special day to be made aware of all the awful things which happen to so many of our elderly. Abuse takes many forms, physical and mental, with loneliness well up the list. Kindness, make time for elders, often a little patience, and it's not hard to show some respect.
>
> **WEAAD respondent**

Modernising and simplifying New Zealand Superannuation and Veteran's Pension policy

Throughout 2018 we worked with a range of agency partners to develop advice for the Government on modernising New Zealand Superannuation and Veteran's Pension, with the starting point that they would remain universal entitlements from age 65, not subject to income or asset testing.

In May 2019 Cabinet agreed to a package of changes that modernise and simplify New Zealand Superannuation and Veteran's Pension[40]. The core of the changes is a shift toward assessing entitlements to these payments on an individual basis, while still paying higher rates to single superannuitants and pensioners to reflect their higher costs and more limited resources. These changes are expected to come into effect from 1 July 2020, subject to the passage of legislation.

40 Currently it is possible for people who are aged under 65 or who do not meet the residence requirements to be included in their partner's superannuation or pension, subject to an income test. This option will no longer be available – though people already included can continue. A second change is to ensure that people do not have their standard New Zealand Superannuation or Veteran's Pension reduced because their partner has an overseas pension.

Improving our organisational capability so we can deliver high-quality services

The Public Service is expected to support the Government of the day. This means public servants act with integrity, are politically neutral, provide free, frank and fearless advice, ensure appointments are based on merit, and are committed to open government.

As one of the largest agencies in the government sector, we are fully committed to the "spirit of service" principles that underpin everything the public sector does. We are especially mindful of this principle given the extent of our reach into New Zealanders' lives.

MSD is a large and diverse organisation with 7,000 staff. Having the right people, technology, resources and organisational culture is essential to successfully delivering outcomes for New Zealanders. We want our people to have the right mix of the skills we need for success.

The following pages outline some of the ways we strengthened ourselves in 2018/19 to improve outcomes for New Zealanders, in relation to:

- investing in our people leadership and capability
- establishing and maintaining good organisational governance
- building our data and analytics capability
- making sure we safeguard the information we gather properly
- ensuring our technological environment is fit for purpose
- managing asset performance appropriately.

Te Pae Tata – our opportunity

Māori are among the highest users of our services, and are more likely to require our support for longer time periods. Because Māori stay in our system longer, there is a high likelihood that their children will be supported by benefits from birth. These tamariki run the risk of becoming the next generation of Māori entering the benefit system for the first time.

Nearly 47 percent of Māori (compared with 37 percent of non-Māori) who enter the benefit system for the first time are 16- to 19-year-olds. Nine out of 10 Māori MSD clients under the age of 18 years have parents who received main benefits at some point in their teen years.

In 2018/19, because we knew that we needed to change this picture and that we needed Māori to help us identify what the new picture would look like, we reached out to Māori clients and providers to find out what they thought we were doing well and what we could improve. We received 5,000 individual responses, and three key themes emerged.

- **Whānau** wanted to engage with staff that want to help. They wanted to be respected and listened to, have choices, and be involved in decisions being made about them (so that they were in control of their own destinies).
- **Providers** wanted us to trust them and to provide them with opportunities to build their capacity and capability. They also wanted to be involved in services that were being designed for the people they were delivering services to.
- **Staff** wanted more time to help whānau. They wanted wellbeing programmes for themselves and opportunities to develop their Māori knowledge, language and capabilities so that they could engage better with Māori as needed.

We used this feedback to develop a new Māori Strategy and Action Plan (Te Pae Tata) to articulate how we will work with, and achieve better outcomes for, Māori. Te Pae Tata is not the solution; it is instead a lens over all our work to ensure it meets the current and future needs of Māori.

Te Pae Tata was launched in June 2019 and enhances the kaupapa Māori lens that is being woven into our strategic direction as expressed in Te Pae Tawhiti.

Te Pae Tata embraces the three shifts signalled in Te Pae Tawhiti, and articulates how they wil be realised for Māori.

Mana manaaki

A positive experience every time

Nā te hua o ā mātou mahi ka whakaponohia, ka whakautehia hoki mātou e te Māori. Ka whakarongo mātou, ā ka kore mātou e whakawā. Ka ngākau puare, ka matatika hoki mātou.

We will earn the respect and trust of Māori, listen without judgement, and be open and fair.

Kotahitanga

Partnering for greater impact

Ka whakarite mātou i ngā hoatanga rangapū motuhenga kit e Māori. Ka tautokona te Māori kia arahina te hoahoa rātonga, kaupapa whakarato hoki ka whakaritea mō to Māori.

We will form genuine partnerships with Māori and support Māori to lead the way in terms of any service design and delivery models that we commission for Māori.

Kia takatū tātou

Supporting long-term social and economic development

Ka tautoko mātou i ngā wawata a te Māori. Ka hāpai ake mātou, ka tautoko hoki mātou i ngā kaupapa tērā ka kite ate Māori e whanake ake ana, e tipu ake ana, hei Māori.

We will support Māori aspirations and champion and support initiatives that see Māori develop and grow as Māori.

We know that we need to deliver better for Māori – people and whānau have told us this. Not only is it the right thing to do, it aligns with our commitment as a Te Tiriti o Waitangi partner.

Embedding a Te Ao Māori view throughout our organisation will help us think differently about the way we work with Māori. We want all our staff to have the capability to do their best for individuals, whānau, hapū and iwi, no matter where or how they connect with us.

Pacific Prosperity – our Pacific Strategy and Action Plan

We need to do more to achieve equitable outcomes for Pacific peoples. To this end we have been developing a Pacific Strategy since April 2018. We have established a Pacific Steering Group and Pacific Reference Group, led by internal and external Pacific leaders who will inform the creation, development and implementation of the new Strategy and Action Plan. We carried out a talanoa (meaningful conversation) process with Pacific peoples to help inform the draft Strategy and Action Plan, which we have called Pacific Prosperity. Pacific Prosperity will have strong alignment with Te Pae Tawhiti. We have received over 4,000 pieces of information from Pacific peoples, families and/or communities. It is evident that people support a Pacific strategy and action plan that supports Te Pae Tawhiti.

Pacific Prosperity is an opportunity to respond to the changing context for Pacific peoples and communities in New Zealand, and will help inform the future policy agenda and deliver better co-ordinated action in partnership with Pacific peoples and non-government stakeholders. It will guide us in our work to improve outcomes, and will capitalise on past successes and learnings while also utilising new strategic opportunities and approaches.

We will be launching Pacific Prosperity in late 2019.

Investing in our people

Strengthening our people capability and leadership

We place great emphasis on supporting our people to grow and develop – this makes us a better organisation and enables us to help people more effectively. In 2019 we have introduced a consistent learning curriculum for the development of new case managers' learning in their first 90 days after joining MSD, to support the delivery of an empathetic and effective service experience that aligns to our key strategic priorities. We have introduced new NZQA qualifications including the New Zealand Certificate in Case Management (Level 5), and the New Zealand Diploma in Health and Wellbeing (Applied Practice) (Level 5) – Advanced Youth Support. The qualifications programme recognises existing skills and further enhances the capability of our high-performing employees who work with diverse clients.

We extended our investment in our people leaders through strengths-based workshops with an in-depth focus on building coaching capabilities. New leadership programmes have been delivered, with a significant focus on responding to mental health. A new approach to growing a positive workplace has commenced, as part of a longer-term focus on strengthening our work environment and leadership practices.

In 2019 we have developed a Te Ao Māori Maturity Framework (He Matapihi ki Te Ao Māori) to support Te Pae Tawhiti and Te Pae Tata. This framework identifies four levels of capability, providing clarity around the knowledge and skills underpinning working in a bicultural way. Our people can use the framework as a guide to deepen their knowledge or to self-assess their current capability level. Learning solutions and activities will be sourced or developed to provide a pathway of learning.

We revised and relaunched our professional development awards in October 2018.

Supporting a diverse and inclusive workplace

Being a diverse and inclusive organisation means recognising and respecting the differences between people while valuing the contribution everyone can make. Everyone is diverse in a range of interrelated ways. We want all our people and clients to thrive, be who they are and enhance their wellbeing. As an organisation it is critical for our success that we are reflective of the people we serve, which means that we need to acknowledge and appreciate our own diversity so that we can support our clients' aspirations.

Our diversity and inclusion approach is grounded in Te Pae Tawhiti and has been informed by stakeholders and existing networks across MSD. It is aligned to the State Services approach, with our priorities reflecting a unique MSD 'flavour' and our purpose of helping New Zealanders to be safe, strong and independent – Manaaki tangata, Manaaki whānau.

We remain committed to supporting the State Services Commission's vision for diversity and inclusion across the public sector. This includes addressing the gender pay gap, assessing the root causes of the ethnic pay gap, employing disabled people and making workplaces accessible, and building networks, knowledge and information to enhance visibility and inclusion of rainbow groups.

We have established a Diversity and Inclusion Steering Group to guide our work in this area. The 15 members of the steering group represent a good representation of diverse perspectives. The group ensures that our work in this area supports and aligns to priorities we have for both staff and clients.

Our employee-led networks are providing support, visibility and consultation on issues facing their communities. We now have four networks (the Disability Network, MSD Women's Network, our rainbow network proud@MSD, and the Pasifika Helava Collective supporting our Pacific staff), with other networks beginning to emerge.

We held three hui for regional Māori staff as an opportunity for staff to reconnect with marae life and to learn about the associated iwi and marae histories.

We held two fono for Pacific staff in Auckland and Wellington to focus on capability, career and personal development and to celebrate Pacific identity.

Championing equal employment opportunities

We are committed to the principle of equal employment opportunities (EEO) and we value having a diverse workforce to better represent our communities. Our EEO policy promotes equality, diversity and inclusion within a positive work culture based on respect, fairness and valuing individual differences. We ensure that individuals' needs are met, with an aim to provide mana manaaki, assuring the dignity of all our people with warmth, listening, respect, compassion, openness and fairness.

For example, we:

- base appointments on merit, while recognising the employment aspirations of Māori, ethnic and minority groups, women, and people with disabilities, and ensuring fairness in employment for all persons and groups of persons
- purposefully recruit people who reflect and understand the diversity of New Zealand and the communities we serve
- recognise the aims and aspirations of Māori and the need for greater involvement of Māori within our organisation and across the Public Service
- collaborate with the State Services Commission to support the Lead Toolkit for employing disabled people
- focus on the capabilities that underpin an openness to diversity, which applies to how we work with our clients, communities, and our own workplace and people
- work with other agencies to share best EEO practices, policies and procedures.

Reducing our Gender Pay Gap

The Gender Pay Gap (GP Gap) is measured as the difference between the average[41] salary for women and for men. Our GP Gap compares with that for the Public Service as a whole of 12.2 percent.

At 30 June 2018 our Gender Pay Gap was

15.1%

By 30 June 2019 this had improved to

13.1%

The primary driver for the GP Gap continues to be the ongoing challenge of having a high proportion of women in lower and mid-level roles, with fewer progressing into senior and executive management roles.

> The greatest pay gap occurs in the manager group, where the average pay for men is **14.7 percent higher**. This partly reflects the lower representation of women at higher management levels.

However, we have made progress in 2018/19 on lifting remuneration at the lower levels of the organisation, where more than 70 percent of our employees are women.

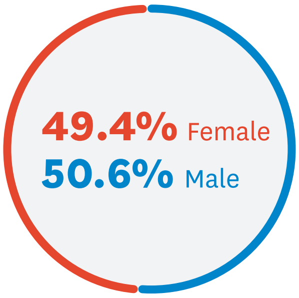
Actions taken in 2018/19 aimed at reducing the GP Gap include:

- development of a 12-month Gender Pay Gap Action Plan in conjunction with key stakeholders including network groups and unions
- role reviews in our Service Delivery Group, resulting in pay increases for most of our frontline and processing employees
- additional increases for managers placed low in their remuneration range
- ongoing increases to ensure that all our employees are paid at least the New Zealand Living Wage
- work on developing a new performance and remuneration framework, with a focus on ensuring equitable recognition of all our people, regardless of personal characteristics such as gender, ethnicity or age.

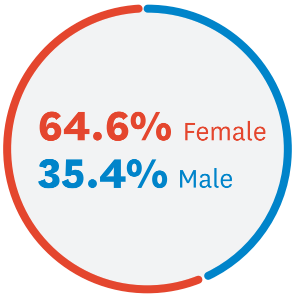
41 Average salaries are calculated by the MSD Cost Analysis and Modelling Tool, which excludes fixed-term, part-time and seconded employees.

Gender distribution by level of seniority

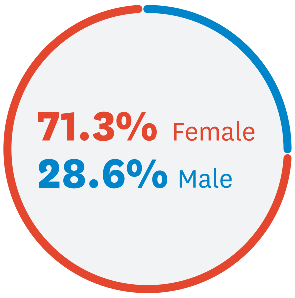
Executives and senior managers



Middle management



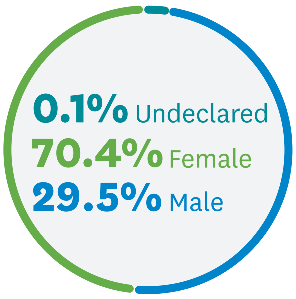
Other staff



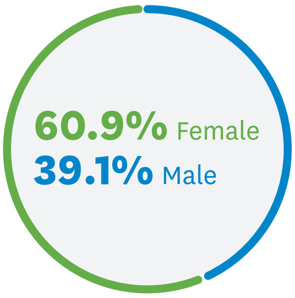
Diversity statistics by gender

All employees

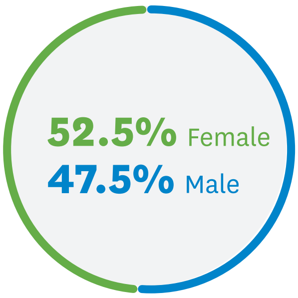
MSD[42]



Public Service[43]

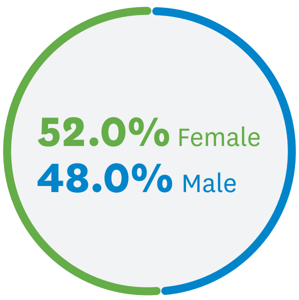


NZ Workforce[44]

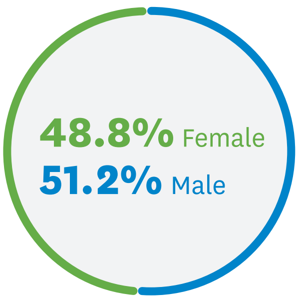


Senior Management

MSD

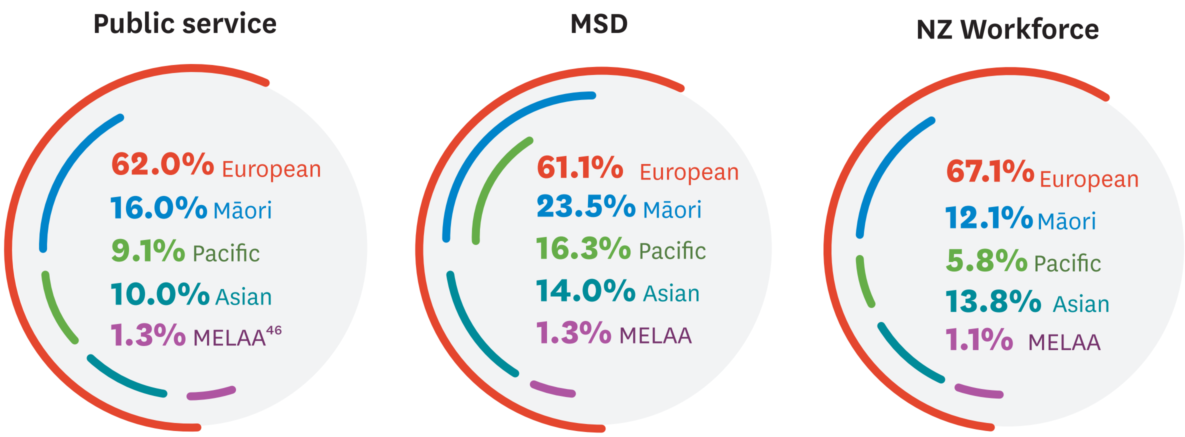


Public Service



42 June 2019.
43 June 2018. State Services Commission, Public Service Workforce Data: Human Resource Capability Survey 2018. http://www.ssc.govt.nz/assets/Legacy/resources/2018-Public-Service-Workforce-Data_pdf_0-v2.pdf
44 Statistics NZ, Household Labour Force Survey, June 2018. https://www.stats.govt.nz/information-releases/labour-market-statistics-june-2018-quarter

Ethnicity distribution of staff[45]



Maintaining stable industrial relations

More than half of our employees (4,080 at 30 June 2019, or 55 percent) are members of the PSA, with the highest proportions in our front line, where 77 percent of case managers are PSA members. The PSA has engagement structures at every level of MSD, with 346 Delegates at worksites, National Delegate Convenors for each of the service lines, and a full time PSA Lead Team convenor.

In 2018/19 we worked with the PSA on reviewing roles, including job descriptions and pay ranges, for service delivery staff, and the development of and commitment to a High Performance High Engagement (HPHE) relationship between us to replace the current relationship agreement. HPHE is a method for engaging with employees and their representatives to improve the quality of working life, and thereby improve organisational performance[47].

We are working with Ngā Kaitūhono (representing over 800 of our Māori PSA members) who have been active participants in the development of Te Pae Tata. In 2018 we signed a relationship agreement with Ngā Kaitūhono to formalise the value of our relationship and our commitment to our Māori staff.

Our enduring relationship with the PSA has provided a foundation to work through major collective contract negotiations in 2018/19, and we have made strong traction in building a constructive partnering relationship.

We successfully concluded negotiations for collective agreements for:

- National Office and the Ministry of Youth Development, covering around 1,374 employees (concluded August 2018)
- Service Delivery, covering around 4,821 frontline employees (concluded December 2018)
- Managers and Senior Specialists Collective – our first collective agreement for this group of people, covering around 132 managers (concluded May 2019).

We also successfully concluded negotiations with Work and Income Northland Staff in March 2019, covering around 66 employees.

The most significant commitment from negotiations with the PSA is the redesign of our remuneration framework over the period to October 2020, using a co-design approach with the PSA.

45 Figures exclude other, not stated and refused to state. Figures do not always add to 100 percent as people may identify with more than one ethnicity.
46 MELAA refers to Middle Eastern, Latin American and African ethnicities.
47 The new strategic relationship agreement between MSD and the PSA was signed in August 2019.

Balancing family and work obligations

We have a range of policies and practices to support employees with caring responsibilities to have a good work-life fit and to balance family and work obligations. This includes parental leave, parental leave payment on return to work (ex gratia payment), flexible working arrangements, preferential re-engagement after childcare, and a range of leave options that support caring responsibilities.

We are progressing with an approach to flexible working that is visible, accessible and equitable for all our people. Flexible working aims to enhance people's experience of working at MSD and to help us deliver a positive client experience by thinking differently about when, where and how we best serve our diverse clients. A review of the current state of flexible work in MSD is in progress to gain an understanding about the culture, capability and infrastructural changes needed to move from the current state to flexible by default.

We are participating in the Public Sector flexible work workshops to help build a consistent cross-agency approach to flexible work.

Embedding good practices for health, safety and security

In the past year we have increased our focus on the wellbeing of our people, particularly around their mental health. We have:

- introduced new ways for our people to access counselling and psychosocial support services as well as a wider range of information on self-care and personal wellbeing through our Wellbeing Portal
- opened up our communication channels for feedback around wellbeing issues at any time through a dedicated monitored email, and the Sensitive Events module in our new health and safety reporting system
- continued to grow and develop new strategies to increase our worker participation through an updated Worker Participation Agreement, as well as developing an Excellence Award for our Health and Safety Representatives.

We developed and trialled different access management options in client-facing site offices using technology and guard configurations. In conjunction with improved physical layout changes and changes to our front-of-house areas, we are constantly evolving our security ecosystem to enhance safety, security and privacy.

Health, safety and security governance

We have established a regular cycle of comprehensive reporting on health, safety and security risks to our Leadership Team, who are all Officers under the Health and Safety at Work Act 2015. Several governance committees across the organisation ensure that we are making a cohesive response to emerging trends and learning from health, safety and security events. We have a steadily maturing and evolving safety management system in place, which includes a set of core frameworks.

Following the Christchurch mosque attacks in March 2019 we reviewed our security levels and threat assessment process. This review resulted in the development of a robust risk assessment model we can use in the future. We have also reviewed our annual assessment process for identifying site-by-site security vulnerabilities across the country.

We have developed a worker engagement strategy that includes an annual award to recognise health and safety representatives' contributions.

Supporting our people who are affected by domestic violence

We implemented our policy relating to the Domestic Violence Victims' Protection Act 2018 from the required date of 1 April 2019. Under the policy we will provide support to our people when they are affected by domestic violence (or where a child in their household is affected) as follows:

- up to ten days paid leave in a 12-month period, with entitlement starting from the date of employment
- additional special leave for people who need further support beyond the ten days of entitlement under the Act
- we will accommodate requests for flexible working arrangements wherever possible using favourable discretion – this may include variations to hours of work, days of work, and/or place of work.

We do not ask for evidence of domestic violence, as it is important that our people receive the support they need as quickly and sensitively as possible.

Leading the way for disabled people

If we want to improve employment outcomes for disabled people (including people with health conditions) in the labour market, we need to lead the way ourselves.

Our Accessibility Charter, which we launched in February 2018, sets expectations for government agencies to make information technology and communications accessible. We developed the Charter in consultation with Deaf Aotearoa, People First, the Association of Blind Citizens and Kapo Māori. We have developed a training package to support the implementation of the Charter.

We developed a new resource to provide practical tips for people managers and incorporated this into our manager training programme. Our recruitment partners are increasing their knowledge by using the Lead Toolkit[48] to support managers around recruiting and employing disabled people.

During recruitment we do not ask candidates to provide information relating to living with a disability – we only ask for this information once the hiring is complete so that we can understand what support the new staff member needs.

Our internal training includes a module about disability, and we also provide an intranet-based Accessibility Toolkit to help managers feel confident about employing and retaining disabled employees.

48 We developed the Lead Toolkit in 2015 to provide advice to agencies about employing disabled people in the state sector.

Investing in good governance

Our organisational governance system aligns with the Institute of Directors' pillars of good governance, and is based on the following principles:

- openness and transparency – decision-making is consensus-oriented and transparent, with committees acting in the best interests of the organisation as a whole
- integrity and accountability – committees operate in a legal, ethical and objective way and are accountable for their decisions
- leadership and responsibility – committees provide visible leadership and promote collective responsibility for Ministry outcomes
- clarity and alignment of purpose – the purpose of committees is clear to stakeholders, and their decisions and actions uphold Ministry objectives, culture and principles
- effectiveness and accessibility – committees foster constructive relationships with business groups across the Ministry, encouraging engagement with governance.

Our Leadership Team (LT) provides organisational stewardship and accountability at the highest level, supported by four governance sub-committees. This governance system leads the development of our purpose, goals and strategic direction, and is responsible for ensuring the necessary systems, processes, regulations and resources are in place to deliver on our strategic direction. Decision-making and risk oversight is from a whole-of-organisation view. The sub-committees have authority to make decisions in their respective areas on behalf of LT.

The Chair and Deputy Chair of each governance committee are those members of LT with the closest alignment to the committee's purpose. General membership is drawn from across the organisation.

The Integrity Committee also has an external member, bringing significant knowledge and experience and an independent voice in key areas of the Committee's responsibility – safety and security.

Profiles of members of LT, and of the work of the governance committees, can be found in Appendix 3.

A Declarations of Interest register is maintained for LT and committees, and LT also completes annual Related Parties Transactions declarations, which may be updated at any LT or committee meeting.

Our Leadership Team

Our Leadership Team comprises our Chief Executive Debbie Power, Deputy Chief Executives, and the Director of the Office of the Chief Executive, and is responsible for setting organisational priorities, establishing where we are heading and how we will get there. The Leadership Team develops the organisation's strategic direction, addresses emerging issues that could impact organisational risk or reputation, and ensures that we are well positioned to meet current and future challenges.

Viv Rickard
Service Delivery

Nadine Kilmister
Office of the Chief Executive

Nic Blakeley
Insights and Investment

Debbie Power
Chief Executive

Simon MacPherson
Policy

Stephen Crombie
Corporate Solutions

Andrea Lawton
People, Culture and Strategy

Managing risk in a challenging environment

We operate in a complex and changing environment that provides opportunities and challenges in maintaining and improving services to New Zealanders while managing known and emerging risks.

Our Risk and Assurance team supports the Leadership Team by:

- overseeing the process for managing organisation-wide risks
- maintaining our organisational relationship with Audit New Zealand and the Office of the Auditor General
- helping business groups identify risks
- providing independent advice that enhances our organisational risk management and assurance capability.

Independent Risk and Audit Committee

Our Risk and Audit Committee provides independent advice on risk, internal controls and assurance matters. The Committee's advisory role provides an alternative perspective on risk management and internal controls, internal assurance, external audit, financial and performance matters, and governance frameworks and processes. The external perspective provided by the Committee is of critical importance to the Ministry.

The Committee met five times during 2018/19 and comprised the following independent external members:

- Kristy McDonald QC (Chair)
- Linda Robertson[49]
- Ian Fitzgerald
- David Smol.

The Committee provided advice and assurance on the following key areas of our work:

- health, safety and security
- ICT security
- internal and external fraud
- risk management frameworks
- financial reporting
- shared corporate services
- legislative compliance.

In addition to the key areas of our work, the Committee had oversight of several particular matters, including:

- an external report on our workplace harassment/bullying policy[50]
- our baseline review, which was conducted jointly by ourselves and the Treasury
- the welfare system overhaul.

49 Linda Robertson's term on the Committee expired on 30 June 2019. A process for appointing a replacement member is currently under way.

50 We introduced a new Positive Workplace Behaviours Policy in September 2019.

Building our data, analytics and insights capability

Better insights for better decisions

We are focused on enabling people to get the support they require, and to participate positively in society and reach their potential by championing the use of data and evidence in our work and seeking out opportunities to help case managers make high-quality evidence-based decisions.

We have updated our Client Service Matching tool with adjustments to eligibility for case management services, consolidation of service lists for small sites, and changes to automate and accommodate expansion of trials such as Supporting Offenders into Employment. Features have also been added to ensure that clients who used to receive the Youth Payment are placed into work-focused case management if they are not already in an active service.

We have also created a Case Manager Tool, which helps to improve decision-making by presenting case managers with consolidated information about clients from several different systems in use across MSD.

We have further improved the ability of our case managers to make decisions for our clients in need of public, transitional or emergency housing by enhancing the suite of reports they have access to[51]. These reports empower case managers and other MSD staff to make better and well-informed decisions for our clients.

Data exchange – sharing data with other agencies

Our VOYCE Whakarongo Mai data exchange arrangement with Oranga Tamariki enables secure transfer between our two agencies of contact information for children in care and for carers, and provides connection to advocates for children and young people, ensuring their voices are heard by government and the care system.

We have been conducting a secure data-share research project with MidCentral District Health Board and Orion Health to understand the health and welfare interaction of patients/clients with long-term health conditions. Understanding our clients' interactions with the health system will allow us and health providers to offer better service choices to support their needs and aspirations. Findings to date include a greater prevalence of people with mental health conditions than we have previously been aware of on the evidence of medical certificates. The research also indicates that we can detect patterns of people who interact with health providers associated with these mental health conditions well in advance of them entering the benefit system.

A report on our information-sharing agreement with the Ministry of Education for the provision of services to help disengaged youth move into education, employment or training can be found at Appendix 4.

51 We have introduced reports about the Public Housing Register, public housing tenancy management, Accommodation Supplement, Emergency Housing and Housing Support Products.

Taking privacy and security of information seriously

Our clients trust us to handle their information securely and responsibly. We have made a commitment to respect people's privacy and to be clear about how we use their personal information, including who we share it with and why.

Ensuring our people understand the importance of keeping information safe

We have continued to build a staff culture where our people understand the value of client information and the importance of keeping it safe and secure. To support this we have aligned our information management teams under one group focused on building information maturity and delivering consistent guidance across MSD. The objective of the strategy is realising the value of the information we collect, use and manage to improve the social and economic wellbeing of New Zealanders.

We continue to support and enhance our security capability to meet the expectations of clients and the Government that we handle personal information securely. We have programmes in place to continue to improve our maturity in this area and to update our processes and controls in line with industry and government standards.

Making sure we use information responsibly

With information collection and use comes the responsibility to respect the rights of individuals whose information is collected, and to apply consistent moral and ethical standards. We have continued to develop and implement our Privacy, Human Rights and Ethics (PHRaE) framework[52], and to be more open and transparent with clients and the public about how we use information.

We have made a commitment to increasing transparency in how we use the personal information we hold about our clients. We published a new Privacy Notice that describes how we use personal information to deliver services. The notice was developed with clients and outlines what information we collect and why, who or where we collect it from, who we share it with and why, and what we do with it. We also published more accessible explanations for where we use algorithms to inform our client services.

Reviewing privacy protections in serious fraud investigations

In May 2019 the Privacy Commissioner published the results of an inquiry into our use of powers under Schedule 6 of the Social Security Act 2018[53] in relation to serious fraud investigations. The Commissioner's inquiry found we were taking a blanket approach to approaching third parties for information before requesting it from clients. We accepted the Commissioner's recommendations and immediately changed our fraud practices to meet some of these. A programme of work is currently under way to continue delivering on the recommendations and to ensure we are respecting the rights of clients under investigation.

52 The PHRaE framework enables projects to meet our legal and ethical responsibilities by ensuring the privacy, human rights and ethical risks associated with personal information use are appropriately identified and managed early within the development of new initiatives. It comprises an interactive tool and a team of specialists who work alongside development teams.

53 Schedule 6 replaced section 11 of the Social Security Act 1964 when the earlier Act was repealed.

Managing the performance of our departmental assets

Asset services and their management

Our client services are supported by many assets that assist ourselves and our shared service partners to deliver services including visiting clients, communicating, facilitating face-to-face discussion, and meeting together online. Maintaining the fitness for purpose and availability of assets through strong asset management practice and performance monitoring is essential to optimising the value of the significant investment in our asset services.

Asset performance measures

Our asset performance framework groups monitoring and reporting into Property and Technology asset portfolios. This breakdown, as further described below, reflects the different management approaches required to manage and monitor our significant assets. Performance indicators further focus monitoring effort on the areas of significant impact to asset condition, utilisation and functionality.

Asset performance measures and standards are approved at the start of each financial year by our Investment Committee.

Asset portfolios

Property

These assets provide more than 222,000m² of commercial office space (the majority of which are located within leased rather than owned premises) to house Ministry and shared service staff across New Zealand. These assets are key to enabling us to facilitate face-to-face engagement with clients.

We actively collaborate with the Government Property Group and other government agencies to provide effective and safe office accommodation.

Our asset performance results and standards for 2018/19 are set out in the table on the next page. Comparative data and targets have been provided wherever possible.

Technology

We monitor asset performance within two broad categories: internally generated software and computer equipment. These categories together play a critical role in ensuring we can provide services in a timely, reliable and efficient way, and in accordance with current government policy and legislation. The services provided through these assets are significant, with over 300 software applications currently under management. More recent investment has expanded into enabling client engagement through online digital channels.

We continue to work with the Office of the Government Chief Digital Officer, which leads and assists agencies in meeting their goals for the effective use of technology.

2017/18 Actual Standard	Measure	Indicator	2018/19 Approved Standard	2018/19 Actual Standard
Property assets				
	Work-point density (area per work point [m²]):	Utilisation		
26.0	- Client-facing service sites[54]		<28	**25.4**
12.6	- Regional/National Offices[55]		<15	**12.6**
n/a	Percentage of leased commercial premises at a moderate or better condition[56]	Condition	n/a	**84%**
n/a	Percentage commercial leased premises with moderate or better site suitability[57]	Functionality	n/a	**84%**
Technology assets				
Intangible - internally generated software				
99.73%	Percentage of time core applications are available for use[58]	Availability	>99.00%	**99.57%**
n/a	Percentage of available CMS licences allocated to staff[59]	Utilisation	n/a	**96.9%**
n/a	Percentage of Tier 1 software applications that are in support[60]	Condition	n/a	**85.2%**
Computer equipment				
99.99%	Percentage of time the vendor managed network is available for use	Availability	>99.96%	**99.99%**
84.71%	Percentage of IT disk storage capacity utilised[61]	Utilisation	<85%	**50.47%**
40.75%	Percentage of IT infrastructure hardware assets under five years of age[62]	Condition	>38%	**38.22%**

54 This measure includes both leased and owned MSD sites that have the primary purpose of delivering face-to-face services to clients. Targets have been based on historic averages and take into account proposed changes to operating models.

55 This measure includes both leased and owned MSD offices for back office functions. Performance under this measure is managed using the utilisation standard as set by the Government Property Group, which indicates office space utilisation should be between 12 and 16m² per FTE.

56 This new measure provides an assessment of office condition calculated from rating several office components: site and building exterior, building design, building systems, and fitout and furniture.

57 Suitability is a new measure that calculates an overall assessment rating from scoring office components that cannot be improved via capital investment alone, such as site location, size, floor shape, and natural light.

58 Core applications are defined as systems the criticality of which is such that any issue that occurs is resolved as a high priority. The result reflects applications availability during core operational hours (7.30am – 7.30pm Monday to Friday and 8am – 2pm Saturday).

59 CMS is our key client case management system. This new measure shows that available (purchased) licences are being efficiently utilised.

60 This new measure is a proxy of the condition of Tier 1 software applications, as the support provided through regular upgrades, defect and security fixes is vital to enabling software applications to function correctly and securely. Remaining in support is also vital to ensure applications remain fit for purpose. Tier 1 applications are those that are critical for the support of our services.

61 The 2018/19 disk storage measure target was set at 85 percent to ensure sufficient headroom capacity (15 percent) to accommodate any unplanned or unexpected demand.

62 The age of hardware is a proxy indicator of condition, as the risk of outages in storage, server and network hardware is generally higher as hardware ages and after vendor support is withdrawn. The 2018/19 target was set at a level that managed the areas of highest risk while balancing the funding available.

Statement of Responsibility

As Chief Executive of the Ministry of Social Development (the Ministry), I am responsible 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 2019 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2020 and its operations for the year ending on that date.

Debbie Power
Chief Executive
30 September 2019

Independent Auditor's Report

To the readers of the Ministry of Social Development's Annual Report for the year ended 30 June 2019

The Auditor-General is the auditor of the Ministry of Social Development {the Ministry). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Ministry on pages 164 to 201, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2019 on pages 30 to 31 and 110 to 161;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2019 on pages 221 to 233; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 202 to 220 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019;
  - the schedules of expenses; and revenue for the year ended 30 June 2019;
  - the schedule of capital receipts for the year ended 30 June 2019;
  - the statement of trust monies for the year ended 30 June 2019; and
  - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry on pages 164 to 201:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; and
    - its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards.
- the performance information of the Ministry on pages 30 to 31 and 110 to 161:
  - presents fairly, in all material respects, for the year ended 30 June 2019:
    - 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; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry on pages 221 to 233 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 202 to 220 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2019; and
  - expenses; and revenue for the year ended 30 June 2019; and
  - the statement of trust monies for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing

(New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Chief Executive for the information to be audited

The Chief Executive is responsible on behalf of the Ministry 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.
- 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.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Ministry for assessing the Ministry's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Ministry, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Ministry's Strategic Intentions 2016-20, and relevant Estimates of Appropriation and Supplementary Estimates of Appropriation 2018/19, and the 2018/19 forecast financial figures included in the Ministry's 2017/18 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Ministry's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages 1 to 31, 34 to 100 and 235 to 257, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Ministry in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Ministry.

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

Assessing our performance

Vote Social Development

Output Expense: Administering Support for the Mental Health and Employment Social Bond Pilot

This multi-year appropriation commenced on 1 February 2017 and expires on 30 June 2021.

This appropriation is limited to the costs of administering and providing business support to the Mental Health and Employment Social Bond Pilot.

This appropriation is intended to achieve efficient and effective administrative support to the Mental Health and Employment Social Bond Pilot.

Summary of Performance

Non-financial Performance

Social bond pilot provider costs and employment outcomes were verified against client records and met social bond standards/agreements for 2018/19.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
Achieved	All payments are administered according to social bond standards/agreements	Achieved	Achieved

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000[63]**	**Revised $000[64]**	**Actual $000**
	Revenue			
80	Crown	40	80	60
-	Department	-	-	-
-	Other	-	-	-
80	**Total Revenue**	**40**	**80**	**60**
40	**Total Expense**	**40**	**80**	**60**
40	**Net Surplus/(Deficit)**	**-**	**-**	**-**

63 As set out in the 2018/19 Estimates of Appropriations for Vote Social Development.
64 Revised budget figures include any changes made in the 2018/19 Supplementary Estimates of Appropriations for Vote Social Development.

Output Expense: Administration of Service Cards[65]

This appropriation is limited to assessing entitlement for and issuing the Community Services Card, SuperGold Card and Veteran SuperGold Card, and providing information about the Community Services Card.

This appropriation is intended to achieve financial assistance to low-income New Zealanders and older people by the accurate and timely assessment and issuing of discount service cards.

Summary of Performance

Non-financial Performance

In 2018/19:

- the number of Community Services Card recipients increased from 832,085 to 954,822 (14.8 percent), reflecting the extension of automatic card eligibility to those in public housing or receiving an Accommodation Supplement
- the total number of SuperGold Cardholders increased from 734,553 to 761,008 (3.6 percent)
- the number of SuperGold Card business partners providing discounts to cardholders increased from 9,213 to 9,630 (4.5 percent), with a total of 447 new partners joining the programme.

The number of SuperGold Cards and Veteran SuperGold Cards issued is determined by the number of new card applicants and card renewals. In 2018/19 the number of cards issued was 267,429, compared with 254,197 in 2017/18.

The efficient and accurate administration of discount cards enables more New Zealanders and seniors to take a fuller part in society.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	The percentage of card entitlement assessments completed accurately[66] will be no less than	95%	97.6%
New measure for 2018/19	The percentage of card entitlement assessments completed within five working days[67] will be no less than	90%	87.4%
	During February and March 2019, manual application volumes doubled due to media attention around the new Ministry of Health initiative to increase Community Services Card eligibility (for Accommodation Supplement and public housing clients). The recovery has been completed and the result for 2019/20 is expected to meet the standard.		

65 This appropriation was created through splitting the 'Management of Service Cards' appropriation into two separate appropriations as at 1 December 2018. Measures and standards were carried over from this appropriation.

66 Accuracy measures the percentage of all client assessments that are processed correctly. The reported performance is based on a sample of applications tested for accuracy that is considered representative of actual performance over all applications. The same basis is used for accuracy measures reported on pages 124, 126, 127, 134, 139, 147 and 156.

67 Timeliness measures the length of time in working days to complete an action. The reported performance is based on a sample of applications tested for accuracy that is considered representative of actual performance over all applications. The same basis is used for accuracy measures reported on pages 124, 126, 127, 134, 139, 147 and 156.

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
-	Crown	-	3,490	3,490
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**-**	**3,490**	**3,490**
-	**Total Expense**	**-**	**3,490**	**3,429**
-	**Net Surplus/(Deficit)**	**-**	**-**	**61**

Output Expense: Claims Resolution

This multi-year appropriation commenced on 1 February 2017 and expires on 30 June 2021.

This appropriation is limited to resolving claims of abuse and neglect for people who were under the supervision or in the care, custody or guardianship of the State or who had come to the notice of the State, prior to 2008.

This appropriation is intended to achieve resolution for victims of abuse and neglect who were in the care, custody or guardianship of the State.

Summary of Performance

Non-financial Performance

We provide redress to people who were abused or harmed while in the care of the State prior to 2008.

Up to 30 June 2019 we had resolved 1,826 of the 3,769 claims received, and made apologies and payments totalling over $28.3 million.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
181	The number of claims assessed by 30 June 2020 will be no less than	1,000[68]	290
	The budgeted standards shown are for a multi-year appropriation (3 years 3 months) with a target of completing 1,000 assessments by 30 June 2020. The performance measures reported here were based on our intention to implement a revised claims process that would deliver a higher rate of resolution per year. For several reasons, including Waitangi Tribunal proceedings and the then-imminent Royal Commission of Inquiry into Historical Abuse in State Care and in the Care of Faith-based Institutions, we delayed implementing the new process until November 2018. The delay in implementation has had an accumulating impact on not achieving the budget standard.		
88.0%	The percentage of claims assessed by 30 June 2020 that will have an offer made by 30 June 2021 will be	100%	100%[69]

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
12,342	Crown	3,024	9,700	6,094
-	Department	-	-	-
-	Other	-	-	-
12,342	**Total Revenue**	**3,024**	**9,700**	**6,094**
5,666	**Total Expense**	**3,024**	**9,700**	**6,094**
6,676	**Net Surplus/(Deficit)**	**-**	**-**	**-**

68 The budgeted standards shown are for the life of the multi-year appropriation and are to be achieved by 30 June 2020 or 30 June 2021, according to context.

69 The result shows the proportion of offers made between 1 July 2018 and 30 June 2019 that were within 12 months of the claim being assessed.

Output Expense: Corporate Support Services

This appropriation is limited to provision of corporate support services to other agencies.

This appropriation is intended to achieve quality and efficient corporate support services.

Summary of Performance

Non-financial Performance

Since the establishment of Oranga Tamariki on 1 April 2017, we have consistently achieved quality and efficient corporate services across a number of shared and transitional service agreements. We have achieved the agreed service level standards, levels and volumes for 2018/19.

In 2018 we agreed with Oranga Tamariki that a number of transitional services would cease or would be extended as planned, and where needed we made refinements to the service specifications to better reflect the services we were providing. This approach has allowed Oranga Tamariki to focus on developing its own operating model.

Changes to service provisions in 2018/19 include:

- the staggered transfer of remaining HR services (excluding Payroll and HR Systems)
- the transfer of Risk and Assurance services from 1 July 2019
- establishing a hybrid arrangement between the MSD and Oranga Tamariki CISOs to manage certification and accreditation for IT applications that sit on the MSD platform but are used by Oranga Tamariki
- transfer of the Property and Facilities strategy function from 1 July 2019
- planning and commencement of a two-year transfer plan for the remaining Property and Facilities service
- transfer of Information Services (excluding the Koha Library service) from 1 July 2019.

At 30 June 2019 the remaining shared services were:

- Finance
- Human Resources (Payroll and HR Systems services only)
- Information Services (Koha Library only)
- Information Technology
- Chief Information Security Office (hybrid CISO service)
- Property and Facilities (excluding strategy and planning)
- Information Development Unit
- Social Services Accreditation
- the Global online staff directory.

Oranga Tamariki has established a Digital Workplace programme as a key information technology foundation for its new operating model and future service design. The programme will see Oranga Tamariki move away from the MSD network and related services to cloud-based services provided by Spark. We have supported Oranga Tamariki and Spark throughout this project and migration was successfully commenced in May 2019, with the first frontline users being migrated in June. In addition to Digital Workplace programme support, we will continue to deliver core business applications to Oranga Tamariki via CITRIX technology provided by Spark.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
Achieved	Services meet the standards and timeframes agreed between the Ministry of Social Development and Oranga Tamariki	Achieved	Achieved

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
-	Crown	-	-	-
86,629	Department	86,618	72,970	72,970
-	Other	-	-	-
86,629	**Total Revenue**	**86,618**	**72,970**	**72,970**
86,629	**Total Expense**	**86,618**	**72,970**	**72,970**
-	**Net Surplus/(Deficit)**	**-**	**-**	**-**

Output Expense: Data, Analytics and Evidence Services

This appropriation is limited to providing data, analytics and evidence services to better inform government decision-making.

This appropriation is intended to achieve an increase in the use and value of the data and information assets of the Ministry and other government agencies to better target services for New Zealanders.

Summary of Performance

Non-financial Performance

This appropriation allows the delivery of better insights to MSD frontline services to support better decisions that improve the lives of New Zealanders.

This appropriation funds our data warehouse, a critical foundational data asset that:

- supports key frontline operations, performance measurement, external performance reporting, ministerial servicing, responding to information requests, research and evaluation, policy advice, data feeds to partners, other agencies, and Statistics New Zealand's Integrated Data Infrastructure
- enables us to perform advanced analytics to increase effectiveness and efficiency and to reduce risk.

A research and evaluation function is critical for making evidence-based policy decisions, understanding what services work and for whom, and supporting the broader social system to deliver better outcomes for New Zealanders.

This appropriation was fundamental to ensuring that frontline staff had the information they needed to provide focused support to victims in the cross-agency response to the Christchurch mosque attacks of 15 March 2019.

In 2018/19 we built on our strategic research capabilities and supported the Welfare Expert Advisory Group with a suite of evidence reviews aimed at building our understanding about how to ensure New Zealanders get the support they require. We also developed a programme of work to grow the evidence base on family violence and whānau harm, which uses an approach that covers both Western Science and Te Ao Māori.

We completed the prototype and are working on the public-facing version of the Employment Assistance app, which presents data on the effectiveness of our employment assistance programmes.

We made enhancements to our Analytics to the Frontline platform with the Menu of Contracted Services, which provides frontline staff with an interactive view of contracted services in a way that is tailored to the individual client. We have also started work on the next use case for this platform, which focuses on supporting frontline staff to advise clients on pathways to employment.

As part of our commitment to continuous improvement we have enhanced some of our externally available reports, including the quarterly Benefit Fact Sheets and the Student Support Update.

We completed our Data and Analytics Strategy, which focuses on how we collect and use data. The Strategy considers our operating environment and changing Government and Ministry priorities such as the overhaul of the welfare system.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
100%	The percentage of data infrastructure and tools, developed and delivered against an agreed work programme in accordance with organisational priorities will be no less than	90%	100%
Not achieved	Data analytics strategy and plan developed to increase the use and value of data and information assets of the Ministry to better target services for New Zealanders	Achieved	Achieved
New measure for 2018/19	The percentage of data/information requests for Official Information Act, Parliamentary questions and media requests delivered to internal clients within the agreed timeframes will be no less than	80%	86%
100%	The percentage of products and services produced that consistently reflect the Quality Framework principles[70] will be no less than	80%	96%
100%	The percentage of publications released on the Ministry of Social Development external website in accordance with the agreed release timetable, updated quarterly, will be	100%	100%
-0.04%	Total Aggregate Social Development BORE spend accuracy on current year mid-point estimates will be within the range of	+/-2%	0.01%

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
16,801	Crown	17,778	18,393	18,393
-	Department	-	-	-
-	Other	-	-	-
16,801	**Total Revenue**	**17,778**	**18,393**	**18,393**
12,471	**Total Expense**	**17,778**	**18,393**	**16,049**
4,330	**Net Surplus/(Deficit)**	**-**	**-**	**2,344**

70 The Quality Framework principles are: well commissioned, methodologically sound, client focused, build knowledge and capability, and ethical.

Output Expense: Enhancement and Promotion of SuperGold Cards[71]

This appropriation is limited to promoting, enhancing and delivering information about the SuperGold and Veteran SuperGold Cards, and enlisting businesses to provide discounts to SuperGold cardholders.

This appropriation is intended to recognise the valued contribution of older New Zealanders by providing easy access to discounted products and services, and information about the use of the cards.

Summary of Performance

Non-financial Performance

In 2018/19:

- the number of SuperGold Card business partners providing discounts to cardholders increased from 9,213 to 9,630 (4.5 percent)
- 447 new SuperGold Card business partners joined the programme during the year (with 365 joining from December 2018 when this appropriation was established)
- the number of SuperGold Card Discount Directory searches increased to from 339,174 to 364,476 (7.5 percent)
- the number of SuperGold Card website page views increased from nearly 1.39 million to over 1.51 million.

The provision of easy access to discounted products and services is an effective way of recognising the valued contribution of older New Zealanders to society.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	The number of new businesses joining the SuperGold Card programme will be no less than	125	365[72]

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
-	Crown	-	162	162
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**-**	**162**	**162**
-	**Total Expense**	**-**	**162**	**114**
-	**Net Surplus/(Deficit)**	**-**	**-**	**48**

71 This appropriation was created through splitting the 'Management of Service Cards' appropriation into two separate appropriations as at 1 December 2018. Measures and standards were carried over from this appropriation.

72 For the period 1 December 2018 (when this appropriation was established) to 30 June 2019.

Output Expense: Establishment of Independent Monitor of the Oranga Tamariki System

This appropriation is limited to establishing an independent monitor and assurance function to provide oversight of the Oranga Tamariki system.

This appropriation is intended to achieve the establishment of a strengthened independent monitoring and assurance function to support objective assessment of the quality and extent of compliance with, and delivery of, the Oranga Tamariki Act and related regulations and standards.

Summary of Performance

Non-financial Performance

We finalised our preparations for the Independent Children's Monitor (1 July 2019). This included:

- Memoranda of Understanding with Oranga Tamariki and the three providers subject to initial monitoring
- an initial assessment framework to support that monitoring
- communication material prepared and shared with key stakeholders.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	Establish the capability and capacity to undertake the first phase of monitoring by 30 June 2019[73]	Achieved	Achieved

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
-	Crown	-	1,200	1,200
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	-	**1,200**	**1,200**
-	**Total Expense**	-	**1,200**	**608**
-	**Net Surplus/(Deficit)**	-	**-**	**592**

73 In Phase 1 the Ministry's role is to design, develop and build the framework for the independent monitoring of compliance with the National Care Standards Regulations 69 and 85 from 1 July 2019. This refers to information that is disclosed on abuse or neglect of children and young persons in care or custody, and how Oranga Tamariki or Approved Organisations (as defined in the National Care Standards Regulations) are responding.

Output Expense: Income Support and Assistance to Seniors

This appropriation is limited to processing and administering New Zealand Superannuation payments, social security entitlements and international social security agreements to older persons, providing advice to older persons, and assessing financial entitlement to residential subsidies.

This appropriation is intended to achieve the accurate and timely assessment and payment of entitlements to older people.

Summary of Performance

Non-financial Performance

In 2018/19:

- the number of people on New Zealand Superannuation increased from 753,319 to 781,438 (3.7 percent)
- we provided entitlement assessments to 64,116 applicants for New Zealand Superannuation to help them maintain independence
- the number of people receiving a New Zealand benefit overseas increased from 54,191 to 57,915 (6.9 percent)
- the number of people living in New Zealand but receiving a pension from an overseas country increased from 97,354 to 99,843 (2.6 percent)
- the number of people receiving Residential Care Subsidy decreased from 20,391 to 19,760.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
95.3%	The percentage of entitlement assessments for payment of entitlements to older people completed accurately will be no less than	90%	93.4%
83.1%	The percentage of entitlement assessments for payment of entitlements to older people finalised within standard timeframes[74] will be no less than	90%	76.5%
	An initial reduction of staff together with increased work volumes meant that this measure did not meet the performance standard. Increases in demand for hardship grants and supplementary assistance have continued throughout the year. We have introduced new process initiatives, and the processing team now has additional permanent staff. We expect these improvements to lift performance in 2019/20.		

74 This combines timeliness measures for all activities in this output expense. Standard timeframes for each component are as follows:

- six working days for New Zealand Superannuation and Emergency Benefit (for people over 65 years of age) entitlement assessments completed for payment in New Zealand
- 20 working days for New Zealand Superannuation entitlement assessments completed for payments overseas and other New Zealand entitlements paid overseas
- 20 working days for Residential Care Subsidy entitlement assessments.

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
46,787	Crown	47,876	49,339	49,339
-	Department	-	-	-
-	Other	-	-	-
46,787	**Total Revenue**	**47,876**	**49,339**	**49,339**
46,436	**Total Expense**	**47,876**	**49,339**	**48,225**
351	**Net Surplus/(Deficit)**	**-**	**-**	**1,114**

Output Expense: Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments

This appropriation is limited to services to minimise errors, fraud and abuse of the benefit system and income-related rent, and services to manage the collection of overpayments, recoverable assistance loans and other balances owed by former clients.

This appropriation is intended to achieve a welfare system that operates with fairness and integrity by ensuring that the right people receive the right entitlements and assistance, and identifies and resolves overpayments.

Summary of Performance

Non-financial Performance

We undertake prevention programmes and operate a range of detection activities to minimise and mitigate fraud and to protect the integrity of the welfare system. Our Debt Management Strategy focuses on prevention and early intervention, helping guide our efforts to make it easier for clients to avoid committing fraud and accumulating debt.

In February 2019 we introduced a new three-tiered operating model, with a focus on early intervention and facilitation approaches for clients alleged to be committing fraud. These approaches focus on engaging with clients early to get their entitlement corrected. We still investigate cases of high-risk fraud.

To protect the integrity of the benefit system and Income-related Rent Subsidy payments, our specialised investigation staff completed 5,385 cases[75] (2017/18: 5,916) and established overpayments for 1,404 people in 2018/19 (2017/18: 1,664).

We completed 127 prosecutions (2017/18: 291), 121 (over 95 percent) of which were successful. The success of the Debt Management Strategy has led to a reduction in prosecutions.

The Office of the Privacy Commissioner conducted an inquiry into our use of legislative powers to obtain information. We accepted the recommendations from the inquiry, and have begun work to fully implement the recommendations.

In May 2019 a new information-sharing agreement was implemented with the New Zealand Customs Service so that we could improve the way we manage Winter Energy Payments for clients travelling overseas. This has helped reduce the level of overpayment established when clients travel overseas for extended periods.

We are committed to optimising debt recovery rates and we are encouraging the use of online and other channels to make it easier for clients to repay debt. We are focused on ensuring that debt recovery levels are set so that they do not place the client in hardship and that clients are able to maintain repayments and become debt-free sooner.

75 Including early intervention, facilitation and investigation cases.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
52.8%	The percentage of investigations[76] that result in an entitlement change[77] or identification of an overpayment will be no less than	50%	59.0%
95.3%	The percentage of successful prosecutions concluded will be no less than	95%	95.3%
New measure for 2018/19	The percentage of non-current debt arrangements that remain in place for at least 60 days will be no less than	63%	69.1%

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
47,117	Crown	47,844	49,005	49,005
-	Department	-	-	-
-	Other	-	-	-
47,117	**Total Revenue**	**47,844**	**49,005**	**49,005**
46,614	**Total Expense**	**47,844**	**49,005**	**47,850**
503	**Net Surplus/(Deficit)**	**-**	**-**	**1,155**

76 Investigations included in this result are only those that were completed during 2018/19, regardless of when they started.
77 This includes the increase, reduction or cessation of entitlement to benefit as a direct result of the investigation.

Output Expense: Management of Service Cards[78]

This appropriation is limited to assessing entitlement, issuing cards, and promoting and distributing information about the Community Services, SuperGold and Veteran SuperGold cards, including enlisting business partners to provide discounts to SuperGold Cardholders.

This appropriation is intended to achieve financial assistance to low-income New Zealanders and older people by the accurate and timely assessment and issuing of discount service cards.

Summary of Performance

Non-financial Performance

In 2018/19:

- the number of Community Services Cardholders increased from 832,085 to 954,822 (14.8 percent)[79]
- the number of SuperGold Cardholders increased from 734,533 to 761,008 (3.6 percent).

The number of SuperGold Cards and Veteran SuperGold Cards issued is determined by the number of new card applicants and card renewals. In 2018/19 the number of cards issued was 267,429, compared with 254,197 in 2017/18.

The efficient and accurate assessment and issuing of discount cards enables more New Zealanders and seniors to take a fuller part in society.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
97.6%	The percentage of card entitlement assessments completed accurately will be no less than	95%	See the *Administration of Service Cards* appropriation (page 111)
98.8%	The percentage of card entitlement assessments completed within five working days will be no less than	90%	See the *Administration of Service Cards* appropriation (page 111)

78 Part of the funding in this appropriation was transferred to two new appropriations (Administration of Service Cards and Enhancement and Promotion of SuperGold Cards) from 1 December 2018.

79 Around 130,000 people automatically became eligible for a Community Services Card through their social housing and accommodation supplement status. This eligibility enabled clients and their dependents to access cheaper GP visits and a range of other subsidies. The promotion of the Community Services Card in December 2018 by the Prime Minister and the Minister of Health also resulted in a number of manual card applications.

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
5,738	Crown	5,853	2,532	2,532
-	Department	-	-	-
-	Other	-	-	-
5,738	**Total Revenue**	**5,853**	**2,532**	**2,532**
5,381	**Total Expense**	**5,853**	**2,532**	**2,532**
357	**Net Surplus/(Deficit)**	**-**	**-**	**-**

Output Expense: Management of Student Loans

This appropriation is limited to assessing, administering, processing and reviewing entitlements for Student Loan payments and providing guidance to students making financial and study decisions.

This appropriation is intended to achieve reduced financial barriers to tertiary study by providing accurate and timely assessment and payment of Student Loans.

Summary of Performance

Non-financial Performance

In 2018/19 we processed 198,017 Student Loan applications, with over 98 percent of entitlement assessments completed accurately, and all initial entitlement assessments completed within five working days of application.

Timely and accurate assessment and payment of Student Loans during the year helped reduce financial barriers for students, enabling them to access tertiary study.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
98.4%	The percentage of entitlement assessments for a Student Loan completed accurately will be no less than	90%	98.4%
99.9%	The percentage of initial entitlement assessments for a Student Loan completed within five working days will be no less than	95%	100%

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
16,640	Crown	16,694	17,403	17,403
-	Department	-	-	-
-	Other	-	-	-
16,640	**Total Revenue**	**16,694**	**17,403**	**17,403**
16,509	**Total Expense**	**16,694**	**17,403**	**16,799**
131	**Net Surplus/(Deficit)**	**-**	**-**	**604**

Output Expense: Management of Student Support

This appropriation is limited to managing non-recoverable financial support to students, involving assessing, administering and processing Student Allowance payments and other income support to eligible secondary and tertiary students.

This appropriation is intended to achieve reduced financial barriers to tertiary study by providing accurate and timely assessment and payment of non-recoverable financial support for students.

Summary of Performance

Non-financial Performance

In 2018/19 we processed 113,146 Student Allowance applications, with over 94 percent of entitlement assessments completed accurately, and all initial entitlement assessments completed within five working days of application.

Timely and accurate assessment and payment of Student Allowances during the year helped reduce financial barriers for students, enabling them to access tertiary study.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
94.1%	The percentage of entitlement assessments for a Student Allowance completed accurately will be no less than	90%	94.1%
99.9%	The percentage of initial entitlement assessments for a Student Allowance completed within five working days will be no less than	95%	100%

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
17,192	Crown	17,164	16,793	16,793
-	Department	-	-	-
-	Other	-	-	-
17,192	**Total Revenue**	**17,164**	**16,793**	**16,793**
16,544	**Total Expense**	**17,164**	**16,793**	**16,564**
648	**Net Surplus/(Deficit)**	**-**	**-**	**229**

Output Expense: Place-based Initiatives – South Auckland Social Wellbeing Board

This appropriation is limited to the delivery of services by and operational support of the South Auckland Social Wellbeing Board.

This appropriation is intended to achieve the successful implementation and functioning of place-based initiatives to improve outcomes for at-risk children, young people and their families.

Summary of Performance

Non-financial Performance

The South Auckland Social Wellbeing Board is hosted by the Counties-Manukau District Health Board. It is taking a whānau-centred early support and prevention approach to improving outcomes for at-risk children, young people and their families, and is prototyping a range of cross-agency initiatives across five focus areas:

- family harm/violence
- housing support to reduce transiency and increase social connection
- the Start Well prototype (intensive home visiting in the early years)
- early childhood education as a setting for improved child and whānau outcomes
- more responsive mental health and alcohol/drug support for families.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	Develop a Board-approved plan for the operation and delivery of initiatives	Achieved	Achieved

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
-	Crown	-	1,075	1,075
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**-**	**1,075**	**1,075**
-	**Total Expense**	**-**	**1,075**	**1,017**
-	**Net Surplus/(Deficit)**	**-**	**-**	**58**

Output Expense: Place-based Initiatives – Tairāwhiti Local Leadership

This appropriation is limited to the provision of operational support for the place-based approach being led by the Tairāwhiti Social Impact Collective.

This appropriation is intended to achieve a new way of working together in Tairāwhiti in order to achieve an improvement in the outcomes of at-risk children, young people and their families.

Summary of Performance

Non-financial Performance

Manāki Tairāwhiti is a place-based initiative comprising iwi, government and NGO leaders in Gisborne and Wairoa. The initiative aims to improve local collaborative practice and services for at-risk families.

A range of different programmes has been brought together under the Manāki Tairāwhiti governance structure so that social sector agencies and NGOs can work together in better ways to improve outcomes for those needing support.

A governance group oversees the co-ordination of community-led action plans between agencies.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
Achieved	Provide ongoing local support arrangements	Achieved	Achieved

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
391	Crown	375	941	941
-	Department	-	-	-
-	Other	-	-	-
391	**Total Revenue**	**375**	**941**	**941**
391	**Total Expense**	**375**	**941**	**941**
-	**Net Surplus/(Deficit)**	**-**	**-**	**-**

Output Expense: Planning, Correspondence and Monitoring

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.

This appropriation is intended to achieve effective and efficient ministerial, advisory and administrative services to support Ministers to discharge their portfolio responsibilities.

Summary of Performance

Non-financial Performance

In 2018/19 we provided services to support Ministers to discharge their portfolio responsibilities, including their roles as responsible Ministers for Crown entities that are attached to the Social Development portfolio. This included:

- supporting Crown entities to be better aligned with government and ministerial priorities
- appointing board members with the right skills and experience to deliver on the Government's priorities
- advice on the management of residual Families Commission/Superu assets.

During the year we prepared responses for Ministers to 774 written parliamentary questions, 1,200 items of correspondence and 96 Official Information Act requests.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Crown Entity Monitoring		
100%	The percentage of occasions on which advice is given to the Ministers on Crown entity and Statutory Tribunal appointments within agreed timeframes will be between	95–100%	100%
100%	The percentage of all reports[80] provided to the Minister that are factually accurate, meet all legislative requirements, and contain no avoidable errors will be between	95–100%	100%
100%	The percentage of occasions on which advice to Ministers on draft accountability documents for Crown entities for the next financial year is provided within agreed timeframes will be no less than	100%	100%
	Ministerial and Executive Services		
95%	The percentage of ministerial correspondence replies completed within 20 working days of receipt by the Ministry, unless otherwise agreed, will be between	95–100%	98.3%
100%	The percentage of written Parliamentary question replies provided to the Minister's Office so that answers can meet the timeframe set in Parliamentary Standing Orders will be between	95–100%	98.1%
100%	The percentage of ministerial Official Information Act request replies completed within the statutory timeframe (unless otherwise agreed) will be between	95–100%	97.9%

80 Reports include policy advice, aide memoires, briefings and updates to support the Minister's decision-making responsibilities.

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
5,616	Crown	5,693	6,193	6,193
-	Department	-	-	-
-	Other	-	-	-
5,616	**Total Revenue**	**5,693**	**6,193**	**6,193**
5,348	**Total Expense**	**5,693**	**6,193**	**6,010**
268	**Net Surplus/(Deficit)**	**-**	**-**	**183**

Output Expense: Policy Advice

This appropriation 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.

This appropriation is intended to achieve high-quality policy advice to support decision-making.

Summary of Performance

Non-financial Performance

We provided high-quality policy advice to support Ministers to make decisions on social policy matters.

This included advice on employment and income support issues, the overhaul of the welfare system (including the provision of secretariat support for the Welfare Expert Advisory Group), public housing, community and families policy, issues faced by disabled people, people with a health condition and older New Zealanders, and international social policy matters.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
7.7	The satisfaction rating[81] given by Ministers[82] for the quality and timeliness of policy advice, as per the Common Satisfaction Survey will be at least	8.0	8.1
73.3%	The technical quality of policy advice papers assessed by a survey with a methodological robustness of 85%[83] will be no less than	75%	72.4%
	The result is consistent with 2017/18 but is marginally below the standard. Our external assessor notes that this performance was reasonable given ongoing resource pressures.		
$166.46	The total cost[84] per hour per person of producing outputs will be between	$130.00–$140.00	$210.20
	This result did not meet the standard, but because of significant limitations with the measurement it is being discontinued across all policy agencies from 2019/20.		

81 The Common Satisfaction Survey rating measures Ministers' satisfaction with the quality, timeliness and value for money of policy advice from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

82 The Ministers who receive services that we sent the Satisfaction Survey to are the Minister for Social Development and the Minister of Housing and Urban Development.

83 This measure is a compulsory policy advice measure for all public sector agencies. The wording of the measure was supplied by the Treasury. The reported performance is based on a sample of policy papers tested for methodological robustness that is considered representative of actual performance over all policy papers.

84 The total cost of an hour of professional staff time devoted to both policy advice and other policy unit outputs. Total cost includes the cost of labour, overheads, support staff, direct costs and outsourced work to support output production.

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
14,465	Crown	15,987	16,036	16,036
-	Department	-	-	-
-	Other	-	-	-
14,465	**Total Revenue**	**15,987**	**16,036**	**16,036**
13,772	**Total Expense**	**15,987**	**16,036**	**15,051**
693	**Net Surplus/(Deficit)**	**-**	**-**	**985**

Output Expense: Processing of Veterans' Pensions

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

This appropriation is intended to achieve the accurate and timely assessment and payment of Veterans' Pensions and related allowances.

Summary of Performance

Non-financial Performance

In 2018/19 we granted 228 pensions to veterans to support them to maintain their independence and social participation, compared with 191 in 2017/18.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
94.5%	The percentage of Veterans' Pension entitlement assessments completed accurately will be no less than	90%	95.0%
96.5%	The percentage of Veterans' Pension entitlement assessments completed within timeframes[85] will be no less than	90%	93.0%

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Revenue			
647	Crown	662	675	675
-	Department	-	-	-
-	Other	-	-	-
647	**Total Revenue**	**662**	**675**	**675**
640	**Total Expense**	**662**	**675**	**619**
7	**Net Surplus/(Deficit)**	**-**	**-**	**56**

85 Six working days for Veterans' Pension entitlement assessments for payment in New Zealand, and 20 working days for Veterans' Pension entitlement assessments for payment overseas.

Output Expense: Promoting Positive Outcomes for Disabled People

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.

This appropriation is intended to achieve the increased participation and contribution of disabled people by providing advice and support to the Minister for Disability Issues and by co-ordinating and monitoring against the Convention on the Rights of Persons with Disabilities, the New Zealand Disability Strategy and the Disability Action Plan.

Summary of Performance

Non-financial Performance

In 2018/19 we continued work towards improving the identification and removal of barriers that disabled people experience, and towards ensuring they have the same opportunities and outcomes as other New Zealanders. Initiatives we progressed included:

- reporting to the United Nations as part of New Zealand's second periodic review of implementation of the United Nations Convention on the Rights of Persons with Disabilities – a cross-government report on 100 issues identified by the UN Committee
- consultation across New Zealand on the 2019–2023 Disability Action Plan, with programmes of work to implement the Action Plan agreed between disabled people and government agencies
- completion of the New Zealand Sign Language Fund's (NZSL) fourth funding round
- refreshing membership of the NZSL Board
- implementing a nominations database hosting the names, experience and skills of disabled people available for government advisory groups and boards.

In 2018/19 the Office for Disability Issues responded to 683 requests for advice, second opinions and queries on disability issues, compared with 334 in 2017/18.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
No report produced	The quality rating given to a monitoring report by disabled people on their rights under the United Nations Convention on the Rights of Persons with Disabilities[86] is of high quality will be no less than	7.0	No result available
7.5	The satisfaction rating[87] given by the Minister for Disability Issues for the quality of the annual report is no less than	7.0	7.0
76%	The percentage of stakeholders who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Disability Issues	75%	77%

86 Based on a rating system developed by the Office for Disability Issues that assesses the elements of a good quality report, such as sound methodology and being easy to understand. This is measured on a scale from 1 to 10, where 1 means unsatisfied and 10 means extremely satisfied.

87 The Satisfaction Survey rating measures the Minister for Disability Issues' satisfaction with the quality of the annual report providing an accurate picture of progress against agreed priorities, where 1 means unsatisfied and 10 means extremely satisfied.

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
4,234	Crown	4,429	4,179	4,179
1,000	Department	-	1,200	1,200
-	Other	-	-	-
5,234	**Total Revenue**	**4,429**	**5,379**	**5,379**
5,022	**Total Expense**	**4,429**	**5,379**	**5,239**
212	**Net Surplus/(Deficit)**	**-**	**-**	**140**

Output Expense: Promoting Positive Outcomes for Seniors

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 issues, and ministerial services.

This appropriation is intended to achieve positive outcomes for seniors through supporting their inclusion in a society where older people can age positively, are highly valued and recognised as an integral part of families and communities, and by supporting greater advocacy of their issues by Ministers.

Summary of Performance

Non-financial Performance

In 2018/19 the Office for Seniors:

- developed the new strategy *Better Later Life – He Oranga Kaumatua 2019–2034*. We received 230 submissions, with a very high level of support overall for the strategy
- completed a two-week campaign centred around World Elder Abuse Awareness Day (15 June 2019) using television, radio and social media to raise awareness of elder abuse, at a cost of $125,000. This was our first such campaign, and it resulted in an increased level of calls to the 0800 helpline over the period of the campaign.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
690,076	The number of unique visitors to SuperSeniors website pages featuring elder abuse content will be no less than	100,000	365,755
299,866	The number of people on the mailing list for the SuperSeniors Newsletter will be no less than	330,000	339,232
New measure for 2018/19	The percentage of SuperSeniors newsletter recipients who open it will be no less than	45%	60%
75.0%	The percentage of stakeholders[88] who report being 'satisfied' or 'very satisfied' with the level of engagement of the Office for Seniors will be no less than	90%	73%
	This year we sent out a monthly email update to our stakeholders and held two rounds of consultation. We received feedback that the Office for Seniors is doing a great job with limited resources. Stakeholders appreciated the work and support the Office provided to them. Some suggested there should be more resources allocated to the Office to enable it to provide more services. The performance standard for this measure has been reset for 2019/20.		

88 Stakeholders are selected from the following groups: seniors, sector organisations and central and local government.

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
1,187	Crown	1,043	1,043	1,043
-	Department	-	-	-
-	Other	-	-	-
1,187	**Total Revenue**	**1,043**	**1,043**	**1,043**
1,138	**Total Expense**	**1,043**	**1,043**	**1,021**
49	**Net Surplus/(Deficit)**	**-**	**-**	**22**

Output Expense: Services to Support People to Access Accommodation[89]

This appropriation is limited to assessing and reviewing eligibility for public, transitional and emergency housing and income-related rent, and managing the Public Housing Register.

This appropriation is intended to achieve accurate and efficient operation of the Public Housing Register so that more people who are eligible for public housing have their housing needs met, and those who are capable of housing independence move closer towards that.

Summary of Performance

Non-financial Performance

In 2018/19 we operated the Public Housing Register in an accurate and efficient manner. We processed 111,723 income-related rent assessments, annual reviews, circumstance changes and tenant changes, and 33,564 housing needs applications.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	The percentage of income-related rent assessments (for tenants with verified income) that are calculated accurately will be no less than	90%	98.5%
New measure for 2018/19	The percentage of housing needs assessments completed within five working days will be no less than	90%	91.7%

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Revenue			
-	Crown	-	26,583	26,583
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**-**	**26,583**	**26,583**
-	**Total Expense**	**-**	**26,583**	**25,970**
-	**Net Surplus/(Deficit)**	**-**	**-**	**613**

89 This appropriation and accompanying measures were transferred from Vote Social Housing from 1 October 2018 following the creation of the Ministry of Housing and Urban Development and the associated division of responsibilities between Ministries.

Other Expense: Management of Residual Obligations arising from the Disestablishment of Superu

This appropriation is limited to activities arising from the disestablishment of Superu.

This appropriation is intended to achieve the effective and efficient management of the residual costs from the disestablishment of Superu, including residual payments to suppliers and third parties.

Summary of Performance

Non-financial Performance

At its disestablishment on 30 June 2018, Superu left residual funds of $2.78 million. These funds were transferred to MSD and were managed effectively and efficiently during 2018/19. Funds were utilised as follows:

- to support residual management activities ($1.000m)
- to support the new Independent Children's Monitor ($0.900m)
- a transfer to the Social Investment Agency for management of the Hub ($0.170m).

Residual funds remaining at 30 June 2019 are committed to meeting our share of the rent on the office space formerly occupied by Superu at 110 Featherston Street, Wellington up to the end of the current lease arrangement in December 2022. There will be some recovery of lease expenditure from the Social Workers Registration Board, which has moved into the Superu space.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	All residual obligations arising from the disestablishment of Superu are addressed as agreed with the responsible Minister	Achieved	Achieved

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Revenue			
-	Crown	-	530	530
-	Department	-	-	-
-	Other	-	-	-
-	**Total Revenue**	**-**	**530**	**530**
-	**Total Expense**	**-**	**530**	**430**
-	**Net Surplus/(Deficit)**	**-**	**-**	**100**

Capital Expense: Ministry of Social Development – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Ministry of Social Development, as authorised by section 24(1) of the Public Finance Act 1989.

This appropriation is intended to achieve the replacement or upgrade of assets in support of the delivery of the Ministry's services.

How performance will be assessed for this appropriation

Expenditure is in accordance with the Ministry's long-term investment plan.

Summary of Performance

Non-financial Performance

All current and prior year capital expenditure has supported the delivery of our long-term capital plan.

For further details of departmental capital expenditure incurred against appropriations, refer to Notes 9 and 10 in the Departmental financial statements (pages 186 to 188). For details of departmental capital injections, refer to the Departmental Statement of Financial Position (page 177).

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
86,050	Capital Expenditure (PLA)	121,799	153,603	64,463

Multi-Category Expense Appropriation: Community Support Services

The overarching purpose of this appropriation is to prevent and reduce vulnerability and harm for individuals, families and communities.

This appropriation is intended to achieve a reduction in the number of families that experience hardship and adverse life outcomes.

Each category is:

Departmental Output Expense: Developing and Managing Community Services

- limited to approving, monitoring, contracting and managing the relationships with community-based service providers; engaging with communities and developing services
- intended to achieve effective and efficient customer and community services that meet community needs and reduce vulnerability.

Non-departmental Output Expense: Community Support and Advice

- limited to services that build financial capability, develop community and provider capability and provide targeted advice and support for vulnerable individuals and families
- intended to achieve increased financial capability, inclusion and improved wellbeing of vulnerable individuals and families.

Non-departmental Output Expense: Participation and Support Services for Seniors

- limited to services that address isolation, abuse and neglect of older people, and support participation in communities
- intended to achieve a reduction in the number of isolated, abused and neglected older people, and increase their participation in their communities.

Non-departmental Output Expense: Supporting Victims and Perpetrators of Family and Sexual Violence

- limited to services that support victims of family and sexual violence and address perpetrator behaviour
- intended to achieve a reduction in the number of victims and perpetrators of family and sexual violence.

Performance will be assessed by:

- a decrease in the number of family harm investigations attended by NZ Police[90]
- a decrease in the number of working-age people on a benefit.

90 Data from NZ Police.

Summary of Performance

Non-financial Performance

In 2018/19 we purchased a wide range of services to improve social outcomes for vulnerable families.

Over 30,000 clients received Building Financial Capability services. Pre- and post-assessments from clients who exited these services in the past year indicate that they feel more in control of their debt and more able to confidently manage their finances. We provided support for the Government response to the Christchurch mosque attacks in March 2019.

We mobilised direct support to the affected community in the form of budgeting, life skills, English language capability, and immigration support. This was not an intended output for this appropriation prior to the attacks.

We worked to address or prevent family violence through initiatives such as E Tū Whānau and the It's Not OK campaign. We have also developed, redesigned and piloted services that respond to family violence and sexual violence. This included initial design and procurement of Whānau Resilience services that will provide long-term healing and recovery support to people affected by family violence. The first phase of Whānau Resilience will go live in September 2019.

Over time the work funded through this appropriation will reduce the number of families that experience hardship and adverse life outcomes, including benefit dependency, family violence and sexual violence.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Departmental Output Expenses		
	Developing and Managing Community Services		
	Social Services Accreditation		
New measure for 2018/19	The percentage of scheduled provider[91] assessments completed on behalf of government agencies, assessed against the Social Services Accreditation Standards will be no less than	90%	86%
	During 2018/19 we established a centralised team in our National Office to complete all Level 4 assessments, allowing regional staff to focus on completing Level 1–3 assessments. We developed a costing model to determine resource requirements, and we are increasing staff numbers to complete overdue and scheduled assessments in 2019/20 and ensure that targets are met.		
	Result Measurement Framework		
52%	The percentage of total services funded with Result Measurement Framework contracts (for contracting work) will be no less than	50%	52%
76%	The percentage of all contracted services which achieved or exceeded the target for their primary contracted measure will be no less than	75%	78%

91 A provider will be assessed periodically, based on the highest approval level it currently holds. A provider that holds contracts with multiple agencies will be counted as one.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Non-departmental Output Expenses		
	Community Support and Advice		
	Building Financial Capability		
82%	The percentage of clients who report having greater financial confidence and capability (comparing pre and post intervention) will be no less than	80%	55%
	The result reflects capability issues for the provider sector in the use of the client outcome measurement tool (COMT) before and after intervention. To support better use of the COMT, we will continue to provide the sector with guidance and training. As we prepare to recontract from 1 July 2021, we will also consider changes to the COMT.		
81%	The percentage of clients who completed the service with all of their goals achieved, or evidence (in worker's opinion) of ability to achieve their goals without further support will be no less than	80%	60%
	The result reflects the increased complexity that clients are presenting (eg, a range of holistic needs beyond finances and increasing debt levels). We will be introducing two new service initiatives in 2019/20. These, together with continued work with the sector to increase client engagement in multiple sessions, targeting the service to the right cohorts, and good goal-setting practice (and the tools used to do this), are likely to improve the result.		
	Sector Umbrella Groups		
542	The number of agencies worked with or supported will be no less than	500	523
97%	The percentage of member agencies who report they have up to date information from the umbrella organisation will be no less than	90%	94%
99%	The percentage of member agencies who report that they are better able to deliver their services as a result of the support offered by the umbrella organisation will be no less than	90%	91%
	Microfinance Partnership		
29%	The percentage of loans approved during the reporting period will be no less than	25%	28%
	Participation and Support Services for Seniors		
	Elder Abuse and Neglect Services (EANS)[92]		
83%	The percentage of clients who indicate that the service provided met their needs will be no less than	80%	85%
100%	The percentage of clients who indicate they have greater control over their lives after receiving the service will be no less than	80%	79%
	Elder Abuse Response Services have undergone various changes in reporting structures and requirements over the last year. We are currently working on a programme to help strengthen and support service provision, including improving data acquisition and usage practices. We expect to see ongoing improvement in this area as we work with providers to strengthen services and improve reporting practices.		
	Supporting Victims and Perpetrators of Family and Sexual Violence		
90%	The percentage of clients who have expressed that they were satisfied with the service, content and delivery of the programme will be no less than	90%	95%
	Harmful Sexual Behaviour Services (HSB)		
100%	The percentage decrease in risk factors (excludes non-mandated adults pre-assessed as low risk) for clients who complete the intervention will be no less than	80%	88%
100%	The percentage increase in protective factors for clients who complete the intervention will be no less than	80%	91%

92 EANS was replaced by the Elder Abuse Response Service (EARS) from 1 July 2017. The result for this performance measure pertains to the EARS service.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	E Tū Whānau		
66%	The percentage of those surveyed who report that the use of E Tū Whānau resources has led a change in beliefs and attitudes in their community will be no less than	60%	No survey completed this year
42	The number of activities supported by E Tū Whānau will be between	40–50	63
	It's Not OK		
100%	The percentage of surveyed community groups that say the campaign has increased their ability to address or prevent family violence will be no less than	90%	No survey completed this year
	Following a strategic review in 2017/18, the Campaign for Action on Family Violence (It's Not OK) has a renewed strategic focus on men who use violence, particularly those for whom violence is more 'normalised' or intergenerational. We are scaling back other campaign activities to concentrate on this new focus. Consequently, in 2018/19 the campaign did not fund any new community campaigns or carry out any surveys.		

Financial Performance

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Departmental Output Expenses			
	Revenue from Crown			
23,936	Developing and Managing Community Services	25,201	25,570	25,570
	Revenue from Departmental			
-	Developing and Managing Community Services	-	-	-
	Revenue from Others			
-	Developing and Managing Community Services	-	-	-
23,936	**Total Revenue**	**25,201**	**25,570**	**25,570**
23,684	**Total Expense**	**25,201**	**25,570**	**25,340**
252	**Net Surplus/(Deficit)**	**-**	**-**	**230**

2017/18		2018/19		
Actual $000	Financial Performance (Figures are GST exclusive)	Budgeted $000	Revised $000	Actual $000
	Non-departmental Output Expenses			
22,826	Community Support and Advice	24,123	22,147	22,009
-	Improving Children's Participation in Education	1,550	1,550	1,550
2,956	Participation and Support Services for Seniors	2,991	2,991	2,952
44,467	Supporting Victims and Perpetrators of Family and Sexual Violence	51,581	52,741	52,676
70,249	**Total Expense**	**80,245**	**79,429**	**79,187**

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

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) by moving them closer to independence, with a focus on those at risk of long-term benefit receipt.

This appropriation is intended to achieve a reduction in long-term welfare dependency.

Each category is:

Departmental Output Expense: Administering Income Support

- limited to assessing, paying, reviewing entitlements and collecting balances owed by clients for income support, supplementary assistance, grants and allowances, and administering international social security agreements relating to people with disabilities, sole parents, and widows and widowers
- intended to achieve accurate and efficient operation of the benefit system so that the correct amount is paid to the correct people on time.

Departmental Output Expense: Improving Employment Outcomes

- limited to providing specified assistance, including services, to eligible people to help them to move into and retain sustainable employment, in accordance with criteria set out in, or in delegated legislation made under, the Social Security Act 1964 or any legislation that replaces that Act[93]
- intended to achieve an increase in 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.

Departmental Output Expense: Improving Work Readiness Outcomes

- limited to providing services to eligible people to address barriers to employment to help them become work ready, in accordance with criteria set out in, or in delegated legislation under, the Social Security Act 1964 or any legislation that replaces that Act
- 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.

Performance will be assessed by:

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
Achieved	An investment framework, in line with an investment strategy and supported by evidence, is used to guide and inform investment decisions within the Improved Employment and Social Outcomes Support MCA	Achieved	Achieved

93 The Social Security Act 1964 was repealed and replaced by the Social Security Act 2018 in September 2018.

Summary of Performance

Non-financial Performance

In 2018/19 the overall increase in benefit numbers was largely the result of an increase in Jobseeker Support numbers.

At 30 June 2019, 291,969 people were on a working-age benefit. This is an increase of 14,559 (5.2 percent) since June 2018. The number on Jobseeker Support increased from 122,513 in June 2018 to 136,233 in June 2019, representing over 94 percent of the overall increase.

We supported 70,218 working-age people into work, 9.4 percent fewer than the previous year. Around 62 percent of those with full-time work obligations who left the benefit system stayed off benefit for at least six months, while 60 percent of those with part-time work obligations that left the benefit system did not return to benefit within 26 weeks.

We assessed more than 247,000 applications for main benefits.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Departmental Output Expenses		
	Administering Income Support		
90.8%	The proportion of benefit entitlement assessments completed accurately will be no less than	90%	91.4%
92.2%	The proportion of benefit entitlement assessments completed within five working days will be no less than	90%	91.3%
	Improving Employment Outcomes		
64.1%	The proportion of clients with full-time work obligations who remain independent of benefit for at least 26 weeks will be no less than	60%	62.2%
86.6%	The proportion of clients with full-time work obligations who are engaged will be no less than	80%	85.8%
54.2%	The proportion of clients who are not on a main benefit eight weeks following completion of an employment intervention programme will be no less than	50%	51.6%
	Improving Work Readiness Outcomes		
60.9%	The proportion of clients with part-time, preparation or deferred obligations who remain independent of benefit for at least 26 weeks will be no less than	60%	60.4%
71.0%	The proportion of clients with part-time, preparation or deferred work obligations who are engaged will be no less than	70%	68.2%
	As a consequence of increasing demand from clients for income support services, case managers have had less time for proactive engagement. However the result is only slightly short of the performance standard. Several projects are looking at ways to move some of this work to a different channel to free up for time for proactive engagement in 2019/20.		
38.4%	The proportion of clients who are not on a main benefit 16 weeks after completing a work readiness intervention will be no less than	35%	36.7%

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Departmental Output Expenses			
	Revenue from Crown			
268,229	Administering Income Support	282,382	317,210	317,210
305,528	Improving Employment Outcomes	310,170	293,154	293,154
88,374	Improving Work Readiness Outcomes	92,185	91,879	91,879
	Revenue from Departmental			
22	Administering Income Support	1,600	1,600	463
-	Improving Employment Outcomes	-	-	-
-	Improving Work Readiness Outcomes	-	-	-
	Revenue from Others			
1,856	Administering Income Support	1,962	1,962	2,194
-	Improving Employment Outcomes	-	-	-
-	Improving Work Readiness Outcomes	-	-	-
664,009	**Total Revenue**	**688,299**	**705,805**	**704,900**
655,051	**Total Expense**	**688,299**	**705,805**	**690,276**
8,958	**Net Surplus/(Deficit)**	**-**	**-**	**14,624**

Multi-Category Expense Appropriation: Independent Advice on Government Priority Areas

The single overarching purpose of this appropriation is to provide independent advice to the Minister for Social Development for discharging decision-making responsibilities.

This appropriation is intended to achieve effective and efficient independent advice and expertise on policy and operational issues to support the Minister for Social Development's decision-making responsibilities.

Each category is:

Non-departmental Output Expense: Other Advice

- limited to the procurement of other advice (including advice on operational matters; advice from expert parties that provide review services not available in-house; advice on matters where a review is necessary but cannot be undertaken due to a conflict of interest; and advice on procurement to ensure value for money) on government priority areas
- intended to achieve effective and efficient independent expertise, advice and assurance, other than policy advice, to support the Minister's portfolio and decision-making responsibilities.

Non-departmental Output Expense: Policy Advice

- limited to the provision of independent advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government priority areas
- intended to achieve effective and efficient independent policy advice and second opinion advice to support the Minister's portfolio and decision-making responsibilities.

Performance will be assessed by:

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
New measure for 2018/19	The number of pieces of independent advice that have been delivered to the Minister for Social Development will be no less than	1	1

Summary of Performance

Non-financial Performance

The performance measure was met. Ministerial approval was granted to transfer this appropriation to the Departmental Output Expense *Policy Advice* to cover costs associated with the Welfare Expert Advisory Group including the final report.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Non-departmental Output Expense		
	Other Advice		
Exempted	An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for a non-departmental output expense is less than $5 million.	Exempted	Exempted
	Policy Advice		
Exempted	An exemption was granted under s15D(2)(b)(iii) of the PFA as the amount of this annual appropriation for a non-departmental output expense is less than $5 million.	Exempted	Exempted

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Non-departmental Output Expenses			
1	Other Advice	269	-	-
229	Policy Advice	269	-	-
230	**Total Expense**	**538**	**-**	**-**

Multi-Category Expense Appropriation: Partnering for Youth Development

The single overarching purpose of this appropriation is to improve outcomes for young people through youth development opportunities.

This appropriation is intended to achieve an improvement in the capability and resilience of young people.

Each category is:

Departmental Output Expense: Administering Youth Development

- limited to generating, funding and promoting youth development opportunities
- intended to achieve an increase in youth development opportunities for all young people, particularly those from disadvantaged backgrounds.

Non-departmental Output Expense: Increasing Youth Development Opportunities

- limited to purchasing youth development opportunities
- intended to achieve an improvement in the personal, social and decision-making skills of young people through completion of youth development opportunities.

Performance will be assessed by:

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
95.4%	The percentage of participants who report they have improved their capability and resilience through completion of a youth development opportunity will be between	80-85%	97.0%
91.8%	The percentage of participants who report being satisfied or very satisfied with the youth development opportunity they have participated in will be between	85-90%	94.5%

Summary of Performance

Non-financial Performance

Over 8,300 participants completed feedback surveys to tell us what they thought about the MYD-supported programmes or services they took part in. Our Net Promoter Score, indicating how much a participant would recommend a programme or service, was +56 percent. Any score that is positive is considered a good result.

At 30 June 2019 MYD had 184 contracts with 159 pproviders. These contracts delivered 191 projects to 86,637 young people.

We achieved an improvement in the capability and resilience of young people, with 97 percent of participants reporting positively.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Departmental Output Expense		
	Administering Youth Development		
52.0%	The percentage of total funding for youth development opportunities targeted at young people from disadvantaged backgrounds will be no less than	40%	49.0%
New measure for 2018/19	The percentage of co-investment for youth development opportunities created in partnership with the business and philanthropic sector will be no less than	100%	236%
	Non-departmental Other Expense		
	Increasing Youth Development Opportunities		
95.4%	The percentage of participants who report an improvement in their personal, social and decision-making skills through completion of a youth development opportunity will be between	80-85%	97.0%

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Departmental Output Expenses			
	Revenue from Crown			
2,351	Administering Youth Development	4,390	4,396	4,396
2,351	**Total Revenue**	**4,390**	**4,396**	**4,396**
2,075	**Total Expense**	**4,390**	**4,396**	**3,258**
276	**Net Surplus/(Deficit)**	**-**	**-**	**1,138**

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual $000
	Non-departmental Output Expenses			
8,243	Increasing Youth Development Opportunities	8,253	8,253	8,100
8,243	**Total Expense**	**8,253**	**8,253**	**8,100**

Vote Social Housing

Vote Social Housing was disestablished from 1 October 2018 and replaced by a new Vote, Housing and Urban Development, for which the Ministry of Housing and Urban Development (MHUD) is the responsible department. The appropriations reported below for the period 1 July to 30 September 2018 were transferred to the new Vote.

Performance information for October 2018 to June 2019 will be reported in the MHUD Annual Report.

Multi-Category Expense Appropriation: Community Group Housing

The overarching purpose of this appropriation is to purchase housing services from Housing New Zealand Corporation and Community Group Housing providers to maintain the supply of tenanted Community Group Housing properties.

This appropriation is intended to achieve safe, healthy and affordable homes by supporting third party providers of social and/or affordable housing services.

Each category is:

Non-departmental Output Expense: Community Group Housing Market Rent Top-Up

- limited to the provision of funding to Housing New Zealand Corporation to pay the difference between the contracted rent with the Community Group Housing provider and market rent for the leased properties
- intended to achieve safe, healthy and affordable homes with the purchase of housing services from Housing New Zealand Corporation.

Non-departmental Other Expense: Community Housing Rent Relief

- limited to the provision of a rent relief fund to Community Group Housing providers for the sole purpose of helping them meet their contracted rent payments
- intended to achieve safe, healthy and affordable homes by the provision of rent relief to service provider tenants of the Community Group Housing properties.

Non-departmental Capital Expenditure: Acquisition and Improvement of Community Group Housing Properties

- limited to providing debt or equity in Housing New Zealand Corporation to acquire, modernise or reconfigure properties leased by community housing providers
- intended to achieve the acquisition, modernisation or reconfiguration of Housing New Zealand Corporation state houses to ensure safe, healthy and affordable homes.

Performance will be assessed by:

Housing New Zealand Corporation's support to community group providers by making available up to 1,500 community group housing properties and related housing services.

Summary of Performance

Non-financial Performance

At 30 September 2018, 1,495 properties were available to property providers.

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard as at 30 September 2018
	Non-departmental Output Expenses		
	Community Group Housing Market Rent Top-Up		
Exempted	An exemption was granted under s.15D(2)(b)(ii) of the Public Finance Act, as additional performance information is unlikely to be informative in light of the nature of the transaction or causal event giving rise to the expense	Exempted	Exempted
	Non-departmental Other Expenses		
	Community Housing Rent Relief		
Exempted	An exemption was granted under s.15D(2)(b)(iii) of the Public Finance Act as the amount of the annual appropriation for a Non-departmental other expense is less than $5 million.	Exempted	Exempted
	Non-departmental Capital Expenditure		
	Acquisition and Improvement of Community Group Housing Properties		
Exempted	An exemption was granted under s.15D(2)(b)(iii) of the Public Finance Act as the amount of this annual appropriation for Non-departmental capital expenditure is less than $15 million	Exempted	Exempted

Financial Performance

		2018/19		
2017/18 Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual to 30 September 2018 $000**
	Non-departmental Output Expenses			
10,106	Community Group Housing Market Rent Top-Up	13,891	3,473	3,473
	Non-departmental Other Expenses			
4,051	Community Housing Rent Relief	4,104	1,026	1,026
	Non-departmental Capital Expenditure			
6,186	Acquisition and Improvement of Community Group Housing Properties	5,800	-	-
20,343	**Total Expense**	**23,795**	**4,499**	**4,499**

Multi-Category Expense Appropriation: Social Housing Outcomes Support

The single overarching purpose of this appropriation is to operate the social housing register and associated interventions in such a way as to support more people with the greatest housing need into housing, and to move those who are capable of housing independence closer towards that.

This appropriation is intended to achieve housing assessments and placement on the housing register for people with a housing need, and to provide support to those who are capable to be independent of social housing over the longer term.

Each category is:

Departmental Output Expense: Services to Support People to Access Accommodation

- limited to assessing and reviewing eligibility for social housing and income-related rent, social housing register management and the accurate and timely payment of Income-related Rent Subsidies to the social housing provider
- intended to achieve accurate and efficient operation of the social housing register so that more people who are eligible for social housing have their housing needs met, and those who are capable of housing independence move closer towards that.

Non-departmental Output Expense: Services Related to Supporting Outcomes for those in Need of or at Risk of Needing Social Housing

- limited to the provision of support services to those in need of social housing or those at risk of entering social housing
- intended to achieve an increase in the number of people who are able to secure and sustain tenancies, and transition to housing independence.

Non-departmental Other Expense: Housing Support Package

- limited to the provision of incentives, products and services to help households with lower housing need who are in, or seeking, social housing, to access or retain alternative housing solutions
- intended to achieve more people transitioning from social housing to housing independence to ensure that social housing is available for households with the greater housing need.

Performance will be assessed as follows:

Administrative data will allow the tracking of achievement of housing assessments and placement on the housing register. Additional sources of information, including a social housing valuation, will be used to track the key drivers and risk factors that predict social housing needs and identify variances in trends projected from the valuation. Over time, repeated valuations will contribute to an understanding of how the management of the social housing system is influencing movements in the future valuation.

Summary of Performance

Non-financial Performance

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard
	Departmental Output Expense		
	Services to Support People to Access Accommodation		
98.9%	The percentage of income-related rent assessments (for tenants with verified income) that are calculated accurately will be no less than	90%	End-of-year performance information is reported in the *Services to Support People to Access Accommodation* departmental output expense (see page 139)
90.8%	The proportion of housing needs assessments completed within five working days will be no less than	90%	End-of-year performance information is reported in the *Services to Support People to Access Accommodation* departmental output expense (see page 139)
	Non-departmental Output Expense		
	Services Related to Supporting Outcomes for those in Need of or at Risk of Needing Social Housing		
New measure for 2018/19	The number of contracted[94] chronic homeless households[95] able to be placed and supported into secure and stable accommodation[96] under the Housing First initiative will be between	500-600	413 (to 30 September 2018)
	Non-departmental Other Expense		
	Housing Support Package		
Exempted	An exemption was granted under s.15D(2)(b)(iii) of the Public Finance Act as the amount of the annual appropriation for a Non-departmental other expense is less than $5 million.	Exempted	Exempted

94 Under executed service agreement between the Provider and Ministry of Social Development.

95 Individuals, couples and/or families/whānau who:

- are homeless for longer than 12 months, or
- have experienced four episodes of homelessness or more within the last three years where the combined duration of these episodes equals 12 months or more and where these episodes were separated by periods of seven or more days of non-homelessness.

96 Secure and stable accommodation is defined as long-term stable accommodation that is likely to last at least six months (public or private housing).

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual at 30 September 2018 $000
	Departmental Output Expenses			
	Revenue from Crown			
48,325	Services to Support People to Access Accommodation	45,083	12,280	12,280
48,325	**Total Revenue**	**45,083**	**12,280**	**12,280**
43,313	**Total Expense**	**45,083**	**12,280**	**12,280**
5,012	**Net Surplus/ (Deficit)**	**-**	**-**	**-**

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual at 30 September 2018 $000
	Non-departmental Output Expenses			
6,819	Services Related to Supporting Outcomes for Those in Need of or at Risk of Needing Social Housing	11,753	1,459	1,459
	Non-departmental Other Expenses			
2,820	Housing Support Package	2,600	595	595
9,639	**Total Expense**	**14,353**	**2,054**	**2,054**

Multi-Category Expense Appropriation: Social Housing Purchasing

The single overarching purpose of this appropriation is to secure and purchase the provision of social housing.

This appropriation is intended to achieve better access to social housing places by providing payments to secure access to properties for social housing providers and the purchase of social housing provision.

Each category is:

Non-departmental Output Expense: Purchase of Social Housing Provision

- limited to purchasing the provision of social housing and related services from social housing providers in accordance with reimbursement agreements or tailored agreements under the Housing Restructuring and Tenancy Matters Act 1992
- intended to achieve an increase in social housing support for eligible people through the payment of Income-related Rent Subsidy.

Non-departmental Output Expense: Services Related to the Provision of Social Housing

- limited to the provision of services related to the provision of social housing by a social housing provider
- intended to achieve continuity of support for social housing tenants who previously had the cost of water rate charges paid for.

Non-departmental Other Expense: Support for the Provision of Social Housing Supply

- limited to providing support to secure access to properties for social housing providers to use for social housing tenancies
- intended to achieve an increase in social housing places through the provision of payments to secure access to properties for social housing providers.

Performance will be assessed by:

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard (as at 30 September 2018)
67,228[97]	The total number of social housing places[98] provided by all social housing providers will be no less than	67,000–72,000	67,418[99]

97 Including 1,444 Housing New Zealand (HNZ) properties that were vacant at 30 June 2018.

98 A social housing place is defined for this purpose as a property that is available for a tenant who may be eligible for an Income-related Rent Subsidy (IRRS), and includes:

- any house provided by the Housing New Zealand Corporation (HNZC) (excluding community group housing, but including IRRS tenancies, market rent tenancies, and short term vacancies)
- or an IRRS tenancy provided by a registered community housing provider (CHP).

99 This figure includes 1,183 HNZ properties that were vacant at 30 September 2018.

Summary of Performance

Non-financial Performance

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard (as at 30 September 2018)
	Non-departmental Output Expenses		
	Purchase of Social Housing Provision		
New measure for 2018/19	The number of tenancies subsidised by an Income-related Rent Subsidy will be no less than	62,000[100]	64,730
	Services Related to the Provision of Social Housing		
Exempted	This category was granted performance reporting exemption under s.15D(2)(b)(iii) of the PFA as the amount of the annual appropriation for a Non-departmental output expense is less than $5 million.	Exempted	Exempted
	Non-departmental Other Expense		
	Support for the Provision of Social Housing		
5,339	The number of Income-related Rent Subsidy places contracted from community housing providers will be no less than	4,500	5,589
58,973	The number of Income-related Rent Subsidy places contracted from Housing New Zealand will be no less than	57,500	59,141

Financial Performance

2017/18 Actual $000	Financial Performance (Figures are GST exclusive)	2018/19 Budgeted $000	2018/19 Revised $000	2018/19 Actual at 30 September 2018 $000
	Non-departmental Output Expenses			
890,145	Purchase of Social Housing Provision	977,651	240,396	239,263
400	Services Related to Provision of Social Housing	300	150	150
	Non-departmental Other Expenses			
10,575	Support for the Provision of Social Housing	35,320	22,958	24,091
901,120	**Total Expenses**	**1,013,271**	**263,504**	**263,504**

100 With the number of HNZ IRRS places being no less than 57,500, and the number of CHP IRRS places being no less than 4,500.

Multi-Category Expense Appropriation: Transitional Housing

The single overarching purpose of this appropriation is to fund the delivery of transitional housing places in New Zealand.

This appropriation is intended to achieve better outcomes for vulnerable households through the provision of transitional housing and associated support services.

Each category is:

Non-departmental Output Expense: Provision of Transitional Housing Places

- limited to supporting transitional housing providers to provide transitional housing places
- intended to achieve improved access to transitional places for eligible families and individuals across New Zealand.

Non-departmental Output Expense: Transitional Housing Services

- limited to payments to transitional housing providers on a per household basis to cover tenancy and property management; and services to support tenants in transitional housing to move into sustainable housing
- intended to achieve an increase in support services for the families and individuals who access the additional transitional housing places secured.

Non-departmental Other Expense: Impairment of Crown Assets Related to Transitional Housing

- limited to expenses incurred as a result of the impairment of Crown assets related to transitional housing, including write-downs and write-offs
- intended to achieve recognition of the expense so that the asset is valued in accordance with generally accepted accounting practice.

Non-departmental Capital Expenditure: Acquisition, Development and Construction of Transitional Housing

- limited to funding the acquisition, construction and development or redevelopment of land or properties for the purpose of providing transitional housing
- intended to achieve an increase in the supply of transitional housing places.

Performance will be assessed by:

Delivering between 2,000 and 2,200 transitional housing places and associated support services (where applicable).

Summary of Performance

Non-financial Performance

2017/18 Actual Standard	Measure	2018/19 Budgeted Standard	2018/19 Actual Standard (as at 30 September 2018)
	Non-departmental Output Expenses		
	Provision of Transitional Housing Places		
2,341	The number of transitional housing places[101] in areas of demand will be between	2,000–2,200	2,585
	Transitional Housing Services		
1,699	The total number of transitional housing places that receive associated support services will be between	1,200–2,200	2,577
	Non-departmental Other Expenses		
	Impairment of Crown Assets Related to Transitional Housing		
Exempted	An exemption was granted under s15D(2)(b)(iii) of the Public Finance Act as the amount of the annual appropriation for a Non-departmental other expense is less than $5 million.	Exempted	Exempted
	Non-departmental Capital Expenditure		
	Acquisition, Development and Construction of Transitional Housing		
94	The number of transitional housing places that will be acquired, developed or constructed will be between	195–220	30

Financial Performance

2017/18		2018/19		
Actual $000	**Financial Performance (Figures are GST exclusive)**	**Budgeted $000**	**Revised $000**	**Actual $000**
	Non-departmental Output Expenses			
35,432	Provision of Transitional Housing Places	49,894	14,576	14,576
36,771	Transitional Housing Services	49,438	8,793	8,793
	Non-departmental Other Expenses			
2,555	Impairment of Crown Assets Related to Transitional Housing	-	-	-
	Non-departmental Capital Expenditure			
-	Acquisition, Development and Construction of Transitional Housing	68,851	23,349	23,349
74,758	**Total Expense**	**168,183**	**46,718**	**46,718**

101 Places can house either individuals or family units. The term 'place' is used to describe the unit of housing that meets the need of a household (be it an individual or a family).

Financial Statements

Ministry of Social Development
Statement of Accounting Policies: Departmental

These financial statements are for the year ended 30 June 2019 and include unaudited forecast financial statements for the year ending 30 June 2020. The statements have been combined to provide a single view of budget, actual and forecast information.

References to the financial statements incorporate the financial statements and the unaudited forecast financial statements, unless otherwise stated.

Reporting entity

The Ministry of Social Development (the Ministry) is a government department as defined by section 2 of the Public Finance Act 1989 (PFA) 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 2019. The financial statements were authorised for issue by the Chief Executive of the Ministry on 30 September 2019.

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

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Ministry have been prepared in accordance with the requirements of the PFA, 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.

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

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated. 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 apart from early adoption of PBE International Financial Reporting Standards (IFRS) 9.

Standards early adopted

Financial instruments

In line with the Financial Statements of the Government, the Ministry has elected to early adopt PBE IFRS 9 *Financial Instruments* with a date of initial application of 1 July 2018. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. Information about the adoption of PBE IFRS 9 is provided in Note 19.

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

Impairment of revalued assets

In April 2017 the External Reporting Board (XRB) issued *Impairment of Revalued Assets (Amendments to PBE IPSASs 21 and 26)*, which now clearly scopes in revalued property, plant and equipment into the impairment accounting standards. Previously only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

This amendment is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The main change under the amendment is that a revalued asset can be impaired without having to revalue the entire class of asset to which the asset belongs.

The Ministry will adopt this amendment for the financial year ending 30 June 2020. The Ministry is currently assessing the effects of the new standard.

Significant accounting policies

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

Budget and forecast figures

Basis of the budget and forecast figures

The 2019 budget figures are for the year ended 30 June 2019 and were published in the 2017/18 Annual Report. They are consistent with the Ministry's best estimate financial forecast information submitted to the Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 30 June 2019.

The 2020 forecast figures are for the year ending 30 June 2020, and are consistent with the best estimate financial forecast information submitted to the Treasury for the BEFU for the year ending 30 June 2020.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2020 forecast figures have been prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and comply with PBE FRS 42.

The forecast financial statements were approved for issue by the Chief Executive on 23 April 2019. The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2020 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions of what may occur during the 2019/20 year. The forecast figures have been compiled on the basis of existing government policies and ministerial expectations at the time the Main Estimates were finalised.

The main assumptions, which were adopted as at 23 April 2019, were as follows.

- The Ministry's activities and output expectations will remain substantially the same as those for the previous year, focusing on the Government's priorities
- Personnel costs were based on 7,031 full-time-equivalent staff positions
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred. Remuneration rates are based on current salary costs, adjusted for anticipated remuneration changes.
- Land and buildings are not revalued as we cannot reliably determine the outcome of such valuation and believe there would be no significant variation if they were.
- Estimated year-end information for 2018/19 was used as the opening position for the 2019/20 forecasts.

The actual financial results achieved for 30 June 2020 are likely to vary from the forecast information presented, and the variations may be material.

Since the approval of the forecasts, no significant change or event has occurred that would have a material impact on the forecasts.

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 and/or other data sources, which reflect an appropriate measure of resource consumption/use.

The third stage accumulates and allocates overhead costs to output expenses based on resource consumption/use where possible, such as the FTE staff ratio, or where an appropriate driver cannot be found then in proportion to the cost charges in the previous two stages.

Criteria for direct and indirect costs

Direct costs are costs that vary directly with the level of activity and are causally related, 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 2019 direct costs accounted for 84.9 percent of the Ministry's costs (2018: 84.4 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

PBE IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under PBE IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Compared to PBE IAS 39, the standard imposes stricter requirements for determining those financial assets that can be recognised at amortised cost or fair value.

Under PBE IFRS 9, the Ministry's financial assets consist of cash and short-term deposits and trade receivables, measured at amortised cost.

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.

PBE IFRS 9 replaces the 'incurred loss' model in PBE IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost. Given the nature of the Ministry's trade receivables, the expected credit loss model did not materially change the impairment allowance for doubtful debts.

Financial liabilities

Under PBE IFRS 9, the Ministry's financial liabilities are creditors and other payables, measured at amortised cost.

The adoption of PBE IFRS 9 has not had a significant effect on classification of the Ministry's accounting policies for financial assets and liabilities.

Property, plant and equipment

Property, plant and equipment consist 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 that 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 general funds.

Subsequent costs

Costs incurred after the initial acquisition are capitalised only when it is probable that 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	Estimated life	Depreciation rate
Buildings (including components)	10–80 years	1.25%–10%
Leasehold improvements	up to 18 years	>6%
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 18 years.

The residual value and useful life of an asset are 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 the 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	Estimated life	Amortisation rate
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 that 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 that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the 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 that there are equally unperformed obligations.

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

These include 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 that 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 14).

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 9).

Useful life 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 licenses, 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 license 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 that may impact their useful life, such as changes in technology.

Critical judgements in applying the Ministry's accounting policies

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 that it has no finance leases.

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 2019.

Ministry of Social Development
Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000	Unaudited Forecast 2020 $000
	Revenue				
926,149	Revenue Crown		966,215	943,873	1,080,839
89,507	Revenue other	1	76,826	90,180	78,093
28	Gain on foreign exchange	2	9	-	-
1,015,684	**Total revenue**		**1,043,050**	**1,034,053**	**1,158,932**
	Expenses				
477,292	Personnel costs	3	496,123	488,861	479,675
62,870	Depreciation and amortisation expenses	9,10	64,322	72,258	83,362
11,933	Capital charge	4	13,727	11,847	16,492
435,473	Other operating expenses	5	447,399	461,087	579,056
374	Loss on disposal of property, plant and equipment	2	2,691	-	347
987,942	**Total expenses**		**1,024,262**	**1,034,053**	**1,158,932**
27,742	**Net surplus/(deficit)**		**18,788**	**-**	**-**
	Other comprehensive revenue and expense				
	Item that will not be reclassified to net surplus/ (deficit)				
-	Gain on property revaluations		-	-	-
27,742	**Total comprehensive revenue and expense**		**18,788**	**-**	**-**

Explanations of significant variances against the original 2018/19 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development Statement of Financial Position

As at 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000	Unaudited Forecast 2020 $000
	Equity				
197,448	Taxpayers' funds	15	206,260	230,362	210,137
29,944	Revaluation reserve	15	29,943	29,943	29,943
227,392	**Total equity**		**236,203**	**260,305**	**240,080**
	Assets				
	Current assets				
90,814	Cash and cash equivalents	6	121,666	59,168	39,629
16,506	Accounts receivable	7	5,781	10,672	16,506
25,538	Prepayments		30,647	23,501	25,540
132,858	**Total current assets**		**158,094**	**93,341**	**81,675**
	Non-current assets				
135,552	Property, plant and equipment	9	148,728	204,572	146,168
182,237	Intangible assets	10	165,057	180,032	206,910
317,789	**Total non-current assets**		**313,785**	**384,604**	**353,078**
450,647	**Total assets**		**471,879**	**477,945**	**434,753**
	Liabilities				
	Current liabilities				
93,859	Accounts payable and accruals	11	110,383	124,453	96,097
2,235	Revenue received in advance	11	-	-	-
27,742	Return of operating surplus to the Crown	12	18,788	-	-
40,218	Provision for employee entitlements – current	14	41,482	40,218	39,375
21,677	Other provisions	13	15,804	16,864	21,677
-	Crown payable	8	5,070	-	-
185,731	**Total current liabilities**		**191,527**	**181,535**	**157,149**
	Non-current liabilities				
37,524	Provision for employee entitlements – non-current	14	44,149	36,105	37,524
37,524	**Total non-current liabilities**		**44,149**	**36,105**	**37,524**
223,255	**Total liabilities**		**235,676**	**217,640**	**194,673**
227,392	**Net assets**		**236,203**	**260,305**	**240,080**

Explanations of significant variances against the original 2018/19 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development Statement of Changes in Equity

For the year ended 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000	Unaudited Forecast 2020 $000
195,401	**Balance at 1 July**		**227,392**	**227,391**	**236,205**
27,742	Total comprehensive revenue and expense		18,788	-	-
	Owner transactions				
(27,742)	Return of operating surplus to the Crown	12	(18,788)	-	-
32,569	Capital injections		11,712	32,914	3,875
-	Capital injections – non cash		843	-	-
(578)	Capital withdrawal – cash		(3,744)	-	-
227,392	**Balance at 30 June**		**236,203**	**260,305**	**240,080**

Explanations of significant variances against the original 2018/19 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development
Statement of Cash Flows

For the year ended 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000	Unaudited Forecast 2020 $000
	Cash flows from operating activities				
950,876	Receipts from Crown revenue		971,285	943,873	1,080,839
90,327	Receipts from other revenue		82,187	90,180	78,093
(445,404)	Payments to suppliers		(461,845)	(461,587)	(579,056)
(476,881)	Payments to employees		(488,796)	(488,861)	(479,675)
(11,933)	Payments for capital charge		(13,727)	(11,847)	(16,492)
(5,469)	Goods and services tax (net)		1,608	-	-
(17,233)	Intercompany cash flow with Oranga Tamariki—Ministry for Children		22,922	-	-
84,283	**Net cash flow from operating activities**	**16**	**113,634**	**71,758**	**83,709**
	Cash flows from investing activities				
1,257	Receipts from sale of property, plant and equipment		1,454	2,000	1,679
(27,312)	Purchase of property, plant and equipment		(35,524)	(89,219)	(40,050)
(58,738)	Purchase of intangible assets		(28,939)	(32,580)	(35,535)
(84,793)	**Net cash flow from investing activities**		**(63,009)**	**(119,799)**	**(73,906)**
	Cash flows from financing activities				
32,569	Capital injections		11,712	32,914	3,875
(578)	Capital withdrawal from the Crown		(3,743)	-	-
(31,286)	Return of operating surplus		(27,742)	(18,000)	(10,000)
705	**Net cash flow from financing activities**		**(19,773)**	**14,914**	**(6,125)**
195	Net increase/(decrease) in cash		30,852	(33,127)	3,678
90,619	Cash at the beginning of the year		90,814	92,295	35,951
90,814	**Cash at the end of the year**		**121,666**	**59,168**	**39,629**

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 16 for reconciliation of net surplus/(deficit) to net cash from operating activities. Explanations of significant variances against the original 2018/19 budget are detailed in Note 21.

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development Statement of Commitments

As at 30 June 2019

Actual 2018 $000		Actual 2019 $000
	Capital commitments	
-	Buildings	-
-	**Total capital commitments**	**-**
	Operating commitments	
	Non-cancellable accommodation leases	
42,498	Not later than one year	46,584
91,991	Later than one year and not later than five years	107,791
133,819	Later than five years	121,175
268,308	**Total non-cancellable accommodation leases**	**275,550**
268,308	**Total operating commitments**	**275,550**
268,308	**Total commitments**	**275,550**

Capital commitments

The Ministry has no capital commitments at balance date (2018: nil).

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.

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 $0.565 million expected to be received in 2019/20. Refer to Note 1 for actual sub-lease rental recoveries for 2018/19.

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development
Statement of Contingent Liabilities and Contingent Assets

As at 30 June 2019

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 2018 $000		Actual 2019 $000
40	Personal grievances claims	15
855	Other claims	550
895	**Total contingent liabilities**	**565**

Personal grievances

Personal grievances claims represent amounts claimed by employees for personal grievances cases. There are two personal grievances claims (2018: seven).

Other claims

Other claims are represented by a property dispute and outstanding grievances claims from our clients for unpaid benefit entitlements and other disputes. Altogether there are five claims in this category (2018: eight).

Contingent assets

The Ministry has no contingent assets (2018: nil).

The Statement of Accounting Policies: Departmental on pages 164 to 175 and Notes 1 to 22 on pages 182 to 201 form part of these financial statements.

Ministry of Social Development Notes to the Financial Statements

Note 1: Revenue other

Actual 2018 $000		Actual 2019 $000
621	Sub-lease rental recoveries	720
88,886	Other recoveries	76,106
89,507	**Total revenue other**	**76,826**

The Ministry received other revenue from Oranga Tamariki—Ministry for Children for corporate support services ($72.538 million), the Social Investment Agency for corporate support services ($0.432 million), IT operating leases ($1.025 million), Promoting Positive Outcomes for Disabled People ($1.200 million) and other revenue ($0.911 million). The Ministry also received revenue from sub-leased premises ($0.720 million).

Note 2: Gains and losses on disposal of property, plant and equipment and foreign exchange

Actual 2018 $000		Actual 2019 $000
(374)	Gain / (loss) on disposal of fixed assets	(2,691)
28	Net foreign exchange gains	9
(346)	**Total gains / (losses)**	**(2,682)**

During the year the Ministry disposed of assets including motor vehicles that reached a pre-determined mileage and/or life. The net loss on vehicles disposals was $0.791 million (2018: $0.374 million loss). The Ministry also conducted impairment tests on internally generated software. The net loss on the impairment of internally generated software was $1.900 million (2018: nil).

Note 3: Personnel costs

Actual 2018 $000		Actual 2019 $000
451,045	Salaries and wages	465,344
3,561	Increase/(decrease) in employee entitlements	9,672
512	Increase/(decrease) in restructuring costs	240
14,226	Defined superannuation contribution scheme	14,972
7,948	Other personnel expenses	5,895
477,292	**Total personnel costs**	**496,123**

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 year. The capital charge rate for the financial year ended 30 June 2019 was 6 percent (2018: 6 percent).

Note 5: Operating expenses

Actual 2018 $000		Actual 2019 $000
761	Audit fees[102]	770
72,435	Rental, leasing and occupancy costs	72,317
4	Bad debts written off	65
38	Impairment of receivables	-
173,101	Employment support and subsidies[103]	180,845
38,626	Office operating expenses	40,519
83,325	IT-related operating expenses[104]	91,805
5,112	Travel expenses	6,134
14,972	Consultancy and contractors' fees	14,670
25,574	Professional fees	23,674
21,525	Other operating expenses	16,539
435,473	**Total operating expenses**	**447,399**

102 Audit fees include statutory audit fees only.
103 Employment support and subsidies include 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.
104 IT-related operating expenses include $11.075 million expenditure on contractors and consultants (2018: $5.000 million).

Note 6: Cash and cash equivalents

Actual 2018 $000		Actual 2019 $000
90,814	Cash at bank and on hand	121,666
90,814	**Total cash and cash equivalents**	**121,666**

Note 7: Accounts receivable

Actual 2018 $000		Actual 2019 $000
	By type	
16,506	Trade and other receivables	5,781
16,506	**Total receivables**	**5,781**
	By maturity	
16,506	Expected to be realised within one year	5,781
-	Expected to be held for more than one year	-
16,506	**Total receivables**	**5,781**
	Trade and other receivables	
17,380	Gross trade and other receivables	6,480
(874)	Impairment of trade and other receivables	(699)
16,506	**Total trade and other receivables**	**5,781**
16,506	Receivables from exchange transactions	5,781
-	Receivables from non-exchange transactions	-
	Impairment of trade and other receivables	
836	**Balance at beginning of the year**	**874**
38	Impairment losses recognised on receivables	(175)
-	Reversal of impairment losses	-
874	**Balance at end of the year**	**699**
874	Collective impairment allowance	699
-	Individual impairment allowance	-
874	**Balance at end of the year**	**699**

The carrying value of debtors and other receivables approximates their fair value. The above are all exchange transactions.

Debtors impairment

As at 30 June 2019 (and 30 June 2018) 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 2019, the Ministry had no debtors deemed insolvent (2018: nil).

Ageing profile of receivables

as at 30 June 2018				as at 30 June 2019		
Gross $000	Impairment $000	Net $000		Gross $000	Impairment $000	Net $000
15,879	-	15,879	Not past due	5,560	-	5,560
418	-	418	Past due 1–30 days	60	-	60
74	-	74	Past due 31–60 days	2	-	2
45	-	45	Past due 61–90 days	113	-	113
964	(874)	90	Past due >91 days	745	(699)	46
17,380	**(874)**	**16,506**		**6,480**	**(699)**	**5,781**

Note 8: Crown receivable and payable

Crown payable represents extra cash drawn down from the Treasury which is higher than Revenue Crown recognised. As at 30 June 2019 Crown payable was $5.070 million (2018: nil). This is due to $4.170 million of an early drawdown of cash funding for the multi-year appropriations and $0.900 million of delayed capital withdrawal relating to Strengthening Independent Oversight of the Oranga Tamariki system and Children's Issues.

Actual 2018 $000		Actual 2019 $000
-	Crown creditor	5,070
-	**Total Crown payable**	**5,070**

Note 9: Property, plant and equipment

	Land $000	Buildings $000	Furniture and Fittings $000	Computer Equip-ment $000	Motor Vehicles $000	Plant and Equip-ment $000	Total $000
Cost or revaluation							
Balance as at 1 July 2017	**22,820**	**26,252**	**126,077**	**116,576**	**25,834**	**15,210**	**332,769**
Additions by purchase	-	-	13,306	10,379	6,536	99	30,320
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	(4,987)	22	2,290	(313)	(16)	(3,004)
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(215)	(20,678)	(4,795)	(5,177)	(30,865)
Balance as at 30 June 2018	**22,820**	**21,265**	**139,190**	**108,567**	**27,262**	**10,116**	**329,220**
Balance as at 1 July 2018	**22,820**	**21,265**	**139,190**	**108,567**	**27,262**	**10,116**	**329,220**
Additions by purchase	-	1,257	3,108	5,763	5,151	192	15,471
Revaluation increase/(decrease)	-	-	-	-	-	-	-
Work in progress movement	-	3,617	5,347	11,312	(210)	(13)	20,053
Asset transfers	-	-	(359)	2,220	(1)	(1,072)	788
Other asset movement	-	-	-	-	-	-	-
Disposals	-	-	(692)	(6,215)	(5,273)	(4,839)	(17,019)
Balance as at 30 June 2019	**22,820**	**26,139**	**146,594**	**121,647**	**26,929**	**4,384**	**348,513**
Accumulated depreciation and impairment losses							
Balance as at 1 July 2017	**-**	**255**	**80,798**	**92,190**	**13,126**	**13,321**	**199,690**
Depreciation expense	-	886	9,805	9,210	2,863	444	23,208
Eliminate on disposal	-	-	(215)	(20,678)	(3,274)	(5,063)	(29,230)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	-	-	-	-	-
Other asset movement	-	-	-	-	-	-	-
Balance as at 30 June 2018	**-**	**1,141**	**90,388**	**80,722**	**12,715**	**8,702**	**193,668**
Balance as at 1 July 2018	**-**	**1,141**	**90,388**	**80,722**	**12,715**	**8,702**	**193,668**
Depreciation expense	-	872	8,610	8,744	3,108	293	21,627
Eliminate on disposal	-	-	(467)	(6,071)	(3,458)	(4,827)	(14,823)
Eliminate on revaluation	-	-	-	-	-	-	-
Asset transfers	-	-	(839)	610	28	(486)	(687)
Other asset movement	-	-	-	-	1	(1)	-
Balance as at 30 June 2019	**-**	**2,013**	**97,692**	**84,005**	**12,394**	**3,681**	**199,785**
Carrying amounts							
At 1 July 2017	**22,820**	**25,997**	**45,279**	**24,386**	**12,708**	**1,889**	**133,079**
At 30 June and 1 July 2018	**22,820**	**20,124**	**48,802**	**27,845**	**14,547**	**1,414**	**135,552**
At 30 June 2019	**22,820**	**24,126**	**48,902**	**37,642**	**14,535**	**703**	**148,728**
Unaudited forecast carrying amount at 30 June 2020	22,820	17,817	68,286	20,347	16,082	816	146,168

Valuation

A market valuation of land and buildings owned by the Ministry was completed by Quotable Value Limited as at 30 June 2019. Registered valuer David Cornford MPINZ from Quotable Value Limited was the project manager.

The valuation involved a desktop review and a sample physical inspection of the Ministry's land and buildings assets and was completed in compliance with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

No significant change was noted between the fair value and the carrying value of the Ministry's land and buildings from the above valuation.

The next full valuation involving the physical inspection of all the Ministry's land and buildings assets is scheduled for 2019/20.

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.

Work in progress

	Land $000	Buildings $000	Furniture and Fittings $000	Computer Equip-ment $000	Motor Vehicles $000	Plant and Equip-ment $000	Total $000
Cost or revaluation							
Balance as at 1 July 2017	**-**	**8,788**	**2**	**4,952**	**523**	**29**	**14,294**
Work in progress movement	-	(4,987)	22	2,290	(313)	(16)	(3,004)
Balance as at 30 June 2018	**-**	**3,801**	**24**	**7,242**	**210**	**13**	**11,290**
Balance as at 1 July 2018	**-**	**3,801**	**24**	**7,242**	**210**	**13**	**11,290**
Work in progress movement	-	3,617	5,347	11,312	(210)	(13)	20,053
Balance as at 30 June 2019	**-**	**7,418**	**5,371**	**18,554**	**-**	**-**	**31,343**

The total amount of property, plant and equipment under construction and work in progress is $31.343 million (2018: $11.290 million).

Restrictions

There are no restrictions over the title of the Ministry's property, plant and equipment assets. No property, plant and equipment assets are pledged as security for liabilities.

Note 10: Intangible assets

	Internally generated software $000	Total $000
Cost or revaluation		
Balance as at 1 July 2017	**439,299**	**439,299**
Additions by purchase and internally generated	51,275	51,275
Work in progress movement	7,463	7,463
Asset transfers	-	-
Other asset movement	-	-
Disposals	-	-
Balance as at 30 June 2018	**498,037**	**498,037**
Balance as at 1 July 2018	**498,037**	**498,037**
Additions by purchase and internally generated[105]	45,093	45,093
Work in progress movement	(16,436)	(16,436)
Asset transfers	(1,407)	(1,407)
Other asset movement	26	26
Disposals	(40,162)	(40,162)
Balance as at 30 June 2019	**485,151**	**485,151**
Accumulated amortisation and impairment losses		
Balance as at 1 July 2017	**276,138**	**276,138**
Amortisation expense	39,662	39,662
Disposals	-	-
Asset transfers	-	-
Other asset movement	-	-
Impairment losses	-	-
Balance as at 30 June 2018	**315,800**	**315,800**
Balance as at 1 July 2018	**315,800**	**315,800**
Amortisation expense	42,695	42,695
Disposals	(38,207)	(38,207)
Asset transfers	(195)	(195)
Other asset movement	1	1
Impairment losses	-	-
Balance as at 30 June 2019	**320,094**	**320,094**
Carrying amounts		
At 1 July 2017	**163,161**	**163,161**
At 30 June and 1 July 2018	**182,237**	**182,237**
At 30 June 2019	**165,057**	**165,057**
Unaudited forecast carrying amount at 30 June 2020	206,910	206,910

105 Internally generated software includes $20.301 million of contractors' and consultants' costs capitalised in 2018/19 (2018: $49 million).

Work in progress

	Internally generated software $000	Total $000
Cost or revaluation		
Balance as at 1 July 2017	**39,170**	**39,170**
Work in progress movement	7,463	7,463
Balance as at 30 June 2018	**46,633**	**46,633**
Balance as at 1 July 2018	**46,633**	**46,633**
Work in progress movement	(16,436)	(16,436)
Balance as at 30 June 2019	**30,197**	**30,197**

The total amount of intangibles in the course of construction is $30.197 million (2018: $46.633 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 11: Accounts payable and accruals and revenue received in advance

Actual 2018 $000		Actual 2019 $000
	Payables and deferred revenue under exchange transactions	
10,694	Creditors	32,910
2,235	Income in advance for recovered services	-
75,267	Accrued expenses	67,968
88,196	**Total payables and deferred revenue under exchange transactions**	**100,878**
	Payables and deferred revenue under non-exchange transactions	
7,898	GST payable	9,505
7,898	**Total payables and deferred revenue under non-exchange transactions**	**9,505**
96,094	**Total payables and deferred revenue**	**110,383**

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 12: Return of operating surplus

Actual 2018 $000		Actual 2019 $000
27,742	Net surplus/(deficit)	18,788
27,742	**Total repayment of surplus**	**18,788**

The repayment of surplus is required to be paid to the Crown by 31 October 2019.

Note 13: Provisions

Actual 2018 $000		Actual 2019 $000
4,089	ACC Partnership programme	2,923
571	Restructuring provision	564
2,632	Lease reinstatement	2,428
14,385	Other provisions	9,889
21,677	**Total provisions**	**15,804**

Provisions by category

	ACC Partnership programme $000	Lease re-instatement $000	Re-structuring provision $000	Operating lease incentive $000	Holidays Act $000	Total $000
2018						
Balance as at 1 July 2017	**3,417**	**713**	**2,841**	**9,134**	**1,759**	**17,864**
Additional provisions made	3,405	2,076	224	830	3,199	9,734
Amounts used	(933)	-	(2,131)	(537)	-	(3,601)
Unused amounts reversed	-	(214)	(363)		-	(577)
Discount unwind	-	57	-	-	-	57
Transfer to Oranga Tamariki	(1,800)	-	-	-	-	(1,800)
Balance as at 30 June 2018	**4,089**	**2,632**	**571**	**9,427**	**4,958**	**21,677**
2019						
Balance as at 1 July 2018	**4,089**	**2,632**	**571**	**9,427**	**4,958**	**21,677**
Additional provisions made	2,678	320	132	-	-	3,130
Amounts used	(1,049)	-	(139)	(586)	(3,372)	(5,146)
Unused amounts reversed	-	(870)	-	-	(538)	(1,408)
Discount unwind	-	346	-	-	-	346
Transfer to Oranga Tamariki	(2,795)	-	-	-	-	(2,795)
Balance as at 30 June 2019	**2,923**	**2,428**	**564**	**8,841**	**1,048**	**15,804**

ACC Partnership programme

The Ministry belongs to the ACC Accredited Employer programme, whereby it 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 $500,000.

The liability for the ACC Partnership programme is measured at the present value of expected future payments to be made for employees' injuries and claims up to the reporting date using actuarial techniques. Consideration is given to the expected future wage and salary levels and the experience of employees' claims and injuries. Expected future payments are discounted using market yields at the reporting date on New Zealand government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The Ministry manages its exposure arising from the programme by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety policies
- providing induction training on health and safety
- actively managing 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, which 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 2019. 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 it has installed.

At year-end there were nine sites where a lease reinstatement provision had been established with a value of $2.428 million (2018: nine sites with a value of $2.632 million). The timing of any future lease reinstatement work is currently up to 15 years and one month 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 $2.860 million (2018: $2.581 million) was established for the lease reinstatement costs. This is being depreciated on a straight-line basis for each lease term.

Operating lease incentive

The lease incentive relates to an initial 12-month rent-free period beginning from August 2017 on the National Office building at 56 The Terrace, Wellington. The lease is over a term of 18 years and the rent-free period is currently being amortised over the term of the lease in accordance with generally accepted accounting standards.

Restructuring provision

Restructuring provision is for equalisation allowances of $0.288 million (2018: $0.345 million) for staff members affected by restructures in 2009 and 2017 who were reassigned to positions with the Ministry at lower salary levels.

A restructuring provision of $0.276 million for the remaining Ministry staff impacted by the establishment of Oranga Tamariki has been made in June 2019 (2018: $0.224 million).

The total restructuring provision as at 30 June 2019 is $0.564 million (2018: $0.571 million).

Holidays Act provision

The Holidays Act provision accounts for any Ministry payroll compliance issues with regard to the Holidays Act 2003. This is mainly relating to employees and ex-employees who have worked different shifts and hours each week, resulting in underpaid leave over a period of time. The value of the provision of $1.048 million (2018: $4.958 million) is based on a professional assessment by the Ministry's human resources group.

Note 14: Employee entitlements

Actual 2018 $000		Actual 2019 $000
	Current liabilities	
10,019	Retirement and long service leave	10,585
28,483	Provision for annual leave	29,096
1,716	Provision for sick leave	1,801
40,218	**Total current liabilities**	**41,482**
	Non-current liabilities	
37,524	Retirement and long service leave	44,149
37,524	**Total non-current liabilities**	**44,149**
77,742	**Total employment entitlements**	**85,631**

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 2018				as at 30 June 2019		
2019 %	2020 %	2021 %	Employee Entitlement Variables	2020 %	2021 %	2022 %
1.78	1.90	3.55	Discount rates	1.26	1.03	2.23
3.10	3.10	3.10	Salary inflation	2.92	2.92	2.92

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

	Actual 2019 $000	Salary + 1% 2019 $000	Salary - 1% 2019 $000	Discount + 1% 2019 $000	Discount - 1% 2019 $000
Current	7,678	24	(24)	(12)	13
Non-current	20,201	2,052	(1,788)	(1,692)	1,978
Total	**27,879**	**2,076**	**(1,812)**	**(1,704)**	**1,991**

Note 15: Equity

Actual 2018 $000		Actual 2019 $000
	Taxpayers' funds	
165,457	**Balance at 1 July**	**197,448**
27,742	Surplus/(deficit)	18,788
32,569	Capital injection – cash	11,712
-	Capital injection – non-cash	843
(578)	Capital withdrawal – cash	(3,744)
(27,742)	Repayment of surplus	(18,788)
197,448	**Balance at 30 June**	**206,259**
	Revaluation reserves	
29,944	**Balance at 1 July**	**29,944**
-	Revaluation gains	-
-	Transfer to Taxpayers' funds on asset transfer to Oranga Tamariki	-
29,944	**Balance at 30 June**	**29,944**
227,392	**Total Equity**	**236,203**

Note 16: Reconciliation of net surplus/(deficit) to net cash from operating activities

Actual 2018 $000		Actual 2019 $000
27,742	**Net surplus/(deficit)**	**18,788**
	Add/(less) non-cash items	
23,208	Depreciation	21,627
39,662	Amortisation	42,695
62,870	**Total non-cash items**	**64,322**
	Add/(less) items classified as investing or financing activities	
374	(Gains)/losses on disposal property, plant and equipment	2,691
374	**Total items classified as investing or financing activities**	**2,691**
	Add/(less) working capital movements	
18,462	(Increase)/decrease in accounts receivable	10,725
(2,037)	(Increase)/decrease in prepayments	(5,109)
(27,221)	Increase/(decrease) in accounts payable	22,436
(1,139)	Increase/(decrease) in revenue received in advance	(2,235)
-	Increase/(decrease) in provision for employee entitlements	1,264
3,813	Increase/(decrease) other provisions	(5,873)
(8,122)	**Net movements in working capital items**	**21,208**
	Add/(less) movements in non-current liabilities	
1,419	Increase/(decrease) in provision for employee entitlements	6,625
1,419	**Net movements in non-current liabilities**	**6,625**
84,283	**Net cash inflow from operating activities**	**113,634**

Note 17: Related party transactions

The Ministry is a wholly-owned entity of the Crown and received funding from the Crown of $966 million to provide services to the public for the year ended 30 June 2019 (2018: $926 million). 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 conditions 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

A member of the Senior Management Team holds 600 shares of Fronde Systems Group Ltd (Fronde) as at 30 June 2019 (estimated value per share $3.00). Fronde is a private widely held company headquartered in Wellington, New Zealand. The Ministry had transactions with Fronde to the value of $3.299 million during the year for IT support services. Fronde has provided support and development services to Student Allowances and Loans applications and e-services applications since 1999 and 2008 respectively.

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

Actual 2018		Actual 2019
	Leadership Team, including the Chief Executive	
$2,713,339	Remuneration	$2,603,722
6.3	Full-time equivalent members	6.2

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 18: Events after the balance sheet date

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

Note 19: Financial instruments

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

Actual 2018 $000		Actual 2019 $000
	Loans and receivables	
90,814	Cash and cash equivalents	121,666
16,506	Accounts receivable and crown receivable	5,781
107,320	**Total loans and receivables**	**127,447**
	Financial liabilities measured at amortised cost	
88,196	Creditors, accruals and revenue received in advance	100,876
88,196	**Total financial liabilities measured at amortised cost**	**100,876**

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 process 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 2018/19 there were no instruments recognised at fair value in the Statement of Financial Position (2018: 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 that 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 that 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 it 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 Ministry's net aggregate New Zealand dollar 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 2019 there were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2018: no significant foreign exchange exposures).

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or that 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 that 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 & Poor's credit rating AA-), a registered bank, and to enter into foreign exchange forward contracts with the New Zealand Debt Management Office (Standard & Poor's credit rating 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 7), and derivative financial instrument assets. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet its commitments as they fall due.

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash 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 2018 $000		Actual 2019 $000
	Creditors and other payables	
88,196	Less than six months	100,876
88,196	**Total creditors and other payables**	**100,876**

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2018: nil).

Note 20: Capital management

The Ministry's capital is its equity (or taxpayers' funds), which comprises general funds and revaluation reserves. Equity is represented by net assets.

The Ministry manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Ministry's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and the Ministry's compliance with the Government Budget processes, Treasury Instructions and the Public Finance Act.

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

Note 21: Major budget variations

Explanations for major variances from the Ministry's estimated figures in the Forecast Financial Statements 2018/19 are as follows:

	Notes	Actual 2019 $000	Unaudited Budget 2019 $000	Variance 2019 $000
Statement of Comprehensive Revenue and Expense				
Revenue				
Revenue Crown	a	966,215	943,873	22,342
Expenses				
Other operating expenses	b	447,399	461,087	(13,688)
Statement of Financial Position				
Equity				
Taxpayers' funds	c	206,260	230,362	(24,102)
Assets				
Current assets				
Cash and cash equivalents	d	121,666	59,168	62,498
Accounts receivable	e	5,781	10,672	(4,891)
Prepayments	f	30,647	23,501	7,146
Liabilities				
Non-current liabilities				
Provision for employee entitlements – non-current	g	44,149	36,105	8,044
Statement of Cash Flows				
Cash flows from operating activities				
Receipts from Crown revenue	h	971,285	943,873	27,412
Cash flows from investing activities				
Purchase of property, plant and equipment	i	(35,524)	(89,219)	53,695
Cash flows from financing activities				
Return of operating surplus	j	(27,742)	(18,000)	(9,742)

Statement of Comprehensive Revenue and Expense

a. Revenue Crown is higher than budgeted by $22.342 million, mainly due to increases in new funding received during the financial year for Administration of the Families Package ($12.202 million), Development of the Availability and Resilience project ($7.295 million), Historic Claims multi-year appropriation revenue reforecast ($6.676 million), Intensive Client Support – Extension ($3.055 million), and Corporate Support Services adjustment ($2.845 million). These increases were offset by a transfer of revenue to the Ministry of Housing and Urban Development from 1 October 2018 ($8.954 million).
b. Other operating expenses is lower than budgeted by $13.688 million, mainly due to delays in programmes of work such as Limited Service Volunteer ($2.432 million), Intensive Client Support ($2.200 million), Front of House Upgrade ($2.200 million), Research and Evaluation ($1.549 million), Youth Health and Wellbeing Survey ($1.300 million), Analytics to the Frontline ($0.600 million), Growing Up In New Zealand Study ($0.400 million), and Family Violence Research ($0.290 million). The Ministry has applied for expense transfers to shift these underspends from 2018/19 to 2019/20 to ensure that funding is available to complete the work programmes. There was also a one-off decrease in corporate support services to Oranga Tamariki for Digital Workplace costs ($2.000 million).

Statement of Financial Position

c. Taxpayers' funds are lower than budgeted by $24.102 million, mainly because the Ministry has postponed the planned capital contribution for the security fit-out of the client-facing service delivery site offices to 2019/20 due to timing delays with the project.
d. Cash and cash equivalents are higher than budgeted by $62.498 million mainly because of the timing of cash draw-downs and payments to employees/suppliers, and lower capital expenditure.
e. Accounts receivable is lower than budgeted by $4.891 million, due to the timing of the settlement of outstanding invoices.
f. Prepayments is higher than budget by $7.146 million, mainly due to the timing of IT software licence payments.
g. Provision for non-current employee entitlements is higher than budget by $8.044 million. This is mainly due to the decrease in interest rates and a variation in the actual number of days of annual leave entitlements for employees from the unaudited budget assumptions.

Statement of Cash Flows

h. Receipts from Revenue Crown is higher than budget by $27.412 million, mainly due to the additional Revenue Crown of $22.342 million (refer note [a]) offset by the Crown Payable balance as at 30 June 2019 of $5.070 million, which mainly relates to Claims Resolution revenue funding.
i. Purchase of property, plant and equipment is lower than budget by $53.695 million, mainly due to the delay with major capital projects – the Security Fitout, and the Availability and Resilience and Modernising Frontline Tools project – to the next financial year.
j. Return of operating surplus is higher than budget by $9.742 million, mainly due to significant In-principle Expense and Capital Transfer (IPECTs)[106] of funding from 2017/18 to 2018/19 including Intensive Client Support – Extension and Supporting Offenders into Employment trials resulting in a larger-than-anticipated operating surplus in 2017/18.

106 IPECTs approved by joint Ministers are used to transfer funding up to a maximum amount from an appropriation in one financial year to the same appropriation in one or more of the next three financial years, where there is no change to the total amount of spending across the affected years and to the output being purchased. IPECTs can be used only where a factor outside of the department's control has caused a delay in a specific and discrete project and the costs cannot be met from the baseline of the future years.

Note 22: Expenditures on contractors and consultants

The Ministry uses contractors and consultants to provide backfill for vacant positions or to cover short-term demand where specialist skills or independent external advice are needed (such as for specific programmes or projects), and in periods of peak demand.

A contractor is a person who is not considered an employee but who provides backfill or extra capacity in a role that exists within the Ministry or acts as an additional resource, for a time-limited piece of work.

A consultant is a person or a firm who is not considered a contractor or an employee but who is engaged to provide expertise in a field not readily available from within the Ministry, for a specific piece of work with a clearly defined scope.

Note that reporting has changed from previous year to disclose contractors and consultants operating and capital expenditure separately due to implementing new guidelines from the State Services Commission.

For transparency reasons the Ministry has elected to disclose expenditure on contractors and consultants information separately as below:

Actual 2018 $000		Notes	Actual 2019 $000
14,972	Contractors and consultants – general	5	14,670
5,000	Contractors and consultants – ICT projects	5	11,075
19,972	**Total contractors and consultants – operating**		**25,745**
49,000	Contractors and consultants – captalised to assets	10	20,301
49,000	**Total contractors and consultants – capital**		**20,301**
68,972	**Total contractors and consultants**		**46,046**

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 prepared in accordance with PBE accounting standards.

Changes in accounting policies

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

Significant accounting policies

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

Budget figures

The 2019 budget figures are for the year ended 30 June 2019, which are consistent with the best estimate financial information submitted to the Treasury for the BEFU for the year ending 30 June 2019.

Revenue

The Ministry administers revenue on behalf of the Crown. This revenue includes student loan administration fees, interest revenue, maintenance capitalisation, Income-related Rent Subsidy (IRRS) recoveries 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 Advances, which were advances made for the repairs or maintenance of clients' homes. This programme is no longer current.

Maintenance capitalisation relates to the old child support scheme managed by the Department of Social Welfare 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.

IRRS recoveries relate to the recovery of debt established after income related rent reviews due to rental underpayments by clients.

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. Refer to Note 4 for information on foreign currency risk management.

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 that the Ministry will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, a probability the debtor will enter into bankruptcy and defaults in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rates. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Schedule of Non-Departmental Expenses. When a debt is uncollectible, it is written off against the allowance account for debtors. Overdue receivables that are renegotiated are reclassified as current (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 (GST)

All items in the financial statements, including the appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated inclusive of GST. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. An input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue at the consolidation of the Financial Statements of the Government.

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 2019.

Non-Departmental Financial Statements and Schedules

For the year ended 30 June 2019

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 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000
1	Interest revenue		1	-
419	Maintenance capitalisation		122	450
9,193	Student loans administration fee	2	8,792	8,962
-	Income-related Rent Subsidy recoveries		3,439	-
9,613	**Total non-departmental revenue**		**12,354**	**9,412**

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Student Loan advances, refer to 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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Capital Receipts

For the year ended 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000
248,262	Benefit recoveries – current debt		257,913	243,821
744	Benefit recoveries – liable parent contributions		673	786
105,305	Benefit recoveries – non-current debt		104,518	103,020
289,036	Overseas pension recoveries		315,193	323,270
96,547	Student Loans – repayment of principal	2	107,288	93,025
739,894	**Total non-departmental capital receipts**		**785,585**	**763,922**

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Student Loan advances, refer to Note 2.

Benefit recoveries (current and non-current) represents the amounts collected from clients either by way of regular deductions from the client's benefit payments or repayments from former clients and non-beneficiaries. When a debt is established, it is disclosed as a reduction in social benefit expense.

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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Expenses

For the year ended 30 June 2019

Actual 2018 $000		Actual 2019 $000	Unaudited Budget 2019 $000
1,153,254	Non-departmental output expenses	449,881	1,290,146
103,714	Non-departmental other expenses	62,822	142,989
1,638,328	Non-departmental capital expenditure	1,759,310	1,738,400
21,106,981	Benefits or related expenses	23,078,785	22,729,840
37,688	Other operating expenses	33,249	66,783
24,039,965	**Total non-departmental expenses**	**25,384,047**	**25,968,158**

The Other operating expenses of $33.249 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 in 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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Assets

As at 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000
	Current assets			
279,177	Cash and cash equivalents	4	300,176	235,342
6,186	Crown equity investment		-	-
136,339	Receivables	3	359,630	331,225
16,630	Prepayments – benefits and allowances		693	15,117
438,332	**Total current assets**		**660,499**	**581,684**
	Non-current assets			
671,261	Receivables	3	696,699	492,861
45	Other advances		37	30
671,306	**Total non-current assets**		**696,736**	**492,891**
1,109,638	**Total non-departmental assets**		**1,357,235**	**1,074,575**

Explanations of significant variances against budget are detailed in Note 1.

For additional details on Accounts receivable – benefits and allowances refer to 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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Liabilities

As at 30 June 2019

Actual 2018 $000		Notes	Actual 2019 $000	Unaudited Budget 2019 $000
	Current liabilities			
338,987	Accruals – other than government departments	4	411,053	381,140
109,411	Tax payable		103,723	102,667
3,003	Other current liabilities	4	2,097	-
451,401	**Total non-departmental liabilities**		**516,873**	**483,807**

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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Commitments

As at 30 June 2019

Actual 2018 $000		Actual 2019 $000
	Capital commitments	
-	Buildings	-
-	**Total capital commitments**	**-**
	Operating commitments	
	Non-cancellable accommodation leases	
38,953	Not later than one year	-
39,002	Later than one year and not later than five years	-
575	Later than five years	-
78,530	**Total non-cancellable accommodation leases**	**-**
78,530	**Total operating commitments**	**-**
78,530	**Total commitments**	**-**

The Ministry entered into various short- and long-term lease arrangements with housing providers for the provision of emergency, transitional and public housing places to meet projected demand for housing places for clients last year. Following the establishment of the Ministry of Housing and Urban Development (MHUD) on 1 October 2018, these lease agreements have been transferred to MHUD as part of the social housing programme.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Schedule of Non-Departmental Contingent Liabilities and Contingent Assets

As at 30 June 2019

Unquantifiable contingent liabilities

The Ministry on behalf of the Crown has no unquantifiable contingent liabilities as at 30 June 2019 (2018: nil).

Quantifiable contingent liabilities

There are no quantifiable cases lodged against the Ministry that remain unresolved as at 30 June 2019 (2018: nil).

Unquantifiable contingent assets

Public Housing – Crown Residual Interest (CRI)

The Ministry on behalf of the Crown had the contractual right to receive the return of Crown Residual Interest (CRI) in relation to public housing properties released from capacity contracts with registered community housing providers via a cash payment as at 30 June 2018. The CRI is an asset created to provide protection to the Crown in the event that a property is no longer needed for public housing.

These assets have been transferred to MHUD as part of the social housing programme.

The Ministry on behalf of the Crown has no unquantifiable contingent assets as at 30 June 2019.

Quantifiable contingent assets

The Ministry on behalf of the Crown has no quantifiable contingent assets as at 30 June 2019 (2018: 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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

Statement of Trust Monies

For the year ended 30 June 2019

The Ministry operates trust accounts as the agent under section 66 of the Public Finance Act. The transactions through these accounts and their balances as at 30 June 2019 are not included in the Ministry's own financial statements. Movements in these accounts during the year ended 30 June 2019 were as follows:

Actual 2018 $000		Actual 2019 $000
	Australian Debt Recoveries	
-	**Balance at 1 July**	**1**
8	Contributions	6
(7)	Distributions	(7)
1	**Balance at 30 June**	**-**
	Australian Embargoed Arrears	
536	**Balance at 1 July**	**519**
5,206	Contributions	11,965
(5,230)	Distributions	(11,648)
7	Revenue	16
519	**Balance at 30 June**	**852**
	Maintenance	
22	**Balance at 1 July**	**31**
538	Contributions	513
(534)	Distributions	(515)
5	Revenue	3
31	**Balance at 30 June**	**32**
	Netherlands Debt	
11	**Balance at 1 July**	**-**
100	Contributions	113
(111)	Distributions	(98)
-	**Balance at 30 June**	**15**
551	**Total trust monies**	**899**

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 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 2018/19.

The Statement of Accounting Policies: Non-departmental on pages 202 to 205 and Notes 1 to 4 on pages 215 to 220 form part of these financial statements.

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 budget figures are as follows:

Schedule of revenue and expenses

Non-departmental output expenses were lower than budget by $840.265 million, mainly due to the establishment of the Ministry of Housing and Urban Development (MHUD), resulting in appropriation transfers from 1 October 2018.

Non-departmental other expenses were lower than budget by $80.167 million, mainly due to lower expenditure on debt write-downs from interest rate remeasurement ($57.325 million) and the transfer of social housing-related appropriations to MHUD from 1 October 2018 ($16.312 million).

Non-departmental capital expenditure was higher than budget by $20.910 million. This is mainly due to the Recoverable Assistance variance against the unaudited budget of $72 million, offset by the transfer of social housing-related appropriations to MHUD from 1 October 2018 ($51.302 million).

Benefits or related expenses were higher than budget by $348.945 million. This is mainly due to higher expenditure of Jobseeker Support and Emergency Benefit ($142 million), Accommodation Assistance ($132 million), Hardship Assistance ($32 million) and New Zealand Superannuation ($23 million).

There are no other significant variances against budget.

Schedule of assets and liabilities

Cash and cash equivalents are higher than budget by $64.834 million, mainly due to the timing of cash drawdowns from the Treasury.

Current and non-current receivables were higher than budget by $232.243 million. This is mainly because of a lower provision for doubtful debts of $57.325 million due to interest rate remeasurement, $82 million in additional social benefit receivables established during the year, and an increase in accounts receivables of $93.275 million from MHUD for providing shared services of managing contract payments during the transition period.

Prepayments were lower than budget by $14.424 million, mainly due to the transfer of Income-related Rent Subsidy payments to MHUD from 1 October 2018.

Note 2: Student Loan advances

Carrying value of Student Loans

As at 30 June 2019

Actual 2018 $000		Actual 2019 $000
	Student Loans	
-	**Opening nominal balance**	-
1,424,885	New lending	1,458,696
(96,547)	Repayment	(107,288)
(1,337,531)	Loan balance transfer to IRD	(1,360,200)
9,193	Administration fee	8,792
-	**Closing nominal balance**	-
-	**Net carrying value of Student Loans**	-

The Student Loan Scheme is administered by the Ministry 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 IRD on a daily basis for collection. The interest rate risk and the credit risk on Student Loans are held by 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 1.03 percent and 4.30 percent (1.78 percent and 4.42 percent at 30 June 2018).

The fair value of the portfolio as at 30 June 2019 is $1,056 million ($808 million at 30 June 2018).

Social benefit and other receivables

As at 30 June 2019

Actual 2018 $000		Actual 2019 $000
	Social benefit receivables	
1,589,593	Nominal value of receivables	1,829,818
1,589,593	Gross value of receivables	1,829,818
(782,932)	less provision for impairment[107]	(774,442)
806,661	Net social benefit receivables	1,055,376
939	Other receivables	953
807,600	**Total receivables**	**1,056,329**
	Total receivables are represented by:	
136,339	Current	359,630
671,261	Non-current	696,699
807,600	**Balance at end of the year**	**1,056,329**
	Social benefit receivables	
	Movements in the carrying value of the loans are as follows:	
734,729	**Balance at 1 July**	**806,661**
465,090	Face value of new receivables during the year	620,310
(354,311)	Receivables repaid during the year	(363,104)
(38,847)	Subsequent net impairment	(8,491)
806,661	**Balance at 30 June**	**1,055,376**

Impairment is calculated on a collective basis, not on an individual basis. There was a negative net movement in impairment of $8.491 million during the 2018/19 year (2018: $38.847 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 $50.348 million. A decrease in the discount rate of 1 percent would increase fair value by approximately $60.558 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 that the fair value will fluctuate due to changes in interest rates. A range of interest rates is used for every duration year up to 57 years. Different interest rates used for various duration years have reduced between 0.45 percent and 1.53 percent for the 2018/19 financial year. (2018: reduced between 0.19 percent and 0.33 percent).

Credit risk is the risk that a 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.

107 Impairment of social benefit receivables includes a decrease of $57.325 million of remeasurement due to changes in interest and collection cost rates.

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 2018 $000		Actual 2019 $000
	Loans and receivables	
279,177	Cash and cash equivalents	300,176
939	Debtors and other receivables	953
280,116	**Total loans and receivables**	**301,129**
	Fair value through surplus or deficit – held for trading	
-	Derivative financial instrument liabilities	-
	Financial liabilities measured at amortised cost	
341,990	Creditors and other payables	413,150

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 process 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 2018/19 there were no instruments recognised at fair value in the Statement of Financial Position (2018: 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 that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

At balance date, the Ministry had no foreign exchange forward contracts (2018: nil).

Sensitivity analysis

There were no significant foreign exchange exposures that required a sensitivity analysis to be prepared (2018: none).

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or that 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 that 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 & 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 & 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. No collateral is 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 2018 $000		Actual 2019 $000
	Creditors and other payables	
341,990	Less than six months	413,150
341,990		**413,150**

Contractual maturity analysis of derivative financial instrument liabilities

The Ministry currently does not have any forward exchange contract derivatives (2018: nil).

Appropriation Statements

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 2019.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[108] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[109] 2019 $000	Location of end-of-year performance inform-ation[110] $000
	Vote Social Development					
	Departmental output expenses					
-	Administration of Service Cards	3,467	(38)	3,429	3,490	1
86,629	Corporate Support Services	72,970	-	72,970	72,970	1
12,471	Data, Analytics and Evidence Services	16,196	(147)	16,049	18,393	1
-	Enhancement and Promotion of SuperGold Cards	114	-	114	162	1
-	Establishment of Independent Monitor of the Oranga Tamariki System	608	-	608	1,200	1
46,561	Income Support and Assistance to Seniors	48,850	(625)	48,225	49,339	1
46,726	Investigation of Overpayments and Fraudulent Payments and Collection of Overpayments	48,313	(463)	47,850	49,005	1
5,387	Management of Service Cards	2,532	-	2,532	2,532	1
16,553	Management of Student Loans	16,803	(4)	16,799	17,403	1
16,587	Management of Student Support	16,569	(5)	16,564	16,793	1
-	Place-Based Initiatives – South Auckland Social Wellbeing Board	1,017	-	1,017	1,075	1
391	Place-Based Initiatives – Tairāwhiti Local Leadership	941	-	941	941	1

108 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes $57.325 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

109 These are the appropriations from the Supplementary Estimates.

110 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. The Vote Social Development Non-departmental Appropriations Report
3. The Vote Social Housing Non-departmental Appropriations Report
4. No reporting due to an exemption obtained under section 15D of the Public Finance Act
5. The Office of the Children's Commissioner's Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2018 $000		Expenditure including Remeasurements 2019 $000	Remeasurements[111] 2019 $000	Expenditure excluding Remeasurements 2019 $000	Appropriation voted[112] 2019 $000	Location of end-of-year performance information[113] $000
5,355	Planning, Correspondence and Monitoring	6,044	(34)	6,010	6,193	1
13,791	Policy Advice	15,130	(79)	15,051	16,036	1
641	Processing of Veterans' Pensions	621	(2)	619	675	1
5,025	Promoting Positive Outcomes for Disabled People	5,256	(17)	5,239	5,379	1
1,139	Promoting Positive Outcomes for Seniors	1,024	(3)	1,021	1,043	1
-	Services to Support People to Access Accommodation	26,166	(196)	25,970	26,583	1
257,256	**Total departmental output expenses**	**282,621**	**(1,613)**	**281,008**	**289,212**	
	Departmental other expenses					
-	Management of Residual Obligations arising from the disestablishment of Superu	430	-	430	530	1
-	**Total departmental other expenses**	**430**	**-**	**430**	**530**	
	Departmental capital expenditure					
86,050	Ministry of Social Development – Capital Expenditure Permanent Legislative Authority under section 24(1) of the Public Finance Act	64,463	-	64,463	153,603	1
86,050	**Total departmental capital expenditure**	**64,463**	**-**	**64,463**	**153,603**	

111 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes $57.325 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

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1. The Ministry's Annual Report
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5. The Office of the Children's Commissioner's Annual Report.

Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[114] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[115] 2019 $000	Location of end-of-year performance inform-ation[116] $000
	Non-departmental output expenses					
2,657	Children's Commissioner	3,157	-	3,157	3,157	5
80,610	Community Participation Services	78,242	-	78,242	80,886	2
3,336	Student Placement Services	3,336	-	3,336	3,512	4
6,264	Supporting Equitable Pay for Care and Support Workers	9,567	-	9,567	9,721	4
1,930	Families Commission	-	-	-	-	-
94,797	**Total non-departmental output expenses**	**94,302**	**-**	**94,302**	**97,276**	
	Non-departmental other expenses					
59,552	Debt Write-downs	12,461	57,325	69,786	83,089	4
1,225	Extraordinary Care Fund	2,200	-	2,200	2,308	4
-	Housing Support Package	1,553	-	1,553	2,005	2
18,992	Out of School Care and Recreation Programmes	18,450	-	18,450	19,539	2
-	Reimbursement of Income-related Rent Overpayments	2,446	-	2,446	2,586	4
79,769	**Total non-departmental other expenses**	**37,110**	**57,325**	**94,435**	**109,527**	
	Non-departmental capital expenditure					
207,257	Recoverable Assistance	277,265	-	277,265	293,080	4
1,424,885	Student Loans	1,458,696	-	1,458,696	1,515,363	4
1,632,142	**Total non-departmental capital expenditure**	**1,735,961**	**-**	**1,735,961**	**1,808,443**	

114 The remeasurement adjustment to departmental output expense appropriations and departmental output expense categories of MCAs relates to movement in the unvested long service leave provision due to changes in discount rates. The Non-departmental other expense, Debt Write-downs includes $57.325 million of remeasurement due to changes in interest rates. The Ministry is appropriated for expenditure excluding remeasurements.

115 These are the appropriations from the Supplementary Estimates.

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[117] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[118] 2019 $000	Location of end-of-year performance inform-ation[119] $000
	Multi-category appropriations					
93,977	**Community Support Services MCA**	**104,582**	**(55)**	**104,527**	**104,999**	
	Departmental output expenses					
23,728	*Developing and Managing Community Services*	25,395	(55)	25,340	25,570	1
	Non-departmental output expenses					
22,826	*Community Support and Advice*	22,009	-	22,009	22,147	1
-	*Improving Children's Participation in Education*	1,550	-	1,550	1,550	1
2,956	*Participation and Support Services for Seniors*	2,952	-	2,952	2,991	1
44,467	*Supporting Victims and Perpetrators of Family and Sexual Violence*	52,676	-	52,676	52,741	1
655,844	**Improved Employment and Social Outcomes Support MCA**	**694,106**	**(3,830)**	**690,276**	**705,805**	
	Departmental output expenses					
299,872	*Administering Income Support*	319,805	(2,323)	317,482	320,772	1
272,580	*Improving Employment Outcomes*	282,968	(1,426)	281,542	293,154	1
83,392	*Improving Work Readiness Outcomes*	91,333	(81)	91,252	91,879	1

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2018 $000		Expenditure including Remeasurements 2019 $000	Remeasurements[120] 2019 $000	Expenditure excluding Remeasurements 2019 $000	Appropriation voted[121] 2019 $000	Location of end-of-year performance information[122] $000
10,322	**Partnering for Youth Development MCA**	**11,376**	**(18)**	**11,358**	**12,649**	
	Departmental output expenses					
2,079	*Administering Youth Development*	3,276	(18)	3,258	4,396	1
	Non-departmental output expenses					
8,243	*Increasing Youth Development Opportunities*	8,100	-	8,100	8,253	1
230	**Independent Advice on Government Priority Areas MCA**	**-**	**-**	**-**	**-**	
	Non-departmental output expenses					
1	*Other Advice*	-	-	-	-	
229	*Policy Advice*	-	-	-	-	
759,913	**Total multi-category appropriations**	**810,064**	**(3,903)**	**806,161**	**823,453**	

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[123] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[124] 2019 $000	Location of end-of-year performance inform-ation[125] $000
	Benefits or related expenses					
-	Accommodation Assistance	1,247,164	-	1,247,164	1,282,719	4
196,083	Childcare Assistance	182,686	-	182,686	187,763	4
379,302	Disability Assistance	385,675	-	385,675	390,056	4
65	Family Start/NGO Awards	13	-	13	705	4
354,660	Hardship Assistance	300,218	-	300,218	320,001	4
1,697,342	Jobseeker Support and Emergency Benefit	1,854,403	-	1,854,403	1,878,849	4
13,698,735	New Zealand Superannuation	14,562,259	-	14,562,259	14,587,555	4
164,979	Orphan's/Unsupported Child's Benefit	224,946	-	224,946	227,901	4
1,116,671	Sole Parent Support	1,114,601	-	1,114,601	1,127,603	4
10,513	Special Circumstance Assistance	10,977	-	10,977	11,494	4
510,804	Student Allowances	582,996	-	582,996	603,523	4
12,906	Study Scholarships and Awards	14,319	-	14,319	19,167	4
1,540,605	Supported Living Payment	1,556,497	-	1,556,497	1,562,611	4
140	Transitional Assistance	43	-	43	370	4
162,911	Veterans' Pension	153,488	-	153,488	154,658	4
-	Winter Energy Payment	441,347	-	441,347	450,110	4
2,659	Work Assistance	2,107	-	2,107	2,911	4
55,088	Youth Payment and Young Parent Payment	52,053	-	52,053	53,545	4
19,903,463	**Total benefits or related expenses**	**22,685,792**	**-**	**22,685,792**	**22,861,541**	
22,813,850	**Total annual and permanent appropriations**	**25,710,743**	**51,809**	**25,762,552**	**26,143,585**	

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[126] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[127] 2019 $000	Location of end-of-year performance inform-ation[128] $000
	Multi-year appropriations					
	Departmental output expenses					
40	Administering Support for the Mental Health and Employment Social Bond Pilot	60	-	60	80	1
5,666	Claims Resolution	6,094	-	6,094	9,700	1
	Non-departmental output expenses					
62	Mental Health and Employment Social Bond Pilot	581	-	581	1,204	4
5,768	**Total multi-year appropriations**	**6,735**	**-**	**6,735**	**10,984**	
2,819,618	**Total Vote Social Development**	**25,717,478**	**51,809**	**25,769,287**	**26,154,569**	
	Vote Social Housing					
	Departmental output expenses					
431	Administering the Legacy Social Housing Fund	-	-	-	-	
431	**Total departmental output expenses**	**-**	**-**	**-**	**-**	
	Non-departmental other expenses					
3,944	Social Housing Provider Development	-	-	-	-	
3,944	**Total non-departmental other**	**-**	**-**	**-**	**-**	

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[129] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[130] 2019 $000	Location of end-of-year performance inform-ation[131] $000
	Benefits or related expenses					
1,203,518	Accommodation Assistance	392,993	-	392,993	392,993	4
1,203,518	**Total benefits or related expenses**	**392,993**	**-**	**392,993**	**392,993**	
	Multi-category appropriations					
20,343	**Community Group Housing MCA**	**4,499**	**-**	**4,499**	**4,499**	
	Non-departmental output expenses					
10,106	*Community Group Housing Market Rent Top-Up*	3,473	-	3,473	3,473	1
	Non-departmental other expenses					
4,051	*Community Housing Rent Relief*	1,026	-	1,026	1,026	1
	Non-departmental capital expenditure					
6,186	*Acquisition and Improvement of Community Group Housing Properties*	-	-	-	-	1
74,758	**Transitional Housing MCA**	**46,718**	**-**	**46,718**	**46,718**	
	Non-departmental output expenses					
35,432	*Provision of Transitional Housing Places*	14,576	-	14,576	14,576	1
36,771	*Transitional Housing Services*	8,793	-	8,793	8,793	1

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasure-ments 2018 $000		Expenditure including Remeasure-ments 2019 $000	Remeasure-ments[132] 2019 $000	Expenditure excluding Remeasure-ments 2019 $000	Appropriat-ion voted[133] 2019 $000	Location of end-of-year performance inform-ation[134] $000
	Non-departmental other expenditure					
2,555	*Impairment of Crown Assets Related to Transitional Housing*	-	-	-	-	
	Non-departmental capital expenditure					
-	*Acquisition, Development and Construction of Transitional Housing*	23,349	-	23,349	23,349	1
52,966	**Social Housing Outcomes Support MCA**	**14,334**	**-**	**14,334**	**14,334**	
	Departmental output expenses					
43,327	*Services to Support People to Access Accommodation*	12,280		12,280	12,280	1
	Non-departmental output expenses					
6,819	*Services Related to Supporting Outcomes for those in Need of or at Risk of Needing Social Housing*	1,459	-	1,459	1,459	1
	Non-departmental other expenses					
2,820	*Housing Support Package*	595	-	595	595	1

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Statement of Budgeted and Actual Expenses and Capital Expenditure incurred against appropriations (continued)

For the year ended 30 June 2019

Annual and permanent appropriations for the Ministry of Social Development

Expenditure including Remeasurements 2018 $000		Expenditure including Remeasurements 2019 $000	Remeasurements[135] 2019 $000	Expenditure excluding Remeasurements 2019 $000	Appropriation voted[136] 2019 $000	Location of end-of-year performance information[137] $000
901,120	**Social Housing Purchasing MCA**	**263,504**	**-**	**263,504**	**263,504**	
	Non-departmental output expenses					
890,145	*Part Payment of Rent to Social Housing Providers*	239,263	-	239,263	240,396	1
400	*Services Related to the Provision of Social Housing*	150	-	150	150	1
	Non-departmental other expenses					
10,575	*Support for the Provision of Social Housing Supply*	24,091	-	24,091	22,958	1
1,049,187	**Total multi-category appropriations**	**329,055**	**-**	**329,055**	**329,055**	
2,257,080	**Total annual and permanent appropriations**	**722,048**	**-**	**722,048**	**722,048**	
2,257,080	**Total Vote Social Housing**	**722,048**	**-**	**722,048**	**722,048**	
25,076,698	**Total annual, permanent and multi-year appropriations**	**26,439,526**	**51,809**	**26,491,335**	**26,876,617**	

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Transfers approved under section 26A of the Public Finance Act

The approved appropriation includes adjustments made in the Supplementary Estimates. No transfers were made under section 26A of the Public Finance Act.

Statement of Expenses and Capital Expenditure incurred without, or in excess of, appropriation or other authority

For the year ended 30 June 2019

	Expenditure excluding Remeasurements 2019 $000	Appropriation Voted 2019 $000	Unappropriated Expenditure 2019 $000
Vote Social Development			
Benefits or related expenses			
Winter Energy Payment	441,347	450,110	3,373

Expenses and capital expenditure approved under section 26B of the Public Finance Act

Nil.

Expenses and capital expenditure incurred in excess of appropriation

Nil.

Expenses and capital expenditure incurred without appropriation or outside scope or period of appropriation

The Winter Energy Payment (WEP) had expenditure that was not in accordance with criteria set out in the Social Security Act 1964[138] to which the scope of the appropriation specifically refers. This was a result of the original WEP legislation not aligning with the original policy intent as agreed by Cabinet in late 2017. The errors relate to two specific situations as follows:

- WEP being paid to people when they also receive government funding for long-term residential care or residential care services provided by district health boards but are not eligible for Residential Care Subsidy or Residential Support Subsidy managed by the Ministry (unappropriated expenditure, $1.512 million)
- WEP being paid to people when they are absent from New Zealand for longer than four weeks at any one time during the winter period (unappropriated expenditure, $1.861 million).

On 11 April 2019, the new 2018 Act was amended by the Social Security (Winter Energy Payment) Amendment Act 2019 to allow for payments to be made in these situations.

138 The Social Security Act 1964 was repealed and replaced with a new Social Security Act in September 2018, after the 2018 WEP period had ended.

Assumptions were applied in the calculation of the unappropriated expenditure that related to residential care clients. These were that the identified client group at 1 July 2018 was stable over the Winter Energy Payment period (1 July to 30 September 2018) at 7,018, and that the unappropriated expenditure was not applicable to partnered residential care clients, as the WEP payment can be redirected to the eligible partner in the community.

The estimated number of single clients over the payment period was estimated at 81 percent of the client group (5,685 people).

The total unappropriated expenditure in the year to 30 June 2019 was $3.373 million.

This expenditure will be validated under section 26C of the Public Finance Act.

Statement of Departmental Capital Injections

For the year ended 30 June 2019

Actual Capital Injection 2018 $000		Actual Capital Injection 2019 $000	Approved Appropriation 2019 $000
32,567	Ministry of Social Development - Capital injection - cash	11,712	50,318
-	Ministry of Social Development - Capital injection - non cash	843	-
32,567	**Total**	**12,555**	**50,318**

Statement of Departmental Capital Injections without, or in excess of, authority

For the year ended 30 June 2019

The Ministry has not received any capital injections during the year without, or in excess of, authority.

Appendix 1: Our service catalogue

The following catalogue provides a comprehensive list of services that can be accessed through MSD, categorised by type of service, with a brief description of each.

Income support services

Main benefits

Jobseeker Support	A weekly payment that helps people until they find work
Sole Parent Support	A weekly payment that helps sole parents find part-time work or get ready for future work
Supported Living Payment	A weekly payment for people who have, or are caring for someone with, a health condition, injury or disability
Young Parent Payment	A weekly payment to help young parents aged 16 to 19 years old
Youth Payment	A weekly payment to help young people aged 16 or 17 who cannot live with their parents or guardian and are not supported by them or anyone else
Emergency Benefit	A payment for people who cannot support themselves and do not qualify for any other payment
Orphans Benefit	A weekly payment that helps carers supporting a child or young person whose parents have died, cannot be found, or cannot look after them because they have a long-term health condition or incapacity
Unsupported Childs Benefit	A weekly payment that helps carers supporting a child or young person whose parents cannot care for them because of a family breakdown
Emergency Maintenance Allowance	Assistance that may be paid to sole parents who do not qualify for any other payment

Housing assistance

Accommodation Supplement	Accommodation Supplement is a weekly payment which helps people with their rent, board or the cost of owning a home
Income-related Rent Subsidy	Payment made to registered community housing providers and Housing New Zealand
Advance payment of benefit for essential repairs and maintenance costs	People on a benefit may be able to get help (which may be recoverable) for essential repairs and maintenance to their homes
Tenancy costs cover	Payment available to people who would be able to get and stay in private rental housing long-term with additional help – if there are costs owing at the end of a tenancy that amount to more than the bond, these will be paid to the landlord
Transition to alternative housing grant	A one-off payment to support public housing tenants who voluntarily move into private housing

Rent in Advance Assistance	Recoverable assistance to help with bond and rent in advance payments when entering a tenancy agreement
Moving Assistance	Recoverable payment to help with the cost of moving household furniture, appliances, and personal effects
Emergency Housing Special Needs Grant	Assistance (paid to the landlord) to get people into emergency or transitional housing where there is urgent need
Creating Positive Pathways	A trial in partnership with the Department of Corrections and the Ministry of Housing and Urban Development to provide social housing and a support service for people on their release from prison, with a view to reducing recidivism

Supplementary assistance

Community Services Card	A service card that allows families to pay less on some health services and prescriptions
Christchurch Mosques Attack Payment	A payment to people and families who were affected by the mosque attacks and cannot earn enough income to pay for the things they need
Temporary Additional Support	A weekly payment that helps people who do not have enough money to cover their essential living costs
Winter Energy Payment	An extra payment to help with the cost of heating a home over the winter months (May to September)
Disability Allowance	A weekly payment for people who have regular, ongoing costs because of a disability, such as visits to the doctor or hospital, medicines, extra clothing or travel
Special Disability Allowance	A weekly payment for people who have a spouse or partner who is in residential care or has been in a public hospital for over 13 weeks
Residential Care Loan	A payment to help people who are going into residential care and want to keep their home for a while, who may not be able to pay for the cost of care
Residential Care Subsidy	Payment for long-term residential care in a hospital or rest home
Residential Support Subsidy	A payment that helps with the cost of residential support for a person with a physical, sensory, intellectual or psychiatric disability (including drug and alcohol rehabilitation) or disabling chronic health condition who needs residential care as a result
Social Rehabilitation Assistance	A payment that helps people who are in a residential social rehabilitation programme and their benefit is insufficient to meet the fees
International Custody Dispute Payment	A payment to a parent who is involved in an international custody or access dispute over the care of their child or children and has limited financial support
Community Costs	A weekly payment that helps people in a short-term residential treatment programme meet their essential ongoing costs in the community

Tax credits

Working for Families	Help from MSD and Inland Revenue to make it easier to work and raise a family

Hardship assistance

Advance Payment of Benefit	A one-off payment to help people with an essential or emergency cost if they cannot pay it another way
Recoverable Assistance Payment	A one-off payment to help people with an essential or emergency cost if they cannot pay it another way
Special Needs Grant	A one-off payment to help people with an essential or emergency cost if they cannot pay it another way
Driver's licence	Help with the costs of getting a driver's licence
Steps to Freedom Grant	A payment to help released prisoners get set up in the community
Re-establishment Grant (Special Needs Grant)	A payment to help people in specific circumstances re-establish themselves in the community
Seasonal Work Assistance	Assistance for seasonal workers who are no longer getting a benefit and have lost wages because of work missed due to bad weather
Special Needs (Travel Costs for Visits to Designated Health Practitioners)	A payment to ensure that people referred to a designated health practitioner for assessment are not out of pocket for their actual and reasonable travel expenses
Home Help	A payment to help a parent or carer with the cost of home help to complete household tasks or training in parenting skills

One-off assistance

Civil Defence payment	A payment to people or families affected by an emergency event
Funeral Grant	A payment to help with some of the funeral costs of someone who has died
Rural Assistance Payments	Financial assistance for farming families following an adverse event or natural disaster
Civilian Amputee Assistance	To help amputees, or those born without a limb(s), with some of their costs when they need to go to an Artificial Limb Centre
Hearing aid subsidy	Subsidy available once every six years to cover hearing aids

Support for children and youth

Childcare Subsidy	A payment that helps families with the cost of pre-school childcare
Child Disability Allowance	A fortnightly payment to the main carer of a child or young person with a serious disability, in recognition of the extra care and attention needed for that child
Extraordinary Care Fund	A payment to people who are caring for a child, and getting an Orphan's Benefit or Unsupported Child's Benefit for the child
School and Year Start-up Payment	A grant to a person who is caring for someone else's child and needs help with pre-school or school-related costs at the beginning of the year
Away from Home Allowance	A weekly payment that helps carers with living costs for 16- or 17-year-olds who are living away from home while on a tertiary or training course
Clothing Allowance for Orphan's Benefit and Unsupported Child's Benefit	A weekly payment to people getting Orphan's Benefit or Unsupported Child's Benefit for children in their care, to help for their clothing
Early Learning Payment	To help with the costs of Early Childhood Education for children aged 18 months to three years who are from families enrolled in selected Family Start or Early Start programmes
Establishment Grant	A one-off payment to carers of someone else's child to help with the costs when a child first comes into their care, eg a bed, bedding and clothing
Guaranteed Childcare Assistance Payment	A payment to assist with the cost of childcare for people who are under 20 and in full-time education, training or work-based learning

Seniors services

New Zealand Superannuation	A fortnightly payment for people aged 65 and over
Veteran's Pension	A fortnightly payment for veterans who have qualifying operational service in the New Zealand Armed Forces

Student support

Jobseeker Support Student Hardship	A weekly payment to help with living expenses during a study break of more than three weeks
Student allowances	A weekly payment that can help with living expenses while studying
Student loans	A loan to help pay for course fees (the compulsory fees charged by an education provider, study materials (eg, books, computer, travel) and living costs
Study scholarships and awards	StudyLink pays scholarships that are awarded through secondary and tertiary institutions
Sole Parent Support – help with study costs	Non-taxable interest-free loan assistance to help with study costs for courses at Level 4 or above on the NZQA Framework
Student Placement Services	Funding to support tertiary students into employment

Employment services

Digital connection for all New Zealanders

Work the Seasons	A digital service that connects seasonal employers with potential employees

Training for reskilling, upskilling and career advancement

Skills for Industry	Short-term job-focused training for people on income support who require upskilling for specific requirements identified by industry
Training for Work (TFW)	Training to help people at risk of long-term benefit receipt to acquire industry-focused skills that are needed to enter employment
Work Confidence	Short-term courses designed to provide the skills, motivation and confidence needed to help participants move into employment or undertake further training or education
Activity in the Community	Projects that offer participants on non-work-obligated benefits the opportunity to gain unpaid work experience in a community organisation
Business Training and Advice Grant	For a person starting their own business, we may be able to help with developing a business plan, training in business skills, advice and project reports
Youth Service	A Service that helps young people find the best option for education, training or work-based learning
Youth Service NEET	A voluntary targeted service for young people who are not engaged in employment, education or training (NEET), or young people who are at risk of becoming NEET

Tailored employment and career support (work-focused case management and programmes)

Finding or starting work – help with costs	Help for things people may need to find or start a job, such as clothes, travel or living expenses until their first pay
Self-employment start -up payment	Assistance for those starting a business who need help with essential start-up costs, eg furniture or stock
Out of School Care and Recreation (OSCAR) Subsidy	A payment that helps families with the costs of before- and after-school care and school holiday programmes
Employment Placement or Assistance Initiative	Employment placement and support services for selected participants
Work to Wellness	A contracted case management service for people with a mental health diagnosis, to assist them to prepare for work, find a job, and support them and their employer when they start work
Supporting Offenders into Employment	A cross-agency initiative with the Department of Corrections to improve employment and social outcomes for recently released prisoners, aimed at reducing the risk of reoffending by providing wrap-around supports and services through an intensive case management and a multi-disciplinary service
EmployAbility	A collaborative approach to assist disabled clients and clients with a health condition who want to work, gain or move towards sustainable employment
Work search support	A mandatory one-to-many case management service that provides different levels of support based on benefit duration

Job placement (wage subsidies, products and programmes)

Flexi-wage Project in the Community	A programme allowing participants to experience project-based work where they can develop work habits and general on-the-job skills
Flexi-wage for self-employment	A subsidy to help with costs while a person starts up their own business
New Employment Transition Grant	A payment that helps people who are no longer on a benefit and who cannot work because of sickness or a breakdown in childcare arrangements
Mainstream Internship Programme	A wage subsidy to help tertiary students with significant disabilities get work experience and to enable them to gain work skills
New Zealand Seasonal Work Scheme	A scheme that helps people in receipt of a benefit to take up fixed-term employment opportunities in regions that have horticulture or viticulture seasonal work available (eg apple harvest or grape pruning)
Enhanced Taskforce Green	A subsidised work experience programme to assist with clean-up after natural disasters
Mainstream Employment Programme	A programme that provides paid work experience to people with a disability or mental health condition who want to work
Productivity Allowance	A wage subsidy available to an employer while the employee gains skills and establishes the type of support that would be available to anyone starting a new job

Financial work incentives (including cash payments, work bonus, exemptions to debt payments)

3K to Work	A payment of up to $3,000 to a person who is on a benefit and needs to move to take up a full-time job
Work Bonus	A payment to a person who is on a benefit and chooses to work even though they have no work obligations
Employment Transition Grant	A weekly payment that helps people who have completed a Supported Living Payment Employment Trial
Flexible Childcare Assistance	Assistance with childcare costs for sole parents who work during times when childcare programmes are closed, eg weekends or nights
Transition to Work Grant	A non-taxable, non-recoverable payment that can be made to people on income support that provides assistance to help meet the additional costs of entering into employment
In-Work Support incentive trial	A programme is designed to work with people who come on and off benefit frequently, with an average of six spells on benefit over five years

In-work services (including for disabled people)

Modification Grant	A payment that helps people with disabilities pay for workplace changes or equipment that makes it easier for them to stay in or get work
Vehicle modification funding	Enables people with serious disabilities to purchase or modify a vehicle in order to obtain full-time employment, look after dependent children, or attend study/training
Job Support Fund	A fund to increase disabled people's participation in open employment by meeting the additional costs incurred as a direct consequence of their disability when undertaking the same employment as a person without a disability
Vocational Employment Services	A range of services to support people with disabilities to participate in employment
Targeted Health Interventions	Programmes for people on health- or disability-related benefits who want to work
Providing Access to Health Solutions (PATHS)	An employment programme for people on health- and disability-related benefits who require assistance to return to employment

Employment and wider wellbeing trials for disabled people and people with health conditions

Oranga Mahi programme	A programme of cross-agency trials in partnership with several district health boards (DHBs) and primary health organisations (PHOs) to support disabled people and people with health conditions to find and stay in employment and with their wider wellbeing needs
Individual Placement Support (IPS) – Waitemata	An evidence-based practice that integrates employment and mental health services to support people with severe mental health conditions to find and stay in work (in partnership with the Waitematā District Health Board [DHB])
Rākau Rangatia	A trial delivering an integrated social and health intervention to people with mild to moderate mental health and substance abuse, in partnership with Northland DHB, Manaia Health PHO and Te Hau Awhiowhio o Otangarei Trust
REACH	A 12-week programme to support clients to set and achieve their goals using cognitive behaviour techniques with the help of a Key Worker and Living Well Coach, in partnership with the Waikato DHB
Step Up	A 12-month navigation and support service provided by Health Navigators to improve the health and wellbeing of clients on any main benefit to enable a return to work, delivered in partnership with Pegasus Health PHO and Canterbury DHB
Mana Taimahi	A trial to provide clients w ith free GP visits and integrated support from GPs and case managers to develop an action plan to manage health and steps to return to work, in partnership with the National Hauora Coalition PHO
WellPlan	A prototype to help clients develop a plan to improve their health and wellbeing while supporting them to work towards or find suitable employment, in partnership with ProCare PHO
Take Charge	A trial to support participants to improve their health and wellbeing and find sustainable employment as part of their health plan, in partnership with Odyssey House in Canterbury
Puāwaitanga	A phone and web-based support service provided by Homecare Medical to improve clients' emotional wellbeing and reduce the likelihood of their health conditions developing or becoming worse

Youth development (including youth services)

Mana in Mahi – Strength in Work	A programme to enable 18- to 24-year-olds to get paid while training
CadetMax	Job-specific training to place young people in south Auckland into an identified job
Red Shirts in Community	A partnership in which young people aged 18 to 24 years gain work experience through an unpaid placement with The Warehouse

Support for individuals, whānau and communities

Campaign for Action on Family Violence	Grant funding to community projects or initiatives focused on preventing family violence through changing attitudes and social norms
Building Financial Capability Services	Services to empower people to get control of their money, set goals and achieve long-term financial capability and resilience
Domestic Violence and Witness Protection (Relocation) Programme	Financial assistance to enable people under threat of serious violence to relocate and reside overseas
Family and sexual violence services	Community-based social services that support victims and perpetrators of family and sexual violence, including women's refuges, services for male survivors of sexual abuse and non-mandated perpetrators of family and sexual violence, and the 24/7 sexual harm helpline Safe to Talk – Kōrero mai, ka ora (0800 044334)
Family Services Directory	Online directory providing access to over 6,000 family and community services
E Tū Whānau	Grant funding to support community action that improves wellbeing and reduces or prevents family violence through the application of E Tū Whānau values
Pasefika Proud	A family violence prevention campaign that works with eight key Pacific nationalities in New Zealand, providing grant funding to support community action grounded in Pacific values
Refugee and Migrant Support	Wrap-around services for former refugees and migrants, aimed at supporting community integration and reducing social harms
Social record development	The social record, similar to an academic record, will help young people demonstrate a wide range of skills and experiences that can reflect their community connectedness and support future learning or employment choices, alongside their educational achievements
SuperGold Card	A discounts and concessions card for seniors and veterans, in recognition of their contribution to New Zealand society
Elder Abuse Response	Community-based services responding to elder abuse, including a free helpline (0800 EA NOT OK – 0800 3266865) for older people who have concerns about the way they are being treated
Limited Service Volunteer	An voluntary six-week residential training course in partnership with the New Zealand Defence Force that provides life skills to, and builds work confidence for, unemployed young people aged between 18 and 25
Outward Bound	A programme for people of various ages and abilities who are receiving income support, involving a number of outdoor activities

Appendix 2: Regional data

Northland

Regional Commissioner	Eru Lyndon		
Regional Office	2nd Floor, 49-53 James Street, Whangarei 0110 (PO Box 947, Whangarei)		
Site offices located in	Dargaville, Kaikohe, Kaitaia, Kamo, Kawakawa, Kerikeri, Whangarei		
Benefits in force at 30 June 2019	Male	7,497	45.1%
	Female	9,141	54.9%
	NZ European	4,656	28.0%
	Māori	10,269	61.7%
	Pacific	266	1.6%
	Other	1,033	6.2%
	Unspecified	414	2.5%
	Age <24 years	2,356	14.2%
	Less than one year	4,445	26.7%
	More than one year	12,193	73.3%
	Total	**16,638**	

Auckland

Regional Commissioner	Mark Goldsmith		
Regional Office	Private Bag 68911, Newton, Auckland 1141		
Site offices located in	Albany, Avondale, Browns Bay, Clendon, Glenfield, Glenmall, Grey Lynn, Helensville, Highland Park, Hunters Corner, Mangere, Manukau, Manurewa, Mt Albert, Mt Eden, New Lynn, Onehunga, Orewa, Otahuhu, Otara, Papakura, Papatoetoe, Pukekohe, Queen Street, Takapuna, Tamaki, Three Kings, Waiheke Island, Waitakere, Waitakere Outreach (Henderson), Waiuku, Warkworth, Westgate		
Benefits in force at 30 June 2019	Male	35,955	42.0%
	Female	49,690	58.0%
	NZ European	21,582	25.2%
	Māori	26,352	30.8%
	Pacific	16,917	19.8%
	Other	17,614	20.6%
	Unspecified	3,180	3.7%
	Age <24 years	12,378	14.5%
	Less than one year	24,482	28.6%
	More than one year	61,163	71.4%
	TOTAL	85,645	

Waikato

Regional Commissioner	Te Rehia Papesch		
Regional Office	Private Bag 68911, Newton, Auckland 1141		
Site offices located in	Cambridge, Dinsdale, Five Cross Roads, Glenview, Hamilton Central, Hamilton East, Huntly, Matamata, Morrinsville, Ngaruawahia, Paeroa, Te Awamutu, Thames, Waihi		
Benefits in force at 30 June 2019	Male	10,925	43.0%
	Female	14,467	57.0%
	NZ European	9,691	38.2%
	Māori	11,348	44.7%
	Pacific	541	2.1%
	Other	3,018	11.9%
	Unspecified	794	3.1%
	Age <24 years	4,136	16.3%
	Less than one year	7,203	28.4%
	More than one year	18,189	71.6%
	Total	25,392	

Bay of Plenty

Regional Commissioner	Mike Bryant		
Regional Office	2nd Floor, 1207 Pukuatua Street, Rotorua 3010 (Private Bag 3016, Rotorua)		
Site offices located in	Greerton, Kawerau, Mt Maunganui, Murupara, Opotiki, Rotorua, Taupo (Heartlands Service), Tauranga, Te Puke, Tokoroa, Turangi, Whakatane		
Benefits in force at 30 June 2019	Male	10,715	41.8%
	Female	14,947	58.2%
	NZ European	7,925	30.9%
	Māori	14,554	56.7%
	Pacific	622	2.4%
	Other	1,820	7.1%
	Unspecified	741	2.9%
	Age <24 years	3,924	15.3%
	Less than one year	8,190	31.9%
	More than one year	17,472	68.1%
	Total	25,662	

East Coast

Regional Commissioner	Annie Aranui		
Regional Office	1st floor, Vautier House, cnr Dalton and Vautier Streets, Napier 4110 (Private Bag 6015, Napier)		
Site offices located in	Flaxmere, Gisborne, Hastings, Kaiti, Napier, Ruatoria, Taradale, Waipukurau, Wairoa		
Benefits in force at 30 June 2019	Male	7,281	41.6%
	Female	10,242	58.4%
	NZ European	5,214	29.8%
	Māori	10,364	59.1%
	Pacific	409	2.3%
	Other	1,082	6.2%
	Unspecified	454	2.6%
	Age <24 years	2,681	15.3%
	Less than one year	5,052	28.8%
	More than one year	12,471	71.2%
	Total	17,523	

Taranaki, King Country and Whanganui

Regional Commissioner	Gloria Campbell		
Regional Office	Dawson House, 37 Dawson Street, New Plymouth 4310 (Private Bag 2005, New Plymouth)		
Site offices located in	Hawera, Marton, New Plymouth, Ohakune, Stratford, Taihape, Taumarunui, Te Kuiti, Waitara, Whanganui		
Benefits in force at 30 June 2019	Male	7,644	45.5%
	Female	9,163	54.5%
	NZ European	7,711	45.9%
	Māori	7,234	43.0%
	Pacific	221	1.3%
	Other	1,115	6.6%
	Unspecified	526	3.1%
	Age <24 years	2,714	16.1%
	Less than one year	4,602	27.4%
	More than one year	12,205	72.6%
	Total	16,807	

Central

Regional Commissioner	Katie Brosnahan		
Regional Office	32 Victoria Avenue, Palmerston North 4410 (Private Bag 11400, Palmerston North)		
Site offices located in	Dannevirke, Feilding, Foxton, Horowhenua, Kapiti, Masterton, Otaki, Palmerston North		
Benefits in force at 30 June 2019	Male	8,687	45.2%
	Female	10,550	54.8%
	NZ European	9,724	50.5%
	Māori	6,459	33.6%
	Pacific	449	2.3%
	Other	2,012	10.5%
	Unspecified	593	3.1%
	Age <24 years	3,097	16.1%
	Less than one year	5,071	26.4%
	More than one year	14,166	73.6%
	Total	16,807	

Wellington

Regional Commissioner	Gagau Annandale-Stone, Louise Waaka		
Regional Office	Level 8, 186-190 Willis Street, Wellington 6011 (PO Box 27504, Wellington)		
Site offices located in	Johnsonville, Lower Hutt, Naenae, Newtown, Porirua, Upper Hutt, Wainuiomata, Wellington		
Benefits in force at 30 June 2019	Male	10,656	47.5%
	Female	11,798	52.5%
	NZ European	8,195	36.5%
	Māori	6,999	31.2%
	Pacific	2,434	10.8%
	Other	3,871	17.2%
	Unspecified	955	4.3%
	Age <24 years	3,730	16.6%
	Less than one year	5,958	26.5%
	More than one year	16,496	73.5%
	Total	22,454	

Nelson, Marlborough and West Coast

Regional Commissioner	Craig Churchill		
Regional Office	Level 1, 22 Bridge Street, Nelson 7010 (Private Bag 24, Nelson)		
Site offices located in	Blenheim, Greymouth, Kaikoura, Motueka, Nelson, Richmond, Takaka, Westport		
Benefits in force at 30 June 2019	Male	4,663	46.2%
	Female	5,424	53.8%
	NZ European	6,518	64.6%
	Māori	2,066	20.5%
	Pacific	102	1.0%
	Other	1,084	10.7%
	Unspecified	317	3.1%
	Age <24 years	1,274	12.6%
	Less than one year	2,805	27.8%
	More than one year	7,282	71.2%
	TOTAL	10,087	

Canterbury

Regional Commissioner	John Henderson		
Regional Office	Level 4, 161 Cashel Street, Christchurch 8053 (PO Box 249, Christchurch)		
Site offices located in	Ashburton, Hornby, Linwood, New Brighton, Papanui, Rangiora, Riccarton, Shirley, Sydenham		
Benefits in force at 30 June 2019	Male	12,837	46.0%
	Female	15,087	54.0%
	NZ European	16,795	60.1%
	Māori	5,654	20.2%
	Pacific	878	3.1%
	Other	3,585	12.8%
	Unspecified	1,012	3.6%
	Age <24 years	4,291	15.4%
	Less than one year	7,319	26.2%
	More than one year	20,605	73.8%
	TOTAL	27,924	

Southern

Regional Commissioner	Jason Tibble		
Regional Office	Cnr Castle and St Andrew Streets, Dunedin 9016 (PO Box 297, Dunedin)		
Site offices located in	Alexandra, Balclutha, Dunedin Central, Dunedin South, Gore, Invercargill, Mosgiel, Oamaru, Queenstown, Timaru		
Benefits in force at 30 June 2019	Male	9,131	48.2%
	Female	9,822	51.8%
	NZ European	12,450	65.7%
	Māori	3,453	18.2%
	Pacific	388	2.0%
	Other	2,030	10.7%
	Unspecified	632	3.3%
	Age <24 years	2,839	15.0%
	Less than one year	5,366	28.3%
	More than one year	13,587	71.7%
	TOTAL	18,953	

Appendix 3: Our Leadership Team and governance arrangements

Our Leadership Team is made up of our Chief Executive Debbie Power, five Deputy Chief Executives, and the Director of the Office of the Chief Executive.

Debbie Power
Chief Executive

Debbie took up her role as Chief Executive in February 2019. She was previously the Statutory Deputy State Services Commissioner from August 2015.

Debbie started her Public Service career in 1980 as a frontline case manager at the Department of Social Welfare. She has held a range of senior roles in MSD including Deputy Chief Executive, Service Delivery; Deputy Chief Executive, Office of the Chief Executive; and Regional Commissioner, Northland.

Debbie oversaw a range of significant projects in these roles, including the implementation of Welfare Reform and the movement of social housing needs assessments from Housing New Zealand to MSD.

Between 2007 and 2010, Debbie worked as a Private Secretary at Parliament, where she oversaw the interface between MSD and Ministers. She has also worked in the United Kingdom for the Department for Work and Pensions in the Efficiency Division at Job Centre Plus, delivering working-age support services.

Debbie holds an Executive Masters in Public Administration from Victoria University of Wellington and has attended the Harvard Business School Leading Organisational Change and Renewal Programme. She is a government-appointed member of the Diversity Works Board.

Nic Blakeley
Deputy Chief Executive, Insights and Investment

The Insights and Investment group supports high-quality decision making by providing actionable knowledge and insights. The group organises and develops MSD's data, undertakes regular reporting, research and evaluation, develops analytical models to support strategy and operations, and provides advice on strategic issues and investment priorities.

Nic started at MSD in 2013, spending three and a half years as Deputy Chief Executive, Social Policy. He led the Policy group towards a new collaborative organisational culture while delivering on Ministers' policy and legislative agendas.

Before MSD, Nic worked at the Treasury for almost ten years in a range of policy areas, including a period as economic advisor to the Minister of Finance. He has degrees in electrical engineering and commerce from the University of Canterbury.

Stephen Crombie
Deputy Chief Executive, Corporate Solutions

The Corporate Solutions group provides corporate services to support organisational priorities, functions and the needs of our business units, staff and clients. Shared corporate services are also provided to other agencies including Oranga Tamariki and the Social Investment Agency.

Stephen has leadership experience in the public and private sectors, in the areas of strategy, business transformation and digital delivery. He has had a focus on improving public services through customer centricity and building leadership capability.

His most recent role before coming to MSD was Chief Executive of Education Payroll. Prior to this he held senior roles at Police, the Department of Internal Affairs and the State Services Commission. He also was seconded to the Government's Service Transformation Programme as Executive Director.

Nadine Kilmister
Director, Office of the Chief Executive

The Office of the Chief Executive manages relationships within the state and social sectors to provide strategic, organisational and operational advice to the Chief Executive and Ministers.

Nadine has spent most of her working life in MSD, particularly with Child, Youth and Family. Prior to coming into the Chief Executive's Office, she was Acting Deputy Chief Executive Corporate and Governance, where she was responsible for Ministerial and Executive Services, Planning Performance and Governance, National Communications, Information Services, Legal Services and Client Advocacy and Review.

Nadine is part of the Government Women's Network and was a leading advocate for the establishment of MSD's own Women's Network.

Andrea Lawton[1]
Deputy Chief Executive, People, Culture and Strategy

The People, Culture and Strategy group brings together teams who focus on developing effective organisational strategy and performance outcomes, leading people and organisational culture and change, managing MSD's ministerial services and leading communications, external engagement and reputation. The team ensures that MSD has a compelling strategy, and that organisational culture and capability are in place to deliver on and communicate the important work we do for our clients and New Zealanders.

Andrea has been working in strategic people and culture roles for the last 13 years. Her most recent role was at Fonterra as Director of Global People Solutions.

Andrea graduated from Victoria University with an LLB and a BA in criminology. She originally practised commercial and public law in Wellington, but a desire to create positive organisational cultures drew her away from the law and into Human Resources.

1 Andrea left MSD in September 2019.

Simon MacPherson

Deputy Chief Executive, Policy

The Policy group is the Government's principal provider of social policy advice, and provides advice to Ministers across a range of topics and issues, including income support, youth and disability employment, families and communities, children and young people, and seniors and people with disabilities. The group comprises Community and Families Policy (including the Office for Disability Issues) Employment and Income Support, and Seniors and International Policy (including the Office for Seniors). The team works with other groups across MSD, especially Service Delivery, and with partner agencies in the social and economic sectors with an overall goal of improving social and economic wellbeing.

Simon joined MSD in December 2015 as Chief Policy Advisor. In this role he provided the then Chief Executive with advice and acted as a sounding board on issues across MSD. He joined us from the Policy Advisory Group in the Department of the Prime Minister and Cabinet and before that he was at the Treasury, working, amongst other things, on welfare reform.

Simon has also worked at the State Services Commission and in the justice sector. He has an MA (Hons) in History from the University of Auckland, and has also studied economics, mathematics, philosophy and English.

Viv Rickard

Deputy Chief Executive, Service Delivery

The Service Delivery group provides income support, employment and housing services to over one million New Zealanders each year. It works alongside community organisations to develop, strengthen and deliver effective social services and programmes. The group includes StudyLink, Services for Seniors, Community Partnerships and Programmes, the Youth Service, and the Ministry of Youth Development.

Viv came to MSD after an extensive career in the NZ Police, where he held a wide range of roles including Deputy Commissioner District Operations, Deputy Commissioner Resource Management, Assistant Commissioner Special Operations, and Assistant Commissioner Operations, Crime and Investigations.

Our governance structure

The Leadership Team (LT) is supported in its work by a suite of four governance committees. Each committee has a Chair and Deputy Chair who are both members of LT, is made up of several senior managers from across the organisation, and acts as a sub-committee of LT with responsibility for oversight of areas of responsibility as outlined below.

Investment Committee

Chair: Nic Blakeley, DCE Insights and Investment

Deputy Chair: Simon MacPherson, DCE Policy

The Investment Committee is responsible for ensuring that our investments are robust, strategic and effective, and support delivery on our strategic objectives, purpose and outcomes. Its scope includes:

- direction and priority setting for investment
- building and monitoring investment capability
- investment decisions.

In 2018/19 the Committee focused on establishing more proactive investment planning and maturing benefit realisation expectations.

Performance Committee

Chair: Viv Rickard, DCE Service Delivery

Deputy Chair: Nic Blakeley, DCE Insights and Investment

The Performance Committee is responsible for setting, tracking and understanding the Ministry's performance, with a continual focus on how performance can be lifted. Its scope includes:

- direction and priority setting of performance measures/targets
- monitoring performance at whole-of-organisation level
- external accountability for performance
- building and monitoring capability for performance.

In 2018/19 the Committee led a shift to more aligned performance reporting and meaningful measures and targets. Its key areas of focus were building oversight of the enterprise portfolio and employment.

Integrity Committee

Chair: Stephen Crombie, DCE Corporate Solutions

Deputy Chair: Nadine Kilmister, Director, Office of the Chief Executive

The Integrity Committee is responsible for ensuring that we meet our responsibilities, comply with requirements, and function optimally now and into the future. It also had oversight for people capability and culture until this was transferred to the newly created People Committee in October 2018. Its scope includes:

- decisions related to MSD's compliance requirements
- privacy and security responses
- the effectiveness of systems and processes in meeting legislative and central agency accountability requirements.

In 2018/19 the Committee provided oversight to a redrafting of the Ministry's organisational risk register, and has moved to agile forward planning.

People Committee

Chair: Andrea Lawton, DCE People, Culture and Strategy

Deputy Chair: Stephen Crombie, DCE Corporate Solutions

The People Committee is responsible for ensuring that we have the people capability and culture we need to meet the challenges and expectations of today and the future. Its scope includes:

- governance of the programme of work to build people capability, culture and engagement
- alignment of business change to strategy
- ensuring a diverse and inclusive culture
- people recruitment, retention and development.

The Committee was established in October 2018 following a split in responsibilities from the Organisational Integrity and Capability Governance Committees, and the Leadership Team's desire for a concerted focus on our people.

The Committee has been in an establishment phase, refining a work plan and priorities. Staff engagement and culture has been a key focus.

Appendix 4: Information-sharing agreement between the Ministry of Social Development and the Ministry of Education

MSD is the lead agency for the approved information-sharing agreement (AISA) with the Ministry of Education (MoE) for providing services to help disengaged youth move into education, employment or training[1], and must report annually on the following information specified by the Privacy Commissioner.

The NEET (Not in Education, Employment or Training) Service was established in 2012 within the Youth Service. It identifies those school leavers who may be at greater risk of long-term unemployment using a statistical predictive modelling tool. The model takes into account the age of a young person, whether their parents are on a benefit, any history of involvement with Oranga Tamariki, and their school history. Young people who receive a risk rating of Low, Medium or High are referred to the NEET Service. NEET clients can remain in the Youth Service for up to three years from the age of 15.

Young people can also refer themselves to the NEET Service for support, through a community provider, and may still be in school when they engage in the service. These 'walk-in' referrals occur separately from the referrals using information from MoE rated through the model.

This is the second report on this AISA. It covers the period 1 July 2018 to 30 June 2019.

Scale	
Total MoE records received by MSD	45,092
MoE and MSD records combined to make a single profile	39,674
'Most at risk' individuals identified and referred to external provider	15,962
Benefits	
Active enrolment count of NEET clients at the beginning of the period	8,525
Of these, enrolments from referrals using information from MoE	2,292
Count of NEET clients enrolled during period	7,302
Of these, enrolments from referrals using information from MoE	2,536
Active enrolment count of NEET clients at the end of the period	7,314
Of these, enrolments from referrals using information from MoE	2,020
Individuals re-engaged in education, training or work-based learning	11,897
Of these, outcomes from referrals using information from MoE	3,136

1 The agreement was entered into in 2012 under section 123F of the Social Security Act 1964 and is available to view at http://www.youthservice.govt.nz/documents/1135-mou-moe-msd-for-youth-services-2012.pdf. Section 123F was amended in 2016, and from that time the agreement became an AISA in terms of Part 9A of the Privacy Act 1993. The Privacy Commissioner advised MSD, as lead agency, of its reporting requirements in a notice dated 20 September 2017 (available to view at https://privacy.org.nz/assets/Files/AISAs/MoEMSD-Youth-Services-reporting-notice.pdf).

We make sure our model is accurate and its data is protected

We measure model accuracy each time the model is refreshed. The most recent model has an AUROC score of 0.79, which means there is a 79 percent chance that the rankings reflect the actual level of risk. 79% is generally accepted as a 'good' accuracy level.

We store the model and data outputs within the secure MSD data warehouse.

We are currently sourcing new data to refine the model to ensure accuracy and completeness.

Effectiveness of information-sharing under the agreement

The last evaluation of the NEET Service[2] was conducted by the Treasury in February 2017. It focused on the impacts of the service rather than the effectiveness of the information-sharing mechanisms. It did find, however, that high-risk youth were more likely to be recruited than low-risk youth, and about half of all participants between 2012 and 2014 were drawn from the highest-risk 20 percent of the 16- to 17-year-old resident population.

About one-third of all new recruits were still enrolled in school when recruited, and among these high-school student participants, targeting was particularly weak. Only about 30 percent were drawn from the highest-risk 20 percent of the youth population.

The evaluation also suggested the programme's design or provider contracts could be reviewed to see if targeting could be strengthened.

Following this Treasury evaluation we conducted our own internal review in the Youth Service. The findings from the Youth Service review, which were gathered from client users and internal and external stakeholders, provided valuable feedback on service experience and recommended enhancements to the service. The Youth Service is currently redesigning its delivery model to enable more effective provision of services.

Number of complaints

No complaints were received in 2018/19 about any alleged interference with privacy under the agreement.

Amendments made to the AISA since the Order in Council came into force

No amendments have been made to the agreement since the Order in Council came into force.

How to contact us

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The Aurora Centre,
56 The Terrace,
Wellington 6011

Postal address:
Ministry of Social Development,
PO Box 1556, Wellington 6140

Online

Ministry of Social Development:
www.msd.govt.nz

Work and Income:
www.workandincome.govt.nz

Office for Seniors:
www.superseniors.msd.govt.nz

Office for Disability Issues:
www.odi.govt.nz

Ministry of Youth Development:
www.myd.govt.nz

Social media

Facebook:
www.facebook.com/MSDNewZealand

Twitter:
twitter.com/msdgovtnz?lang=en

LinkedIn:
www.linkedin.com/company/ministry-of-social-development-in-wellington-new-zealand

Email

General enquiries:
information@msd.govt.nz

Media contacts:
media@msd.govt.nz

Phone/fax

National Office Phone: +64 4 9163300

Fax: +64 4 9180099

Benefit enquiries: 0800 559009

To report suspected fraud: 0800 556006

Services for Seniors: 0800 552002

Site offices:
https://www.workandincome.govt.nz/about-work-and-income/contact-us/find-a-service-centre/index.html

To provide feedback, visit:
https:/www.msd.govt.nz/form/msd/govt/nz/form.req2?requestType=msd-govt-nz-select-form-v1 or https://www.workandincome.govt.nz/about-work-and-income/contact-us/feedback.html

Services for the hearing-impaired

Deaf Line freefax: 0800 621621

Telephone typewriter: 0800 111113

SMS: 029 2867170

Email: MSD_Deaf_Services@msd.govt.nz

Languages other than English

Details at:
https://www.workandincome.govt.nz/about-work-and-income/contact-us/language-lines/index.html

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